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

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 27, 2012

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 0-23071

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

Delaware	**31-1241495**
(State or other jurisdiction of Incorporation or organization)	(I.R.S. employer identification number)
500 Plaza Drive	
Secaucus, New Jersey	**07094**
(Address of Principal Executive Offices)	(Zip Code)

(201) 558-2400
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one).

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The number of shares outstanding of the registrant's common stock with a par value of $0.10 per share, as of November 27, 2012 was 23,589,091 shares.

THE CHILDREN'S PLACE RETAIL STORES, INC. AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q

FOR THE PERIOD ENDED OCTOBER 27, 2012

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Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

THE CHILDREN'S PLACE RETAIL STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)

	October 27, 2012	January 28, 2012	October 29, 2011
	(unaudited)		(unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 203,101	$ 176,655	$ 152,621
Accounts receivable	25,948	17,382	25,867
Inventories	266,400	212,916	256,425
Prepaid expenses and other current assets	36,709	49,184	39,462
Deferred income taxes	18,112	17,188	14,986
Total current assets	550,270	473,325	489,361
Long-term assets:			
Property and equipment, net	335,953	323,863	326,623
Deferred income taxes	49,523	49,054	53,686
Other assets	4,159	4,407	4,510
Total assets	$ 939,905	$ 850,649	$ 874,180
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Current liabilities:			
Accounts payable	$ 99,342	$ 55,516	$ 54,960
Income taxes payable	7,911	1,788	3,932
Accrued expenses and other current liabilities	105,264	74,251	90,229
Total current liabilities	212,517	131,555	149,121
Long-term liabilities:			
Deferred rent liabilities	95,454	94,569	97,945
Other tax liabilities	9,076	9,109	15,566
Other long-term liabilities	7,634	6,050	4,907
Total liabilities	324,681	241,283	267,539
COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' EQUITY:			
Preferred stock, $1.00 par value, 1,000 shares authorized, 0 shares issued and outstanding	—	—	—
Common stock, $0.10 par value, 100,000 shares authorized; 23,993, 24,711 and 24,939 issued; 23,970, 24,697 and 24,926 outstanding	2,399	2,471	2,494
Additional paid-in capital	214,695	210,159	216,882
Treasury stock, at cost (23, 14, 13 shares)	(1,057)	(598)	(536)
Deferred compensation	1,057	598	536
Accumulated other comprehensive income	12,966	12,685	13,747
Retained earnings	385,164	384,051	373,518
Total stockholders' equity	615,224	609,366	606,641
Total liabilities and stockholders' equity	$ 939,905	$ 850,649	$ 874,180

See accompanying notes to these condensed consolidated financial statements.

THE CHILDREN'S PLACE RETAIL STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share amounts)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 27, 2012	October 29, 2011	October 27, 2012	October 29, 2011
Net sales	$ 500,928	$ 484,085	$ 1,300,262	$ 1,258,399
Cost of sales	294,725	284,034	803,029	759,136
Gross profit	206,203	200,051	497,233	499,263
Selling, general and administrative expenses	131,832	126,741	374,292	355,348
Asset impairment charges	539	369	2,069	1,747
Other costs	570	—	4,466	—
Depreciation and amortization	23,023	18,493	57,723	54,722
Operating income	50,239	54,448	58,683	87,446
Interest (expense), net	(23)	(70)	(104)	(655)
Income before income taxes	50,216	54,378	58,579	86,791
Provision for income taxes	15,192	20,686	17,952	33,792
Net income	$ 35,024	$ 33,692	$ 40,627	$ 52,999
Earnings per common share				
Basic	$ 1.45	$ 1.34	$ 1.67	$ 2.07
Diluted	$ 1.44	$ 1.33	$ 1.66	$ 2.05
Weighted average common shares outstanding				
Basic	24,086	25,121	24,290	25,657
Diluted	24,293	25,279	24,453	25,868

See accompanying notes to these condensed consolidated financial statements.

THE CHILDREN'S PLACE RETAIL STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In thousands)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 27, 2012	October 29, 2011	October 27, 2012	October 29, 2011
Net income	$ 35,024	$ 33,692	$ 40,627	$ 52,999
Other Comprehensive Income (Loss):				
Foreign currency translation adjustment	574	(4,146)	281	590
Comprehensive income	$ 35,598	$ 29,546	$ 40,908	$ 53,589

See accompanying notes to these condensed consolidated financial statements.

THE CHILDREN'S PLACE RETAIL STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (In thousands)

	Thirty-nine Weeks Ended	
	October 27, 2012	October 29, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 40,627	$ 52,999
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	57,723	54,722
Stock-based compensation	10,406	8,889
Excess tax benefits from stock-based compensation	(91)	(7,295)
Deferred taxes	(4,132)	(1,633)
Deferred rent expense and lease incentives	(9,648)	(11,208)
Other costs (non-cash)	3,288	—
Other	3,992	2,653
Changes in operating assets and liabilities:		
Inventories	(53,195)	(45,938)
Prepaid expenses and other assets	(11,070)	(6,684)
Income taxes payable, net of prepayments	24,065	18,116
Accounts payable and other current liabilities	71,334	17,104
Deferred rent and other liabilities	10,175	12,932
Total adjustments	102,847	41,658
Net cash provided by operating activities	143,474	94,657
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases, lease acquisition and software costs	(71,380)	(63,880)
Release of restricted cash	—	2,351
Purchase of company-owned life insurance policies	(36)	(245)
Net cash used in investing activities	(71,416)	(61,774)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings for letters of credit under revolving credit facility	96,040	89,541
Repayments for letters of credit under revolving credit facility	(96,040)	(89,541)
Purchase and retirement of common stock, including transaction costs	(47,730)	(75,326)
Exercise of stock options	2,184	4,469
Excess tax benefits from stock-based compensation	91	7,295
Deferred financing costs	—	(628)
Net cash used in financing activities	(45,455)	(64,190)
Effect of exchange rate changes on cash	(157)	271
Net increase (decrease) in cash and cash equivalents	26,446	(31,036)
Cash and cash equivalents, beginning of period	176,655	183,657
Cash and cash equivalents, end of period	$ 203,101	$ 152,621

See accompanying notes to these condensed consolidated financial statements.

