

SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549

FORM S-8  
 REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

THE CHILDREN'S PLACE RETAIL STORES, INC.  
 (Exact name of registrant as Specified in its Charter)

DELAWARE 31-1241495  
 (State or Other Jurisdiction (I.R.S. Employer  
 of Incorporation or Organization) Identification No.)

THE CHILDREN'S PLACE RETAIL STORES, INC.  
 ONE DODGE DRIVE  
 WEST CALDWELL, NEW JERSEY 07006  
 (973) 227-8900  
 (Name, address, including zip code, and  
 telephone number, including area code, of  
 Registrant's principal executive offices)

THE 1996 STOCK OPTION PLAN OF  
 THE CHILDREN'S PLACE RETAIL STORES, INC.  
 THE 1997 STOCK OPTION PLAN OF  
 THE CHILDREN'S PLACE RETAIL STORES, INC.  
 THE CHILDREN'S PLACE RETAIL STORES, INC.  
 EMPLOYEE STOCK PURCHASE PLAN  
 (Full title of the Plans)

STEVEN BALASIANO, ESQ.  
 VICE PRESIDENT AND GENERAL COUNSEL  
 THE CHILDREN'S PLACE RETAIL STORES, INC.  
 ONE DODGE DRIVE  
 WEST CALDWELL, NEW JERSEY 07006  
 (973) 227-8900  
 (Name, Address and Telephone Number,  
 Including Area Code, of Registrant's Agent For Service)

COPY TO:  
 JEFFREY S. LOWENTHAL, ESQ.  
 STROOCK & STROOCK & LAVAN LLP  
 180 MAIDEN LANE  
 NEW YORK, NEW YORK 10038  
 (212) 806-5400

CALCULATION OF REGISTRATION FEE

| TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED | AMOUNT TO BE REGISTERED | PROPOSED MAXIMUM OFFERING PRICE PER SHARE | PROPOSED MAXIMUM AGGREGATE OFFERING PRICE | AMOUNT OF REGISTRATION FEE |
|--|-------------------------|---|---|----------------------------|
| Common Stock, \$ .10 par value                     | 1,743,240 shares(1)     | \$4.7002(4)                               | \$8,193,577(4)                            | \$2,417.11                 |
| Common Stock, \$ .10 par value                     | 1,000,000 shares(2)     | \$8.9029(5)                               | \$8,902,900(5)                            | \$2,626.36                 |
| Common Stock, \$ .10 par value                     | 360,000 shares(3)       | \$7.3125(6)                               | \$2,632,500(6)                            | \$ 776.59                  |
| Total  | 3,103,240 shares        | ----                                      | \$19,728,977                              | \$5,820.05                 |

1) Consists of 1,743,240 shares of Common Stock of the Registrant which are issuable upon exercise of options which have been granted under The 1996 Stock Option Plan of The Children's Place Retail Stores, Inc. This Registration Statement also covers an indeterminate number of shares of Common Stock which may be issuable by reason of stock splits, stock dividends or similar transactions.

- (2) Consists of 1,000,000 shares of Common Stock of the Registrant which are issuable upon exercise of options which have been or will be granted under The 1997 Stock Option Plan of The Children's Place Retail Stores, Inc. This Registration Statement also covers an indeterminate number of shares of Common Stock which may be issuable by reason of stock splits, stock dividends or similar transactions.
- (3) Consists of 360,000 shares of Common Stock of the Registrant which may be purchased from time to time at market prices for participants in The Children's Place Retail Stores, Inc. Employee Stock Purchase Plan. In addition, pursuant to Rule 416(c) under the Securities Act of 1933, as amended, this registration statement also covers an indeterminate amount of interests to be offered or sold pursuant to The Children's Place Retail Stores, Inc. Employee Stock Purchase Plan.
- (4) Calculated pursuant to Rule 457(h)(1) under the Securities Act of 1933, as amended, and based upon the original option exercise prices for shares of Common Stock.
- (5) Calculated pursuant to Rule 457(h)(1) under the Securities Act of 1933, as amended, and based upon (i) the original option exercise prices for 437,800 shares of Common Stock issuable upon exercise of options which have been granted under The 1997 Stock Option Plan of The Children's Place Retail Stores, Inc. and (ii) the average high and low closing sale price for a share of Common Stock of the Registrant as reported on the Nasdaq National Market on February 25, 1998 for 562,200 shares of Common Stock issuable pursuant to options which may be granted under The 1997 Stock Option Plan of The Children's Place Retail Stores, Inc.
- (6) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(c) on the basis of the average high and low closing sale price for a share of Common Stock of the Registrant as reported on the Nasdaq National Market on February 25, 1998.

#### PART I

##### INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

Note: The documents containing the information specified in this Part I will be sent or given to employees as specified by Rule 428(b)(1) promulgated under the Securities Act of 1933, as amended (the "Act"). Such documents need not be filed with the Securities and Exchange Commission (the "Commission") either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424 under the Act. These documents and the documents incorporated by reference in this Registration Statement pursuant to Item 3 of Part II of this Form S-8, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Act. See Rule 428(a)(1) under the Act.

This Registration Statement on Form S-8 of The Children's Place Retail Stores, Inc., a Delaware corporation (the "Registrant"), covers 3,103,240 shares of the Registrant's common stock, par value \$.10 per share (the "Common Stock"), reserved for issuance under the following employee benefit plans of the Registrant (collectively, the "Plans").

- (i) The 1996 Stock Option Plan of The Children's Place Retail Stores, Inc.;
- (ii) The 1997 Stock Option Plan of The Children's Place Retail Stores, Inc.; and
- (iii) The Children's Place Retail Stores, Inc. Employee Stock Purchase Plan.

If necessary for a prospectus to be used for reoffers of the Registrant's common stock acquired pursuant to the Plans, a prospectus prepared in accordance with the requirements of Form S-3 will be filed as part of this Registration Statement by means of a post-effective amendment hereto.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents heretofore filed by the Registrant with the Securities and Exchange Commission (the "Commission") are incorporated herein by reference:

(a) The Registrant's Prospectus dated September 18, 1998 included in the Registration Statement on Form S-1 (No. 333-31535) filed pursuant to Rule 424(b) under the Act.

(b) All other reports filed by the Registrant pursuant to Section 13(a) or 15(d) of the Exchange Act prior to the date hereof.

(c) Item 1 of the Registrant's Registration Statement on Form 8-A, filed September 12, 1992 to register the Registrant's Common Stock, par value \$.10 per share (the "Common Stock"), pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

All documents filed by the Registrant pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Registration Statement and prior to the filing of a post-effective amendment to this Registration Statement which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be part hereof from the date of filing of such documents.

ITEM 4. DESCRIPTION OF SECURITIES.

Not applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Not applicable.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Company's Certificate of Incorporation limits the liability of directors (in their capacity as directors but not in their capacity as officers) to the Company or its stockholders to the fullest extent permitted by the Delaware General Corporation Law ("DGCL"). Specifically, no director of the Company will be personally liable for monetary damages for breach of the director's fiduciary duty as a director, except for liability: (i) for any breach of the director's duty of loyalty to the Company or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the DGCL, which relates to unlawful payments of dividends or unlawful stock repurchases or redemptions, or any successor provision thereto; or (iv) for any transaction from which the director derived an improper personal benefit. The inclusion of this provision in the Certificate of Incorporation may have the effect of reducing the likelihood of derivative litigation against directors, and may discourage or deter stockholders or management from bringing a lawsuit against directors for breach of their duty of care, even though such an action, if successful, might otherwise have benefited the Company and its stockholders.

Under the Certificate of Incorporation, the Company will indemnify those persons whom it shall have the power to indemnify to the fullest extent permitted by Section 145 of the DGCL, which may include liabilities under the Securities Act of 1933. Accordingly, in accordance with Section 145 of the DGCL, the Company will indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than a "derivative" action by or in the right of the Company) by reason of the fact that such person is or was a director, officer, employee or agent of the Company, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe was unlawful. A similar standard of care is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys' fees) incurred in connection with the defense or settlement of such an action and then, where the person is adjudged to be liable to the Company, only if and to the extent that the Court of Chancery of the State of Delaware or the court in which such action was brought determines that such person is fairly

and reasonably entitled to such indemnity and then only for such expenses as the court deems proper.

The Certificate of Incorporation provides that the Company will advance expenses to the fullest extent permitted by Section 145 of the DGCL. Accordingly, the Company, in accordance therewith, will pay for the expenses incurred by an indemnified person in defending the proceedings specified in the preceding paragraph in advance of their final disposition, provided that, if the DGCL so requires, such person agrees to reimburse the Company if it is ultimately determined that such person is not entitled to indemnification. In addition, pursuant to the DGCL the Company may purchase and maintain insurance on behalf of any person who is or was a director, employee or agent of the Company against any liability asserted against and incurred by such person in such capacity, or arising out of the person's status as such whether or not the Company would have the power or obligation to indemnify such person against such liability under the provisions of DGCL. The Company intends to obtain insurance for the benefit of the Company's officers and directors insuring such persons against certain liabilities, including liabilities under the securities laws.

The Company has entered into agreements to indemnify its directors which are intended to provide the maximum indemnification permitted by Delaware law. These agreements, among other things, indemnify each of the Company's outside directors for certain expenses (including attorneys' fees), judgments, fines and settlement amounts incurred by such director in any action or proceeding, including any action by or in the right of the Company, on account of such director's service as a director of the Company.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

ITEM 8. EXHIBITS.

EXHIBIT  
NUMBER

- 4.1\*\* - The 1996 Stock Option Plan of The Children's Place Retail Stores, Inc.
- 4.2\* - The 1997 Stock Option Plan of The Children's Place Retail Stores, Inc.
- 4.3\*\* - The Children's Place Retail Stores, Inc. Employee Stock Purchase Plan.
- 5.1\* - Opinion of Stroock & Stroock & Lavan LLP, as to the legality of the securities being registered.
- 23.1\* - Consent of Stroock & Stroock & Lavan LLP. (Included in Exhibit 5.1).
- 23.2\* - Consent of Arthur Andersen LLP
- 24\* - Powers of Attorney (included on signature pages).

- - - - -

\* Filed herewith

\*\* Previously Filed

ITEM 9. UNDERTAKINGS.

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement.

Provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the Registration Statement is on Form S-3 or Form S-8 and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA

FIDE offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) If the Registrant is a foreign private issuer, to file a post-effective amendment to the Registration Statement to include any financial statements required by Rule 3-19 of Regulation S-X at the start of any delayed offering or throughout a continuous offering.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing this Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of West Caldwell, State of New Jersey on the 26th day of February, 1998.

THE CHILDREN'S PLACE RETAIL STORES, INC.