THE CHILDREN'S PLACE RETAIL STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (In thousands)

	Thirty-nine Weeks Ended	
	October 27, 2012	October 29, 2011
OTHER CASH FLOW INFORMATION:		
Net cash (refunded)/paid during the year for income taxes	$ (1,908)	$ 17,413
Cash paid during the year for interest	515	1,059
Increase (decrease) in accrued purchases of property and equipment	2,783	(1,050)

See accompanying notes to these condensed consolidated financial statements.

THE CHILDREN’S PLACE RETAIL STORES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and the rules and regulations of the Securities and Exchange Commission (the “SEC”). Accordingly, certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly the consolidated financial position of The Children’s Place Retail Stores, Inc. (the “Company”) as of October 27, 2012 and October 29, 2011 and the results of its consolidated operations and cash flows for the thirty-nine weeks ended October 27, 2012 and October 29, 2011. The consolidated financial position as of January 28, 2012 was derived from audited financial statements. Due to the seasonal nature of the Company’s business, the results of operations for the thirty-nine weeks ended October 27, 2012 and October 29, 2011 are not necessarily indicative of operating results for a full fiscal year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company’s Annual Report on Form 10-K for the fiscal year ended January 28, 2012.

Terms that are commonly used in the Company’s notes to condensed consolidated financial statements are defined as follows:

- Third Quarter 2012 — The thirteen weeks ended October 27, 2012.
- Third Quarter 2011 — The thirteen weeks ended October 29, 2011.
- Year-To-Date 2012 — The thirty-nine weeks ended October 27, 2012.
- Year-To-Date 2011 — The thirty-nine weeks ended October 29, 2011.
- FASB — Financial Accounting Standards Board.
- SEC — U.S. Securities and Exchange Commission.
- U.S. GAAP — Generally Accepted Accounting Principles in the United States.
- FASB ASC — FASB Accounting Standards Codification, which serves as the source for authoritative U.S. GAAP, except that rules and interpretive releases by the SEC are also sources of authoritative U.S. GAAP for SEC registrants.

Stock-based Compensation

The Company generally grants time vesting stock awards ("Deferred Awards") and performance-based stock awards ("Performance Awards") to employees at management levels. The Company also grants Deferred Awards to its non-employee directors. Deferred Awards are granted in the form of restricted stock units that require each recipient to complete a service period. Deferred Awards generally vest ratably over three years except that those granted to non-employee directors generally vest over one year. Performance Awards are granted in the form of restricted stock units which have performance criteria that must be achieved for the awards to vest in addition to a service period requirement. Each Performance Award has a defined number of shares that an employee can earn (the “Target Shares”) and based on the performance level achieved, the number of shares earned can be anywhere from zero up to a maximum percentage of the Target Shares, as defined in the award agreement, which historically has been 200%. Performance Awards have historically cliff vested after a three year service period. The fair value of all awards issued prior to May 20, 2011 was based on the average of the high and low selling price of the Company’s common stock on the grant date. Effective with the adoption of the Company's 2011 Equity Incentive Plan, the fair value of all awards granted on or after May 20, 2011 is based on the closing price of the Company’s common stock on the grant date. Stock-based compensation expense is recognized ratably over the related service period reduced for estimated forfeitures of those awards not expected to vest due to employee turnover. Stock-based compensation expense, as it relates to Performance Awards, is also adjusted based on the Company's estimate of the percentage of the aggregate Target Shares expected to be earned.

Deferred Compensation Plan

The Company has a deferred compensation plan (the “Deferred Compensation Plan”), which is a nonqualified, unfunded plan, for eligible senior level employees. Under the plan, participants may elect to defer up to 80% of his or her base salary and/or up to 100% of his or her bonus to be earned for the year following the year in which the deferral election is made. The Deferred Compensation Plan also permits members of the Board of Directors to elect to defer payment of all or a portion of their retainer and other fees to be earned for the year following the year in which a deferral election is made. In addition, eligible employees and directors of the Company may also elect to defer payment of any shares of Company stock that is earned with respect to stock-based awards. Directors may also elect their cash deferrals to be invested in shares of the Company's common stock. Such elections are irrevocable and will be settled in shares of common stock. The Company is not required to contribute to the Deferred Compensation Plan, but at its sole discretion, can make additional contributions on behalf of the participants. Deferred amounts are not subject to forfeiture and are deemed invested among investment funds offered under the Deferred Compensation Plan, as directed by each participant. Payments of deferred amounts (as adjusted for earnings and losses) are payable following separation from service or at a date or dates elected by the participant at the time the deferral is elected. Payments of deferred amounts are generally made in either a lump sum or in annual installments over a period not exceeding 15 years. All other deferred amounts are payable in the form in which they were made; cash deferrals are payable in cash and stock deferrals are payable in stock. Earlier distributions are not permitted except in the case of an unforeseen hardship.

The Company has established a rabbi trust that serves as an investment to shadow the Deferred Compensation Plan liability; however, the assets of the rabbi trust are general assets of the Company and as such, would be subject to the claims of creditors in the event of bankruptcy or insolvency. The investments of the rabbi trust consist of company-owned life insurance policies ("COLIs") and Company stock. The Deferred Compensation Plan liability, excluding Company stock, is included in other long-term liabilities and changes in the balance, except those relating to payments, are recognized as compensation expense. The cash surrender values of the COLIs are included in other assets and related earnings and losses are recognized as investment income or loss, which is included in selling, general and administrative expenses. Company stock deferrals are included in the equity section of the Company's consolidated balance sheet as treasury stock and as a deferred compensation liability. Deferred stock is recorded at fair market value at the time of deferral and any subsequent changes in fair market value are not recognized.