By: /S/ EZRA DABAH  
Ezra Dabah  
Chairman of the Board and  
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints Ezra Dabah, Stanley B. Silver, Steven Balasiano and Seth L. Udasin and each of them his true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capabilities, to sign any and all amendments (including post-effective amendments) of and supplements to this Registration Statement, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting said attorneys-in-fact and agents and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as they might or could do in person, hereby ratifying and confirming all that all such attorneys-in-fact and agents or any of them, or their or his substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the date indicated.

| SIGNATURES                                     | TITLE   | DATE              |
|--|---|-------------------|
| /s/ Ezra Dabah<br>Ezra Dabah                   | Chief Executive Officer and<br>Chairman of the Board of<br>Directors (Principal<br>Executive Officer) | February 26, 1998 |
| /S/STANLEY B. SILVER<br>Stanley B. Silver      | President, Chief Operating<br>Officer and Director  | February 26, 1998 |
| /S/ SETH L. UDASIN<br>Seth L. Udasin           | Vice President and Chief<br>Financial Officer (Principal<br>Financial and Accounting<br>Officer)      | February 26, 1998 |
| /S/ STANLEY SILVERSTEIN<br>Stanley Silverstein | Director  | February 26, 1998 |
| /S/ JOHN MEGRUE<br>John Megrue                 | Director  | February 26, 1998 |
| /S/ DAVID J. ODDI<br>David J. Oddi             | Director  | February 26, 1998 |

Pursuant to the requirements of the Securities Act of 1933, as amended, the trustees have duly caused this Registration Statement to be signed in its behalf by the undersigned, thereunto duly authorized, in the City of West Caldwell, State of New Jersey on the 27th day of February, 1998.

THE CHILDREN'S PLACE RETAIL STORES, INC.  
EMPLOYEE STOCK PURCHASE PLAN

By: /s/ Ezra Dabah  
Name: Ezra Dabah  
Title: Member, Compensation Committee

By: /s/ John Megrue  
Name: John Megrue  
Title: Member, Compensation Committee

EXHIBIT INDEX

| EXHIBIT<br>NUMBER | DESCRIPTION  | PAGE<br>NUMBER |
|-------------------|--|----------------|
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| 5.1*              | Opinion of Stroock & Stroock & Lavan LLP as to the legality of the securities being offered. |                |
| 23.1*             | Consent of Stroock & Stroock & Lavan LLP.<br>(Included in Exhibit 5.1).                      |                |
| 23.2*             | Consent of Arthur Andersen LLP.  |                |
| 24*               | Powers of Attorney (included on signature pages).  |                |

\* Filed herewith

\*\* Previously filed

1997 STOCK OPTION PLAN  
OF  
THE CHILDREN'S PLACE RETAIL STORES, INC.

1. PURPOSE. The purpose of this Stock Option Plan is to advance the interests of the Corporation by encouraging and enabling the acquisition of a larger personal proprietary interest in the Corporation by employees and directors of the Corporation and its Subsidiaries by providing such employees and directors with incentives to put forth maximum efforts for the success of the Corporation's business. It is anticipated that the acquisition of such proprietary interest in the Corporation and such incentives will stimulate the efforts of such employees and directors on behalf of the Corporation and its Subsidiaries and strengthen their desire to remain with the Corporation and its Subsidiaries. It is also expected that such incentives and the opportunity to acquire such a proprietary interest will enable the Corporation and its Subsidiaries to attract desirable personnel and directors.

2. DEFINITIONS. When used in this Plan, unless the context otherwise requires:

(a) "Board of Directors" or "Board" shall mean the Board of Directors of the Corporation, as constituted at any time.

(b) "Cause" shall mean, with respect to the holder of an Option, (i) a breach by the holder of any of the material provisions of any employment agreement between the holder and the Corporation or a Subsidiary that the holder fails to remedy or cease within ten days after notice thereof to the holder; (ii) any conduct, action or behavior by the holder that has or may reasonably be expected to have a material adverse effect on the reputation of the Corporation or its Subsidiaries or on the holder's reputation or that is not befitting of an executive officer, employee or director of the Corporation or a Subsidiary; (iii) the commission by the holder of an act involving moral turpitude or dishonesty, whether or not in connection with the holder's employment by, or service as a director of, the Corporation or a Subsidiary; (iv) the holder shall have committed any act of fraud or embezzlement against the Corporation or a Subsidiary or engaged in any other willful misconduct in connection with his duties; or (v) the holder shall have been convicted of a felony (other than a felony relating to motor vehicle laws). Notwithstanding the foregoing, no Cause shall be deemed to exist with respect to the holder's acts described in (ii) above unless the Corporation shall have given prior written notice to the holder specifying the Cause with reasonable particularity and, within 30 days after such notice, the holder shall not have cured or eliminated the problem or thing giving rise to such Cause.

(c) "Chairman of the Board" shall mean the person who at the time shall be Chairman of the Board of Directors.

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(e) "Committee" shall mean the Committee hereinafter described in Section 3.

(f) "Corporation" shall mean The Children's Place Retail Stores, Inc., a Delaware corporation.

(g) "Disability" shall mean, with respect to the holder of an Option, the holder's inability, as a result of physical or mental incapacity or infirmity, to perform the duties of his employment for (i) a continuous period of at least 120 days, or (ii) periods aggregating at least 180 days during any period of 12 consecutive months.

(h) "Eligible Director" shall mean a director of the Corporation who is not also an employee of the Corporation or a Subsidiary and is not an employee, partner or principal of Saunders Karp & Megrue, L.P. or any of its affiliates.

(i) "Eligible Persons" shall mean those persons described in Section 4 who are potential recipients of Options.