The Deferred Compensation Plan liability, excluding Company stock, at fair value, was approximately $0.6 million, $0.7 million, and $0.6 million at October 27, 2012, January 28, 2012 and October 29, 2011, respectively. The cash surrender value of the COLIs, at fair value, was approximately $0.7 million at each of October 27, 2012, January 28, 2012 and October 29, 2011. Company stock was $1.1 million, $0.6 million, and $0.5 million at October 27, 2012, January 28, 2012 and October 29, 2011, respectively.

Exit or Disposal Cost Obligations

In accordance with the "*Exit or Disposal Cost Obligations*" topic of the FASB ASC, the Company records its exit and disposal costs at fair value to terminate an operating lease or contract when termination occurs before the end of its term and without future economic benefit to the Company. In cases of employee termination benefits, the Company recognizes an obligation only when all of the following criteria are met:

- management, having the authority to approve the action, commits to a plan of termination;
- the plan identifies the number of employees to be terminated, their job classifications or functions and their locations, and the expected completion date;
- the plan establishes the terms of the benefit arrangement, including the benefits that employees will receive upon termination (including but not limited to cash payments), in sufficient detail to enable employees to determine the type and amount of benefits they will receive if they are involuntarily terminated; and
- actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

During the first quarter of fiscal 2012, management approved a plan to exit its distribution center in Ontario, California (the "West Coast DC") and move the operations to its distribution center in Fort Payne, Alabama (the "Southeast DC"). The lease of the West Coast DC expires in March 2016 and the Company ceased using the facility in May 2012. During Year-To-Date 2012, the Company recognized approximately $4.2 million of costs in exiting the West Coast DC, which primarily included lease termination costs (net of anticipated sublease income), asset disposal costs, and severance to affected employees. These costs are included in other costs in the accompanying condensed consolidated statements of operations. Remaining costs associated with the exit of the West Coast DC are not expected to be material.

In August 2012, management approved a plan to close the Company's distribution center in Dayton, New Jersey ("Northeast DC") and move the operations to its Southeast DC. The lease of the Northeast DC expires in January 2021 and the Company expects to cease operations there during the fourth quarter of fiscal 2012. Total exit costs related to this move are expected to be approximately $13.0 million, consisting of lease termination costs (net of anticipated sublease income), accelerated depreciation, and severance to affected employees. During the Third Quarter 2012, the Company recorded $5.7 million of accelerated depreciation and $0.3 million of severance. Accelerated depreciation is included in depreciation and amortization and severance is included in other costs in the accompanying condensed consolidated statements of operations. Substantially all of the remaining costs are expected to be incurred during the fourth quarter of fiscal 2012.

The following table provides details of the remaining accruals for the West Coast DC and Northeast DC (dollars in thousands):

	One-time Termination Benefits	Lease Termination Costs	Total
Balance at January 28, 2012	$ —	$ —	$ —
Additions	386	2,646	3,032
Payments and reductions	(126)	(313)	(439)
Balance at October 27, 2012	$ 260	$ 2,333	$ 2,593

Retained Earnings

The Company's credit facility agreement (see Note 6) includes limitations on paying dividends in cash. There are no other restrictions on the Company's retained earnings.

Fair Value Measurement and Financial Instruments

The "Fair Value Measurements and Disclosure" topic of the FASB ASC provides a single definition of fair value, together with a framework for measuring it, and requires additional disclosure about the use of fair value to measure assets and liabilities.

This topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a three-level hierarchy, which encourages an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the hierarchy are defined as follows:

- Level 1 - inputs to the valuation techniques that are quoted prices in active markets for identical assets or liabilities
- Level 2 - inputs to the valuation techniques that are other than quoted prices but are observable for the assets or liabilities, either directly or indirectly
- Level 3 - inputs to the valuation techniques that are unobservable for the assets or liabilities

The Company's cash and cash equivalents, accounts receivable, accounts payable and credit facility are all short-term in nature and as such, their carrying amounts approximate fair value. The underlying assets and liabilities of the Company's Deferred Compensation Plan, excluding Company stock, fall within Level 1 of the fair value hierarchy. The Company stock that is included in the Deferred Compensation Plan is not subject to fair value measurement.

Recently Adopted Accounting Updates

Effective January 29, 2012, the Company adopted the accounting standard update, "*Comprehensive Income*". Under this update, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. The Company has elected to present comprehensive income in two separate but consecutive statements in the accompanying condensed consolidated financial statements.

2. STOCKHOLDERS' EQUITY

On August 18, 2010, the Company's Board of Directors authorized a share repurchase program in the amount of $100 million (the "2010 Share Repurchase Program"), on March 3, 2011 another share repurchase program was authorized in the amount of $100 million (the "2011 Share Repurchase Program"), and on March 7, 2012, a third share repurchase program was authorized in the amount of $50 million (the "2012 Share Repurchase Program"). At October 27, 2012, there was approximately $21.6 million remaining on the 2012 Share Repurchase Program. The 2010 Share Repurchase Program and the 2011 Share Repurchase Program have been completed. Under the 2012 Share Repurchase Program, the Company may repurchase shares in the open market at current market prices at the time of purchase or in privately negotiated transactions. The timing and actual number of shares repurchased under the program will depend on a variety of factors including price, corporate and regulatory requirements, and other market and business conditions. The Company may suspend or discontinue the program at any time, and may thereafter reinstitute purchases, all without prior announcement.

Pursuant to restrictions imposed by the Company's insider trading policy during black-out periods, the Company withholds and retires shares of vesting stock awards in exchange for payments to satisfy the withholding tax requirements of certain recipients. The Company's payment of the withholding taxes in exchange for the shares constitutes a purchase of its common stock. The Company also acquires shares of its common stock in conjunction with liabilities owed under the Company's Deferred Compensation Plan, which are held in treasury.