(j) "Fair Market Value" on a specified date shall mean the average of the high and low sales prices at which a Share is traded on the stock exchange, if any, on which Shares are primarily traded or, if the Shares are not then traded on a stock exchange, the average of the high and low sales prices of a Share as reported on the NASDAQ Market or, if the Shares are not then traded on the NASDAQ Market, the average of (i) the average of

the high and low bid prices and (ii) the average of the high and low asked prices, at which a Share is traded on the over-the-counter market, but if no Shares were traded on such date, then on the last previous date on which a Share was so traded, or, if none of the above are applicable, the value of a Share as established by the Committee for such date using any reasonable method of valuation.

(k) "Initial Public Offering Price" shall mean the price per Share at which Shares are offered to the public in the Corporation's initial public offering, as set forth on the cover page of the prospectus relating thereto.

(l) "Options" shall mean the Stock Options granted pursuant to this Plan.

(m) "Plan" shall mean this 1997 Stock Option Plan of The Children's Place Retail Stores, Inc., as adopted by the Board of Directors and approved by stockholders as of \_\_\_\_\_, 1997, as such Plan from time to time may be amended.

(n) "President" shall mean the person who at the time shall be the President of the Corporation.

(o) "Share" shall mean a share of Common Stock, par value \$.10 per share, of the Corporation.

(p) "Subsidiary" shall mean any corporation 50% or more of whose stock having general voting power is owned by the Corporation, or by another Subsidiary as herein defined, of the Corporation.

3. COMMITTEE. The Plan shall be administered by a Committee consisting of Ezra Dabah and Stanley B. Silver; provided, however, that from and after the effective date of the initial public offering of Shares by the Corporation, the Committee shall consist of two or more directors of the Corporation appointed by the Board of Directors.

4. PARTICIPANTS. All employees and directors of the Corporation or a Subsidiary, as determined by the Committee, shall be eligible to receive Options under the Plan. The parties to whom Options are granted under this Plan, and the number of Shares subject to each such Option, shall be determined by the Committee in its sole discretion, subject, however, to the terms and conditions of this Plan. Each Eligible Director also shall be granted Options in accordance with Section 7.

5. SHARES. Subject to the provisions of Section 15 hereof, the Committee may grant Options with respect to an aggregate of up to 1,000,000 Shares, all of which Shares may be either Shares held in treasury or authorized but unissued Shares. The maximum number of Shares which may be the subject of Options granted under the Plan during any calendar year to any individual shall not exceed 250,000 Shares. If the Shares that would be issued or transferred pursuant to any Option are not issued or transferred and cease to be issuable or transferable for any reason, the number of Shares subject to such Option will no longer be charged against the limitation provided for herein and may again be made subject to Options. Notwithstanding the preceding, with respect to any Option granted to any individual who is a "covered employee" within the meaning of Section 162(m) of the Code that is cancelled, the number of shares subject to such Option shall continue to count against the maximum number of shares which may be the subject of Options granted to such individual. For purposes of the preceding sentence, if, after grant, the exercise price of an Option is reduced, such reduction shall be treated as a cancellation of such Option and the grant of a new Option, and both the cancellation of the Option and the new Option shall be counted against the maximum number of shares for which Options may be granted to the holder of such Option.

6. GRANT OF OPTIONS. The number of any Options to be granted to any Eligible Person shall be determined by the Committee in its sole discretion. At the time an Option is granted, the Committee may, in its sole discretion, designate whether such Option (a) is to be considered as an incentive stock option within the meaning of Section 422 of the Code, or (b) is not to be treated as an incentive stock option for purposes of this Plan and the Code. No Option which is intended to qualify as an incentive stock option may be granted to any individual who, at the time of such grant, is not an employee of the Corporation or a Subsidiary.

Notwithstanding any other provision of this Plan to the contrary, to the extent that the aggregate Fair Market Value (determined as of the date an Option is granted) of the Shares with respect to which Options which are designated as (or deemed to be) incentive stock options granted to an employee (and any incentive stock options granted to such employee under any other incentive stock option plan maintained by the Corporation or any Subsidiary that meets the requirements of Section 422 of the Code) first become exercisable in any

calendar year exceeds \$100,000, such Options shall be treated as Options which are not incentive stock options. Options with respect to which no designation is made by the Committee shall be deemed to be incentive stock options to the extent that the \$100,000 limitation described in the preceding sentence is met. This paragraph shall be applied by taking Options into account in the order in which they are granted.

Nothing herein contained shall be construed to prohibit the issuance of Options at different times to the same person.

A certificate of Option signed by the Chairman of the Board or the President or a Vice President of the Corporation, attested by the Treasurer or an Assistant Treasurer, or Secretary or an Assistant Secretary of the Corporation and bearing the seal of the Corporation affixed thereto, shall be issued to each person to whom an Option is granted. The certificate of Option for an Option shall be legended to indicate whether or not the Option is an incentive stock option. The certificate for an Option which is an incentive stock option, for an Option which is not an incentive stock option and for an Option granted to an Eligible Director pursuant to Section 7 shall be in the form attached hereto as Annex 1, Annex 2 and Annex 3, respectively, or in such other form as may be determined by the Committee from time to time.

7. GRANTS OF OPTIONS TO ELIGIBLE DIRECTORS. Notwithstanding any other provision of this Plan to the contrary, Options which are not incentive stock options shall be granted to each Eligible Director in accordance with this Section 7. Each Eligible Director who is a member of the Board as of the consummation of the initial public offering of Shares by the Corporation shall be granted an Option upon such consummation to purchase 5,000 Shares at a purchase price per Share equal to the Initial Public Offering Price. Each Eligible Director who is initially elected to the Board after the consummation of the initial public offering of Shares by the Corporation shall be granted an Option on the date of his initial election to the Board to purchase Shares at a purchase price per Share equal to the Fair Market Value of a Share on the date of grant of such Option. On the last day of each fiscal year of the Corporation (beginning with the fiscal year commencing on a date following the initial public offering of Shares by the Corporation) each member of the Board who is an Eligible Director on such date shall be granted an additional Option to purchase 5,000 shares at a purchase price per Share equal to the Fair Market Value of a Share on the date of grant of such Option; provided, however, that with respect to any such Eligible Director who is initially elected to the Board during such a fiscal year, the Option granted to such Eligible Director on the last day of the fiscal year during which he was initially elected to the Board shall be for a number of Shares equal to 5,000 multiplied by a fraction, the numerator of which shall be the number of days during the fiscal year during which such Eligible Director was a member of the Board and the denominator of which shall be 365, which number of Shares shall be rounded up to the next whole number of Shares. Except as otherwise provided in Sections 11 and 14, one-third of the Shares subject to an Option granted pursuant to this Section 7 may be purchased on or after each of the first, second and third anniversaries, respectively, of the date of grant, but prior to the expiration of the Option.

8. PURCHASE PRICE. The purchase price per Share for the Shares purchased pursuant to the exercise of an Option (other than an Option granted pursuant to Section 7) shall be fixed by the Committee at the time of grant of the Option; provided, however, that the purchase price per Share for the Shares to be purchased pursuant to the exercise of an incentive stock option shall not in any event be less than 100% of the Fair Market Value of a Share on the date of grant of the Option, except as provided in Section 10.

9. DURATION OF OPTIONS. The duration of each Option shall be ten years from the date upon which the Option is granted, except as provided in Sections 10 and 14.

10. TEN PERCENT STOCKHOLDERS. Notwithstanding any other provision of this Plan to the contrary, no Option which is intended to qualify as an incentive stock option may be granted under this Plan to any employee who, at the time the Option is granted, owns Shares possessing more than 10 percent of the total combined voting power or value of all classes of stock of the Corporation, unless the exercise price under such Option is at least 110% of the Fair Market Value of a Share on the date such Option is granted and the duration of such Option is no more than five years.

11. EXERCISE OF OPTIONS. Unless the Committee determines otherwise at the time of grant, and except as otherwise provided herein, 20% of the Shares subject to an Option may be purchased on or after December 31st of the year in which such Option is granted and an additional 20% of the Shares subject to such Option may be purchased on or after each of the first, second, third and fourth anniversaries, respectively, of the date of grant, but prior to the expiration of the Option; provided, however, that in no event, other than the holder's death, may an Option be exercised during the six-month period commencing on the date of grant.

Notwithstanding the foregoing, all or any part of any remaining unexercised Options granted to any person (including Options granted pursuant to Section 7) may be exercised, subject to the timing provisions of Section 14 hereof, in the following circumstances (but in no event, other than the holder's death, during the six-month period commencing on the date of grant): (a) upon the holder's retirement from the Corporation and all Subsidiaries on or after his 65th birthday, (b) upon the Disability or death of the holder, (c) upon a Change in Control (as hereinafter defined) while the holder is in the employ or service of the Corporation or (d) upon the occurrence of such special circumstance or event as in the opinion of the Committee merits special consideration.

For purposes of the Plan, a "Change in Control" shall mean any of the following events: (i) the sale to any purchaser of (A) all or substantially all of the assets of the Corporation or (B) capital stock representing more than 50% of the stock of the Corporation entitled to vote generally in the election of directors of the Corporation; (ii) the merger or consolidation of the Corporation with another corporation if, immediately after such merger or consolidation, less than a majority of the combined voting power of the then outstanding securities entitled to vote generally in the election of directors of the surviving or resulting corporation in such merger or consolidation is held, directly or indirectly, in the aggregate by the holders immediately prior to such transaction of the outstanding securities of the Corporation; (iii) the filing of a report on Schedule 13D or Schedule 14D-1 (or any successor schedule, form, or report or item therein), each promulgated pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), disclosing that any person (as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of securities representing 50% or more of the combined voting power of the voting stock of the Corporation; or (iv) the filing by the Corporation of a report or proxy statement with the Securities and Exchange Commission pursuant to the Exchange Act disclosing in response to Form 8-K or Schedule 14A (or any successor schedule, form, or report or item therein) that a change in control of the Corporation has occurred or will occur in the future pursuant to any then existing contract or transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur for purposes of the Plan as a result of an event described above if a majority of the individuals who are members of the Board prior to such event specifically determines that a Change in Control should not be deemed to have occurred.

An Option shall be exercised by the delivery of a written notice duly signed by the holder thereof to such effect, together with the Option certificate and the full purchase price of the Shares purchased pursuant to the exercise of the Option, to the Chairman of the Board or an officer of the Corporation appointed by the Chairman of the Board for the purpose of receiving the same. Payment of the full purchase price shall be made as follows: in cash; by check payable to the order of the Corporation; by delivery to the Corporation of Shares which shall be valued at their Fair Market Value on the date of exercise of the Option (provided, that a holder may not use any Shares which the holder has beneficially owned for less than six months); or by such other methods as the Committee may permit from time to time, including, without limitation, by a "cashless" exercise method through a registered broker-dealer or by furnishing a promissory note to the Corporation, bearing interest at a rate determined by the Committee (but not less than such rate as shall preclude the imputation of interest under the Code) and containing such other terms as shall be determined by the Committee. Notwithstanding the foregoing, with respect to a holder of an Option who is subject to Section 16 of the Exchange Act, payment of the purchase price by delivery to the Corporation of Shares previously owned by such holder shall be conditioned upon approval by the Board, in advance of the exercise of the Option, of the use of such payment method, and any such holder who wishes to use such payment method shall notify the Corporation, in writing, prior to the exercise of the Option, of such holder's intention to use such payment method.