The following table summarizes the Company's share repurchases (in thousands):

	Thirty-nine Weeks Ended			
	October 27, 2012		October 29, 2011	
	Shares	Value	Shares	Value
Shares repurchases related to:				
2010 Share buyback program	—	$ —	213	$ 10,148
2011 Share buyback program	377	19,245	1,392	64,358
2012 Share buyback program **(1)**	558	28,428	—	—
Withholding taxes	1	57	18	820
Shares acquired and held in treasury	14	675	13	535

(1) Subsequent to October 27, 2012 and through November 27, 2012, the Company repurchased an additional 0.4 million shares for approximately $18.6 million.

In accordance with the "*Equity*" topic of the FASB ASC, the par value of the shares retired is charged against common stock and the remaining purchase price is allocated between additional paid-in capital and retained earnings. The portion charged against additional paid-in capital is done using a pro rata allocation based on total shares outstanding. Related to all shares retired during Year-To-Date 2012 and Year-To-Date 2011, approximately $39.5 million and $61.5 million, respectively, were charged to retained earnings.

3. STOCK-BASED COMPENSATION

The following table summarizes the Company's stock-based compensation expense (in thousands):

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 27, 2012	October 29, 2011	October 27, 2012	October 29, 2011
Deferred Awards	$ 2,514	$ 2,100	$ 8,115	$ 7,056
Performance Awards	935	844	2,291	1,833
Total stock-based compensation expense **(1)**	$ 3,449	$ 2,944	$ 10,406	$ 8,889

(1) During the Third Quarter 2012 and Third Quarter 2011, approximately $0.4 million and $0.3 million, respectively, were included in cost of sales. During Year-To-Date 2012 and Year-To-Date 2011, approximately $1.1 million and $1.3 million, respectively, were included in cost of sales. All other stock-based compensation is included in selling, general & administrative expenses.

The Company recognized a tax benefit related to stock-based compensation expense of $4.1 million and $3.5 million for Year-To-Date 2012 and Year-To-Date 2011, respectively.

Awards Granted During Year-To-Date 2012

Pursuant to an employment agreement and amendments thereto with its Chief Executive Officer and President, the Company granted Deferred Awards of 96,768 shares of its common stock that vest over three years. Additionally, the Company granted Deferred Awards of 100,000 shares of its common stock to its Chief Executive Officer and President that vest over three years. In addition, the Company granted Performance Awards that provide for the issuance of 100,180 Target Shares if the Company meets its operating income target for fiscal 2012, which cliff vest after two years. The Performance Awards have a minimum threshold that would provide 50% of the Target Shares and a maximum target that would provide 200% of the Target Shares. Depending on the final operating income, the percentage earned can be 0%, or any percentage including and between 50% and 200%. Any earned Performance Awards cliff vest in February 2014.

Additionally, the Company granted Deferred Awards of 276,634 shares of its common stock to employees, including new hire awards, which vest ratably over three years. The Company also granted Performance Awards to employees that provide for the issuance of 129,696 Target Shares if the Company meets its operating income target for fiscal 2012. The

Performance Awards have a minimum threshold that would provide 50% of the Target Shares and a maximum target that would provide 200% of the Target Shares. Depending on the final operating income, the percentage earned can be 0%, or any percentage including and between 50% and 200%. Any earned Performance Awards cliff vest after three years.

During Year-To-Date 2012, the Company granted Deferred Awards to the members of its Board of Directors, which provide for the issuance of 18,701 shares of common stock. These awards vest after one year.

Changes in the Company's Unvested Stock Awards during the Year-To-Date 2012

Deferred Awards

	Number of Shares	Weighted Average Grant Date Fair Value
	(in thousands)	
Unvested Deferred Awards, beginning of period	406	$ 47.96
Granted	492	49.02
Vested	(147)	47.35
Forfeited	(137)	49.46
Unvested Deferred Awards, end of period	614	$ 48.62

Total unrecognized stock-based compensation expense related to unvested Deferred Awards approximated $22.5 million as of October 27, 2012, which will be recognized over a weighted average period of approximately 2.2 years.

Performance Awards

	Number of Performance Shares (1)	Weighted Average Grant Date Fair Value
	(in thousands)	
Unvested Performance Awards, beginning of period	6	$ 46.08
Granted	230	48.51
Vested	(2)	45.79
Forfeited	(41)	47.67
Unvested Performance Awards, end of period	193	$ 48.65

(1) For those awards in which the performance period is complete, the number of unvested shares is based on actual shares that will vest upon completion of the service period. For those awards in which the performance period is not yet complete, the number of unvested shares is based on the participants earning their Target Shares at 100%.

As of October 27, 2012, the Company estimates that for those awards in which the performance period is not yet complete, participants will earn 95% of their Target Shares. The cumulative expense recognized reflects changes in estimates as they occur. Total unrecognized stock-based compensation expense related to unvested Performance Awards approximated $6.4 million as of October 27, 2012, which will be recognized over a weighted average period of approximately 1.9 years.

Stock Options

At October 27, 2012, there were no unvested stock options.