Within a reasonable time after the exercise of an Option, the Corporation shall cause to be delivered to the person entitled thereto, a certificate for the Shares purchased pursuant to the exercise of the Option. If the Option shall have been exercised with respect to less than all of the Shares subject to the Option, the Corporation shall also cause to be delivered to the person entitled thereto a new Option certificate in replacement of the certificate surrendered at the time of the exercise of the Option, indicating the number of Shares with respect to which the Option remains available for exercise, or the original Option certificate shall be endorsed to give effect to the partial exercise thereof.

Notwithstanding any other provision of the Plan or of any Option, no Option granted pursuant to the Plan may be exercised at any time when the Option or the granting or exercise thereof violates any law or governmental order or regulation.

12. CONSIDERATION FOR OPTIONS. The Corporation shall obtain such consideration for the grant of an Option as the Committee in its discretion may determine.

13. NON-TRANSFERABILITY OF OPTIONS. Options and all other rights thereunder shall be non-transferable and non-assignable by the holder thereof except to the extent that the estate of a deceased holder of an Option may be permitted to exercise them. Options may be exercised or surrendered during the holder's lifetime only by the holder thereof.

14. TERMINATION OF EMPLOYMENT OR SERVICE. All or any part of any Option, to the extent unexercised, shall terminate immediately upon the termination for any reason of the holder's employment or service with the Corporation or any Subsidiary, except that the holder shall have three months after such termination of employment or service to exercise any unexercised Option that he could have exercised on the day on which such employment or service terminated (including Options which accelerate in exercisability pursuant to Section 11 hereof); provided, however, that such exercise must be accomplished prior to the expiration of the term of such Option. Notwithstanding the foregoing, if the termination of employment or service is due to Disability or to death, the holder or the representative of the estate of a deceased holder shall have the privilege of exercising the Options which are unexercised at the time of such Disability or death; provided, however, that such exercise must be accomplished prior to the expiration of the term of such Option and within one year after the holder's Disability or death, as the case may be. If the employment or service of any holder of an Option with the Corporation or a Subsidiary shall be terminated for Cause, all unexercised Options of such holder shall terminate immediately upon such termination of the holder's employment or service with the Corporation and all Subsidiaries, and a holder of Options whose employment or service with the Corporation and Subsidiaries is so terminated, shall have no right after such termination to exercise any unexercised Option he might have exercised prior to the termination of his employment or service with the Corporation and Subsidiaries.

15. ADJUSTMENT PROVISION. If prior to the complete exercise of any Option there shall be declared and paid a stock dividend upon the Shares or if the Shares shall be split up, converted, exchanged, reclassified, or in any way substituted for, then the Option, to the extent that it has not been exercised, shall entitle the holder thereof upon the future exercise of the Option to such number and kind of securities or cash or other property subject to the terms of the Option to which he would have been entitled had he actually owned the Shares subject to the unexercised portion of the Option at the time of the occurrence of such stock dividend, split-up, conversion, exchange, reclassification or substitution, and the aggregate purchase price upon the future exercise of the Option shall be the same as if the originally optioned Shares were being purchased thereunder.

Any fractional shares or securities issuable upon the exercise of the Option as a result of such adjustment shall be payable in cash based upon the Fair Market Value of such shares or securities at the time of such exercise. If any such event should occur, the number of Shares with respect to which Options remain to be issued, or with respect to which Options may be reissued, shall be adjusted in a similar manner.

Notwithstanding any other provision of the Plan, in the event of a recapitalization, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or outstanding shares, the Committee shall make such adjustments to the number of Shares and the class of shares available hereunder or to any outstanding Options as shall be necessary to prevent dilution or enlargement of rights.

16. ISSUANCE OF SHARES AND COMPLIANCE WITH SECURITIES Act. Any holder of an Option shall make such representations and furnish such information as may, in the opinion of counsel for the Corporation, be appropriate to permit the Corporation, in the light of the then existence or non-existence with respect to such Shares of an effective Registration Statement under the Securities Act of 1933, as amended from time to time (the "Securities Act"), to issue the Shares in compliance with the provisions of the Securities Act or any comparable act. The Corporation shall have the right, in its sole discretion, to legend any Shares which may be issued pursuant to the exercise of any Option, or may issue stop transfer orders in respect thereof.

17. INCOME TAX WITHHOLDING. If the Corporation or a Subsidiary shall be required to withhold any amounts by reason of any Federal, State or local tax rules or regulations in respect of the issuance of Shares pursuant to the exercise of any Option, the Corporation or the Subsidiary shall be entitled to deduct and withhold such amounts from any cash payments to be made to the holder of such Option. In any event, the holder shall make available to the Corporation or Subsidiary, promptly when requested by the Corporation or such Subsidiary, sufficient funds to meet the requirements of such withholding; and the Corporation or Subsidiary shall be entitled to take and authorize such steps as

it may deem advisable in order to have such funds made available to the Corporation or Subsidiary out of any funds or property due or to become due to the holder of such Option.