Outstanding Stock Options

Changes in the Company’s outstanding stock options for Year-To-Date 2012 were as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
	(in thousands)		(in years)	(in thousands)
Options outstanding, beginning of period	154	$ 30.98	4.2	$ 2,943
Granted	—	—	—	—
Exercised	(68)	32.08	N/A	1,339
Forfeited	(1)	19.70	N/A	26
Options outstanding and exercisable, end of period	85	$ 30.26	3.7	$ 2,369

4. NET INCOME PER COMMON SHARE

The following table reconciles net income and share amounts utilized to calculate basic and diluted net income per common share (in thousands):

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 27, 2012	October 29, 2011	October 27, 2012	October 29, 2011
Net income	$ 35,024	$ 33,692	$ 40,627	$ 52,999
Basic weighted average common shares	24,086	25,121	24,290	25,657
Dilutive effect of stock awards	207	158	163	211
Diluted weighted average common shares	24,293	25,279	24,453	25,868
Antidilutive stock awards	3	129	7	102

Antidilutive stock awards (stock options, Deferred Awards and Performance Awards) represent those awards that are excluded from the earnings per share calculation as a result of their antidilutive effect in the application of the treasury stock method in accordance with the “*Earnings per Share*” topic of the FASB ASC.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following (in thousands):

	Asset Life	October 27, 2012	January 28, 2012	October 29, 2011
Property and equipment:				
Land and land improvements	—	$ 3,403	$ 3,403	$ 3,403
Building and improvements	20-25 yrs	35,548	35,548	34,576
Material handling equipment	10-15 yrs	52,547	52,770	51,374
Leasehold improvements	Lease life	402,103	403,080	414,520
Store fixtures and equipment	3-10 yrs	270,140	287,838	294,431
Capitalized software	5 yrs	71,553	78,623	80,033
Construction in progress **(1)**	—	37,464	23,666	12,593
		872,758	884,928	890,930
Accumulated depreciation and amortization		(536,805)	(561,065)	(564,307)
Property and equipment, net		$ 335,953	$ 323,863	$ 326,623

(1) The majority of the Construction in progress at each reporting period relates to the Company's new enterprise resource planning system.

At October 27, 2012, the Company performed impairment testing on 1,004 stores with a total net book value of $166.1 million. At October 29, 2011, the Company performed impairment testing on 937 stores with a total net book value of $152.0 million. All stores that were open for at least two years were tested. The Company tested one store that had been open for less than two years in which circumstances indicated that its assets were impaired.

During the Third Quarter 2012, the Company recorded $0.5 million of impairment charges primarily related to two underperforming stores. During the Third Quarter 2011, the Company recorded $0.4 million of impairment charges primarily related to two underperforming stores.

During Year-To-Date 2012, the Company recorded $2.1 million of impairment charges primarily related to five underperforming stores, of which two were fully impaired and three were partially impaired. At October 27, 2012, all of these impaired stores were open and the stores which were partially impaired had a remaining book value of $0.6 million, which the Company determined to be recoverable based on an estimate of discounted future cash flows.

During Year-To-Date 2011, the Company recorded $1.7 million of impairment charges primarily related to six underperforming stores, of which three stores were fully impaired and three were partially impaired. At October 27, 2012, all of these impaired stores were open and the stores which were partially impaired had a remaining book value of $0.7 million, which the Company determined to be recoverable based on an estimate of discounted future cash flows.

As of October 27, 2012, January 28, 2012 and October 29, 2011, the Company had approximately $8.9 million, $6.1 million and $3.6 million, respectively, in property and equipment for which payment had not yet been made. These amounts are included in accounts payable and accrued expenses and other current liabilities.

6. CREDIT FACILITY

The Company and certain of its domestic subsidiaries maintain a credit agreement with Wells Fargo Bank, National Association (“Wells Fargo”), Bank of America, N.A., HSBC Business Credit (USA) Inc., and JPMorgan Chase Bank, N.A. as lenders (collectively, the “Lenders”) and Wells Fargo, as Administrative Agent, Collateral Agent and Swing Line Lender (the “Credit Agreement”). The Credit Agreement has been amended from time to time and the provisions below reflect all amendments.

The Credit Agreement, which expires in August 2016, consists of a $150 million asset based revolving credit facility, with a $125 million sublimit for standby and documentary letters of credit and an accordion feature that could provide up to $75 million of additional availability, of which $25 million is committed. Revolving credit loans outstanding under the Credit Agreement bear interest, at the Company’s option, at:

(i) the prime rate plus a margin of 0.75% to 1.00% based on the amount of the Company’s average excess availability under the facility; or
(ii) the London InterBank Offered Rate, or “LIBOR”, for an interest period of one, two, three or six months, as selected by the Company, plus a margin of 1.75% to 2.00% based on the amount of the Company’s average excess availability under the facility.

The Company is charged an unused line fee of 0.375% on the unused portion of the commitments. Letter of credit fees range from 0.875% to 1.00% for commercial letters of credit and range from 1.25% to 1.50% for standby letters of credit. Letter of credit fees are determined based on the amount of the Company's average excess availability under the facility. The amount available for loans and letters of credit under the Credit Agreement is determined by a borrowing base consisting of certain credit card receivables, certain inventory and the fair market value of certain real estate, subject to certain reserves.

The outstanding obligations under the Credit Agreement may be accelerated upon the occurrence of certain events, including, among others, non-payment, breach of covenants, the institution of insolvency proceedings, defaults under other material indebtedness and a change of control, subject, in the case of certain defaults, to the expiration of applicable grace periods. The Company is not subject to any early termination fees.

The Credit Agreement contains covenants, which include limitations on stock buybacks and the payment of cash dividends or similar payments. Credit extended under the Credit Agreement is secured by a first priority security interest in substantially all of the Company’s U.S. assets.

On August 16, 2011, the Credit Agreement was amended to provide for, among other things, an extension of the term of the Credit Agreement, a reduction in the maximum available borrowings under the facility, a reduction in the sublimit for standby and documentary letters of credit, and a net reduction in various rates charged under the Credit Agreement, each as reflected above. This amendment also provided for the elimination of the maximum capital expenditures covenant. In conjunction with this amendment, the Company paid $0.7 million in additional deferred financing costs.

As of October 27, 2012, the Company has capitalized an aggregate of approximately $3.3 million in deferred financing costs related to the Credit Agreement. The unamortized balance of deferred financing costs at October 27, 2012 was $1.4 million. Unamortized deferred financing costs are amortized on a straight-line basis over the remaining term of the Credit Agreement.

The table below presents the components (in millions) of the Company's credit facility:

	October 27, 2012	January 28, 2012	October 29, 2011
Credit facility maximum	$ 150.0	$ 150.0	$ 150.0
Borrowing base	150.0	150.0	150.0
Outstanding borrowings	—	—	—
Letters of credit outstanding—merchandise	24.6	23.1	16.9
Letters of credit outstanding—standby	10.6	11.2	11.1
Utilization of credit facility at end of period	35.2	34.3	28.0
Availability **(1)**	$ 114.8	$ 115.7	$ 122.0
Interest rate at end of period	4.0%	4.0%	4.0%

	Year-To-Date 2012	Fiscal 2011	Year-To-Date 2011
Average end of day loan balance during the period	$ —	$ —	$ —
Highest end of day loan balance during the period	1.1	0.2	0.2
Average interest rate	4.0%	3.6%	3.5%

(1) The sublimit availability for the letters of credit was $89.8 million, $90.7 million, and $97.0 million at October 27, 2012, January 28, 2012, and October 29, 2011, respectively.

Letter of Credit Fees

Letter of credit fees approximated $0.2 million and $0.2 million in Year-To-Date 2012 and Year-To-Date 2011, respectively, and are included in cost of sales.

7. LEGAL AND REGULATORY MATTERS

During the Third Quarter 2012, neither the Company nor any of its subsidiaries became a party to, nor did any of their property become the subject of, any material legal proceedings. There were no material developments to any legal proceedings previously reported in the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 2012.

The Company is also involved in various legal proceedings arising in the normal course of business. In the opinion of management, any ultimate liability arising out of these proceedings will not have a material effect on the Company's financial position, results of operations or cash flows.

8. INCOME TAXES

The Company computes income taxes using the liability method. This method requires recognition of deferred tax assets and liabilities, measured by enacted rates, attributable to temporary differences between the financial statement and income tax bases of assets and liabilities. The Company's deferred tax assets and liabilities are comprised largely of differences relating to depreciation, rent expense, inventory and various accruals and reserves.

The Company's effective tax rate for the Third Quarter 2012 and Year-To-Date 2012 was 30.3% and 30.6%, respectively, compared to 38.0% and 38.9% during the Third Quarter 2011 and Year-To-Date 2011, respectively. These reductions primarily relates to the Company's assertion during the fourth quarter of fiscal 2011 that its investment in its Asian subsidiaries is permanent and that the earnings of such subsidiaries will be indefinitely and fully reinvested. Accordingly, the Company stopped providing U.S. deferred taxes on the undistributed earnings of these subsidiaries.

During the Third Quarter 2012 and Year-To-Date 2012, the Company recognized approximately $0.1 million and $0.2 million, respectively, of additional interest expense related to its unrecognized tax benefits. During the Third Quarter 2011 and Year-To-Date 2011, the Company recognized approximately $0.1 million and $0.4 million, respectively, of additional interest expense related to its unrecognized tax benefits. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense.

The Company is subject to taxation and files income tax returns in the U.S. federal jurisdiction, various states and foreign jurisdictions. The Company is no longer subject to U.S. federal income tax audits for years through fiscal 2006. With limited exception, the Company is no longer subject to state, local or non-U.S. income tax audits by taxing authorities for years before fiscal 2008.

Management believes that an adequate provision has been made for any adjustments that may result from tax examinations; however, the outcome of tax audits cannot be predicted with certainty. If any issues addressed in the Company's tax audits are resolved in a manner not consistent with management's expectations, the Company could be required to adjust its provision for income tax in the period such resolution occurs.

9. INTEREST (EXPENSE), NET

The following table presents the components of the Company’s interest expense, net (in thousands):

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 27, 2012	October 29, 2011	October 27, 2012	October 29, 2011
Interest income	$ 234	$ 228	$ 685	$ 706
Tax-exempt interest income	—	—	—	7
Total interest income	234	228	685	713
Less:				
Interest expense – credit facilities	39	35	115	161
Unused line fee	100	149	324	770
Amortization of deferred financing fees	91	91	273	381
Other interest and fees	27	23	77	56
Total interest expense	257	298	789	1,368
Interest (expense), net	$ (23)	$ (70)	$ (104)	$ (655)

10. SEGMENT INFORMATION

In accordance with the “*Segment Reporting*” topic of the FASB ASC, the Company reports segment data based on geography: The Children’s Place U.S. and The Children’s Place Canada. Each segment includes an e-commerce business located at *www.childrensplace.com*. Included in The Children’s Place U.S. segment are the Company’s U.S. and Puerto Rico based stores. Included in The Children's Place Canada segment are the Company's Canadian based stores and revenue from international franchisees. The Company measures its segment profitability based on operating income, defined as income before interest and taxes. Net sales and direct costs are recorded by each segment. Certain inventory procurement functions such as production and design as well as corporate overhead, including executive management, finance, real estate, human resources, legal, and information technology services are managed by The Children’s Place U.S. segment. Expenses related to these functions, including depreciation and amortization, are allocated to The Children’s Place Canada segment based primarily on net sales. The assets related to these functions are not allocated. The Company periodically reviews these allocations and adjusts them based upon changes in business circumstances. Net sales from external customers are derived from merchandise sales and the Company has no major customers that account for more than 10% of its net sales. As of October 27, 2012, The Children’s Place U.S. operated 973 stores and The Children’s Place Canada operated 129 stores. As of October 29, 2011, The Children’s Place U.S. operated 953 stores and The Children’s Place Canada operated 123 stores.