18. ADMINISTRATION AND AMENDMENT OF THE PLAN. Except as hereinafter provided, the Board of Directors or the Committee may at any time withdraw or from time to time amend the Plan as it relates to, and the terms and conditions of, any Option not theretofore granted, and the Board of Directors or the Committee, with the consent of the affected holder of an Option, may at any time withdraw or from time to time amend the Plan as it relates to, and the terms and conditions of, any outstanding Option. Notwithstanding the foregoing, any amendment by the Board of Directors or the Committee which would increase the number of Shares issuable under the Plan or to any individual or change the class of Eligible Persons shall be subject to the approval of the stockholders of the Corporation within one year of such amendment.

Determinations of the Committee as to any question which may arise with respect to the interpretation of the provisions of the Plan and Options shall be final. The Committee may authorize and establish such rules, regulations and revisions thereof not inconsistent with the provisions of the Plan, as it may deem advisable to make the Plan and Options effective or provide for their administration, and may take such other action with regard to the Plan and Options as it shall deem desirable to effectuate their purpose.

19. NO RIGHT OF EMPLOYMENT OR SERVICE. Nothing contained herein or in an Option shall be construed to confer on any employee or director any right to be continued in the employ or service of the Corporation or any Subsidiary or derogate from any right of the Corporation and any Subsidiary to retire, request the resignation of or discharge or otherwise cease its service arrangement with any employee or director, at any time, with or without Cause.

20. EFFECTIVE DATE AND FINAL ISSUANCE DATE. The Plan shall become effective upon the consummation of the Corporation's initial public offering of its Common Stock. No Option shall be granted under the Plan more than ten years after its effective date.

21. CONFLICT. If there is any conflict between the terms of any Option Certificate and the terms of the Plan, the terms of the Plan shall control.

ANNEX 1

FORM OF INCENTIVE  
STOCK OPTION

OPTION CERTIFICATE

INCENTIVE STOCK OPTION  
(Non-Assignable)

\_\_\_\_\_ Shares

To Purchase Common Stock of

THE CHILDREN'S PLACE RETAIL STORES, INC.

Issued Pursuant to the 1997 Stock Option  
Plan of The Children's Place Retail Stores, Inc.

THIS CERTIFIES that on \_\_\_\_\_, 19\_\_,  
\_\_\_\_\_ (the "Holder") was granted an option  
("Option") to purchase at the Option price of \$ per share all or any part of  
\_\_\_\_\_ fully paid and non-assessable shares ("Shares") of the  
Common Stock of THE CHILDREN'S PLACE RETAIL STORES, INC. ("Corporation"), a  
Delaware corporation, upon and subject to the following terms and conditions.

This Option shall expire on \_\_\_\_\_, \_\_\_\_.

This Option may be exercised or surrendered during the Holder's lifetime  
only by the Holder. This Option shall not be transferable by the Holder  
otherwise than by will or by the laws of descent and distribution.

Except as otherwise provided pursuant to the 1997 Stock Option Plan of The Children's Place Retail Stores, Inc. (the "Plan"), 20% of the Shares subject to this Option may be purchased on or after December 31, 19\_\_ and an additional 20% of the Shares subject to this Option may be purchased on or after each of the first, second, third and fourth anniversaries, respectively, of this Option's date of grant. In no event, however, may this Option be exercised (i) during the six-month period commencing on the date of grant (except in the case of the Holder's death), or (ii) after the Option's expiration date.

The Option and this Option certificate are issued pursuant to and are subject to all of the terms and conditions of the Plan, the terms and conditions of which are hereby incorporated as though set forth at length, and a copy of which is attached hereto.

WITNESS the seal of the Corporation and the signatures of its duly authorized officers.

Dated: \_\_\_\_\_, 19\_\_.

(SEAL)

THE CHILDREN'S PLACE RETAIL  
STORES, INC.

By: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

FORM OF  
NON-QUALIFIED  
STOCK OPTION

OPTION CERTIFICATE  
NON-QUALIFIED STOCK OPTION  
(Non-Assignable)

\_\_\_\_\_ Shares

To Purchase Common Stock of

THE CHILDREN'S PLACE RETAIL STORES, INC.

Issued Pursuant to the 1997 Stock Option  
Plan of The Children's Place Retail Stores, Inc.

THIS CERTIFIES that on \_\_\_\_\_, 19\_\_,  
\_\_\_\_\_ (the "Holder") was granted an option  
("Option"), which is not an incentive stock option, to purchase at the Option  
price of \$ per share all or any part of five thousand (5,000) fully paid and  
non-assessable shares ("Shares") of the Common Stock of THE CHILDREN'S PLACE  
RETAIL STORES, INC. ("Corporation"), a Delaware corporation, upon and subject to  
the following terms and conditions.

This Option shall expire on \_\_\_\_\_, \_\_\_\_.

This Option may be exercised or surrendered during the Holder's lifetime  
only by the Holder. This Option shall not be transferable by the Holder  
otherwise than by will or by the laws of descent and distribution.

Except as otherwise provided pursuant to the 1997 Stock Option Plan of The  
Children's Place Retail Stores, Inc. (the "Plan"), 20% of the Shares subject to  
this Option may be purchased on or after December 31, 19\_\_ and an additional 20%  
of the Shares subject to this Option may be purchased on or after each of the  
first, second, third and fourth anniversaries, respectively, of this Option's  
date of grant. In no event, however, may this Option be exercised (i) during the  
six-month period commencing on the date of grant (except in the case of the  
Holder's death), or (ii) after the Option's expiration date.