The following tables provide segment level financial information (dollars in thousands):

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 27, 2012	October 29, 2011	October 27, 2012	October 29, 2011
Net sales (1):				
The Children's Place U.S.	$ 424,854	$ 416,781	$ 1,119,690	$ 1,091,706
The Children's Place Canada **(2)**	76,074	67,304	180,572	166,693
Total net sales	$ 500,928	$ 484,085	$ 1,300,262	$ 1,258,399
Gross profit:				
The Children's Place U.S.	$ 170,209	$ 165,310	$ 420,705	$ 418,055
The Children's Place Canada	35,994	34,741	76,528	81,208
Total gross profit	$ 206,203	$ 200,051	$ 497,233	$ 499,263
Gross Margin:				
The Children's Place U.S.	40.1%	39.7%	37.6%	38.3%
The Children's Place Canada	47.3%	51.6%	42.4%	48.7%
Total gross margin	41.2%	41.3%	38.2%	39.7%
Operating income:				
The Children's Place U.S. **(3)**	$ 38,050	$ 41,196	$ 45,364	$ 62,182
The Children's Place Canada **(5)**	12,189	13,252	13,319	25,264
Total operating income	$ 50,239	$ 54,448	$ 58,683	$ 87,446
Operating income as a percent of net sales:				
The Children's Place U.S.	9.0%	9.9%	4.1%	5.7%
The Children's Place Canada	16.0%	19.7%	7.4%	15.2%
Total operating income	10.0%	11.2%	4.5%	6.9%
Depreciation and amortization:				
The Children's Place U.S. **(4)**	$ 19,497	$ 16,142	$ 48,220	$ 48,105
The Children's Place Canada **(5)**	3,526	2,351	9,503	6,617
Total depreciation and amortization	$ 23,023	$ 18,493	$ 57,723	$ 54,722
Capital expenditures:				
The Children's Place U.S.	$ 24,783	$ 14,154	$ 60,073	$ 53,849
The Children's Place Canada	2,360	3,001	11,307	10,031
Total capital expenditures	$ 27,143	$ 17,155	$ 71,380	$ 63,880

(1) All of the Company's foreign revenues are included in The Children's Place Canada segment.
(2) Includes approximately $5.5 million and $6.0 million of revenue from international franchisees for the Third Quarter 2012 and Year-To-Date 2012, respectively. There was no revenue from international franchisees prior to fiscal 2012.
(3) Includes exit costs associated with the closures of the West Coast DC and Northeast DC of approximately $0.6 million and $4.5 million for the Third Quarter 2012 and Year-To-Date 2012, respectively, and approximately $5.7 million of accelerated depreciation associated with the closure of the Northeast DC for the Third Quarter 2012 and Year-To-Date 2012.
(4) Includes approximately $5.7 million of accelerated depreciation associated with the closure of the Northeast DC for the Third Quarter 2012 and Year-To-Date 2012.
(5) The Company remodeled certain Canadian stores earlier than originally anticipated. Accelerated depreciation associated with these stores approximated $0.3 million and $1.6 million for the Third Quarter 2012 and Year-To-Date 2012, respectively.

	October 27, 2012	January 28, 2012	October 29, 2011
Total assets:			
The Children's Place U.S.	$ 770,009	$ 693,489	$ 720,823
The Children's Place Canada	169,896	157,160	153,357
Total assets	$ 939,905	$ 850,649	$ 874,180

11. SUBSEQUENT EVENTS

Subsequent to October 27, 2012 and through November 27, 2012, the Company repurchased 0.4 million shares for approximately $18.6 million, which brought the total under the 2012 Share Repurchase Program to approximately $47.0 million.

On November 26, 2012, the Company announced that our Board of Directors authorized a new share repurchase program in the amount of $100.0 million. Under the program, we may repurchase shares in the open market at current market prices at the time of purchase or in privately negotiated transactions. The timing and actual number of shares repurchased under the program will depend on a variety of factors including price, corporate and regulatory requirements, and other market and business conditions. The Company may suspend or discontinue the program at any time, and may thereafter reinstitute purchases, all without prior announcement.

On November 26, 2012, the Company announced the departure of its Chief Financial Officer, Steven Baginski, the appointment of Bernard McCracken, Vice President, Corporate Controller, as Interim Principal Accounting Officer and the appointment of John Taylor, Vice President, Finance, as Interim Principal Financial Officer, all as of November 26, 2012, and the appointment of Michael Scarpa as Executive Vice President and Chief Financial Officer, effective December 3, 2012.

On October 29, 2012, the northeast portion of the United States was struck by Hurricane Sandy. Approximately 280 of the Company's stores, as well as its northeast e-commerce business, were affected by the storm to varying degrees (e.g., actual closures, limited access and customer distraction). On an annual basis, the affected stores and e-commerce business represent approximately 31.0% of the Company's net sales. As of November 27, 2012 two stores were still closed.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically are identified by use of terms such as "may," "will," "should," "plan," "project," "expect," "anticipate," "estimate" and similar words, although some forward-looking statements are expressed differently. These forward-looking statements of The Children's Place Retail Stores, Inc. (the "Company") are based upon the Company's current expectations and assumptions and are subject to various risks and uncertainties that could cause actual results and performance to differ materially. Some of these risks and uncertainties are described in the Company's filings with the Securities and Exchange Commission, including in the "Risk Factors" section of its Annual Report on Form 10-K for the fiscal year ended January 28, 2012. Included among the risks and uncertainties that could cause actual results and performance to differ materially are the risk that the Company will be unsuccessful in gauging fashion trends and changing consumer preferences, the risks resulting from the highly competitive nature of the Company's business and its dependence on consumer spending patterns, which may be affected by the continued weakness in the economy or by other factors such as increases in the cost of gasoline and food, and the uncertainty of weather patterns. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they were made. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could prove to be inaccurate, and therefore, there can be no assurance that the forward-looking statements included in this Quarterly Report on Form 10-Q will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved. The Company undertakes no obligation to release publicly any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The following discussion should be read in conjunction with the Company's unaudited financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the annual audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended January 28, 2012.