The Option and this Option certificate are issued pursuant to and are  
subject to all of the terms and conditions of the Plan, the terms and conditions  
of which are hereby incorporated as though set forth at length, and a copy of  
which is attached hereto.

WITNESS the seal of the Corporation and the signatures of its duly  
authorized officers.

Dated: \_\_\_\_\_, 19\_\_.

(SEAL)

THE CHILDREN'S PLACE RETAIL  
STORES, INC.

By: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

FORM OF ELIGIBLE  
DIRECTOR'S OPTION

OPTION CERTIFICATE  
NON-QUALIFIED STOCK OPTION  
(Non-Assignable)

\_\_\_\_\_ Shares

To Purchase Common Stock of  
THE CHILDREN'S PLACE RETAIL STORES, INC.  
Issued Pursuant to the 1997 Stock Option  
Plan of The Children's Place Retail Stores, Inc.

THIS CERTIFIES that on \_\_\_\_\_, 19\_\_,  
\_\_\_\_\_ (the "Holder") was granted an option  
("Option"), which is not an incentive stock option, to purchase at the Option  
price of \$ per share all or any part of \_\_\_\_\_ fully paid and  
non-assessable shares ("Shares") of the Common Stock of THE CHILDREN'S PLACE  
RETAIL STORES, INC. ("Corporation"), a Delaware corporation, upon and subject to  
the following terms and conditions.

This Option shall expire on \_\_\_\_\_, \_\_\_\_.

This Option may be exercised or surrendered during the Holder's lifetime  
only by the Holder. This Option shall not be transferable by the Holder  
otherwise than by will or by the laws of descent and distribution.

Except as otherwise provided pursuant to the 1997 Stock Option Plan of The  
Children's Place Retail Stores, Inc. (the "Plan"), one-third of the Shares  
subject to this Option may be purchased on or after each of the first, second  
and third anniversaries, respectively, of this Option's date of grant. In no  
event, however, may this Option be exercised (i) during the six-month period  
commencing on the date of grant (except in the case of the Holder's death), or  
(ii) after the Option's expiration date.

The Option and this Option certificate are issued pursuant to and are  
subject to all of the terms and conditions of the Plan, the terms and conditions  
of which are hereby incorporated as though set forth at length, and a copy of  
which is attached hereto.

WITNESS the seal of the Corporation and the signatures of its duly  
authorized officers.

Dated: \_\_\_\_\_, 19\_\_.

(SEAL)

THE CHILDREN'S PLACE RETAIL  
STORES, INC.

By: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

[LETTERHEAD OF STROOCK & STROOCK & LAVAN LLP]

February 27, 1998

The Children's Place Retail Stores, Inc.  
One Dodge Drive  
West Caldwell, New Jersey 07006

Re: The Children's Place Retail Stores, Inc.  
REGISTRATION STATEMENT ON FORM S-8

Ladies and Gentlemen:

We have acted as counsel to you (the "Company") in connection with the preparation and filing of the above-captioned Registration Statement on Form S-8 (the "Registration Statement") under the Securities Act of 1933, as amended, covering 3,103,240 shares (the "Original Shares") of the Company's Common Stock, par value \$.10 per share (the "Common Stock"), which may be issued pursuant to The 1996 Stock Option Plan of The Children's Place Retail Stores, Inc., The 1997 Stock Option Plan of The Children's Place Retail Stores, Inc. and The Children's Place Retail Stores, Inc. Employee Stock Purchase Plan (the "Plans") and such additional shares (the "Additional Shares") as may be issued pursuant to the antidilution provisions of the Plans. The Original Shares and the Additional Shares are hereinafter referred to together as the "Shares."

We have examined copies of the Amended and Restated Certificate of Incorporation and the By-laws of the Company, each as amended to date, the Registration Statement (including the exhibits thereto), the Plans, the minutes of various meetings of the Board of Directors of the Company, and the originals, copies or certified copies of all such records of the Company, and all such agreements, certificates of public officials, certificates of officers and representatives of the Company or others, and such other documents, papers, statutes and authorities as we have deemed necessary to form the basis of the opinion hereinafter expressed. In such examination, we have assumed the genuineness of signatures and the conformity to original documents of the documents supplied to us as copies. As to various questions of fact material to such opinion, we have relied upon statements and certificates of officers of the Company and others.

Attorneys involved in the preparation of this opinion are admitted to practice law in the State of New York and we do not purport to be experts on, or express any opinion herein concerning, any law other than the laws of the State of New York, the federal laws of the United States of America and the General Corporation Law of the State of Delaware.

Based upon the foregoing, we are of the opinion that the Shares have been duly authorized and, when issued against receipt of consideration therefor, under the circumstances contemplated in the Registration Statement and the Plans, will be validly issued, fully paid and nonassessable.

We hereby consent to your filing a copy of this opinion as an exhibit to the Registration Statement. In giving such consent, we do not admit hereby that we come within the category of persons whose consent is required under Section 7 of the Act, or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

STROOCK & STROOCK & LAVAN LLP

By: /s/ Stroock & Stroock & Lavan LLP

CONSENT OF ARTHUR ANDERSEN LLP, INDEPENDENT AUDITORS

As independent public accountants, we hereby consent to the incorporation by reference of our report dated March 13, 1997 included in the Registration Statement on Form S-1 of The Children's Place Retail Stores, Inc. (and to all references to our Firm) included in or made a part of this Registration Statement.

/s/ ARTHUR ANDERSEN LLP

New York, New York

February 27, 1998