Terms that are commonly used in our management's discussion and analysis of financial condition and results of operations are defined as follows:

- *Third Quarter 2012 — The thirteen weeks ended October 27, 2012.*
- *Third Quarter 2011 — The thirteen weeks ended October 29, 2011.*
- *Year-To-Date 2012 — The thirty-nine weeks ended October 27, 2012.*
- *Year-To-Date 2011 — The thirty-nine weeks ended October 29, 2011.*
- *Comparable Store Sales — Net sales, in constant currency, from stores that have been open for at least 14 consecutive months. Stores that temporarily close for non- substantial remodeling will be excluded from comparable store sales for only the period that they were closed. A store is considered substantially remodeled if it has been relocated or materially changed in size.*
- *Comparable E-commerce Sales — Net sales, in constant currency, from our e-commerce store, excluding postage and handling fees.*
- *Comparable Retail Sales — Comparable Store Sales plus Comparable E-commerce Sales.*
- *Gross Margin — Gross profit expressed as a percentage of net sales.*
- *SG&A — Selling, general and administrative expenses.*
- *FASB — Financial Accounting Standards Board.*
- *SEC — U.S. Securities and Exchange Commission.*
- *U.S. GAAP — Generally Accepted Accounting Principles in the United States.*
- *FASB ASC — FASB Accounting Standards Codification, which serves as the source for authoritative U.S. GAAP, except that rules and interpretive releases by the SEC are also sources of authoritative U.S. GAAP for SEC registrants.*

Our Business

We are the largest pure-play children's specialty apparel retailer in North America. We design, contract to manufacture and sell fashionable, high-quality, value-priced merchandise, virtually all of which is under our proprietary "The Children's Place" and "Place" brand names. Our objective is to deliver high-quality merchandise at value prices. As of October 27, 2012, we operated 1,102 stores throughout North America and our e-commerce business at *www.childrensplace.com.*

Segment Reporting

In accordance with the "*Segment Reporting*" topic of the FASB ASC, we report segment data based on geography: The Children's Place U.S. and The Children's Place Canada. Each segment includes an e-commerce business located at *www.childrensplace.com*. Included in The Children's Place U.S. segment are our U.S. and Puerto Rico based stores. Included in The Children's Place Canada segment are our Canadian based stores, as well as revenue from international franchisees. We measure our segment profitability based on operating income, defined as income before interest and taxes. Net sales and direct costs are recorded by each segment. Certain inventory procurement functions such as production and design as well as corporate overhead, including executive management, finance, real estate, human resources, legal, and information technology services are managed by The Children's Place U.S. segment. Expenses related to these functions, including depreciation and amortization, are allocated to The Children's Place Canada segment based primarily on net sales. The assets related to these functions are not allocated. We periodically review these allocations and adjust them based upon changes in business circumstances. Net sales from external customers are derived from merchandise sales and we have no major customers that account for more than 10% of our net sales. As of October 27, 2012, The Children's Place U.S. operated 973 stores and The Children's Place Canada operated 129 stores. As of October 29, 2011, The Children's Place U.S. operated 953 stores and The Children's Place Canada operated 123 stores.

Recent Developments

On November 26, 2012, we announced that our Board of Directors authorized a new share repurchase program in the amount of $100.0 million. Under the program, we may repurchase shares in the open market at current market prices at the time of purchase or in privately negotiated transactions. The timing and actual number of shares repurchased under the program will depend on a variety of factors including price, corporate and regulatory requirements, and other market and business conditions. We may suspend or discontinue the program at any time, and may thereafter reinstitute purchases, all without prior announcement.

On November 26, 2012, we announced the departure of our Chief Financial Officer, Steven Baginski, the appointment of Bernard McCracken, Vice President, Corporate Controller, as Interim Principal Accounting Officer and the appointment of John Taylor, Vice President, Finance, as Interim Principal Financial Officer, all as of November 26, 2012, and the appointment of Michael Scarpa as Executive Vice President and Chief Financial Officer, effective December 3, 2012.

On October 29, 2012, the northeast portion of the United States was struck by Hurricane Sandy. Approximately 280 of our stores, as well as our northeast e-commerce business, were affected by the storm to varying degrees (e.g., actual closures, limited access and customer distraction). On an annual basis, the affected stores and e-commerce business represent approximately 31.0% of our net sales. As of November 27, 2012 two stores were still closed.

Operating Highlights

Net sales increased by $41.9 million, or 3.3%, to $1,300.3 million in Year-To-Date 2012 from $1,258.4 million during Year-To-Date 2011. Our Comparable Retail Sales increased 1.1% during Year-To-Date 2012 compared to a 2.2% decrease during Year-To-Date 2011.

We reported net income of $40.6 million, or $1.66 per diluted share during Year-To-Date 2012, compared to $53.0 million, or $2.05 per diluted share, during Year-To-Date 2011.

During the first quarter of fiscal 2012, management approved a plan to exit its distribution center in Ontario, California (the "West Coast DC") and move its operations to its distribution center in Fort Payne, Alabama (the "Southeast DC"). The lease of the West Coast DC expires in March 2016 and the Company ceased using the facility in May 2012. During Year-To-Date 2012, the Company recognized approximately $4.2 million of costs in exiting the West Coast DC, which primarily included lease termination costs (net of anticipated sublease income), asset disposal costs, and severance to affected employees.

In August 2012, management approved a plan to close the Company's distribution center in Dayton, New Jersey ("Northeast DC") and move the operations to its Southeast DC and the Company expects to cease operations at its Northeast DC during the fourth quarter of fiscal 2012. Total exit costs related to this move are expected to be approximately $13.0 million, consisting of lease termination costs (net of anticipated sublease income), accelerated depreciation, and severance to affected employees. During the Third Quarter 2012, the Company recorded $5.7 million of accelerated depreciation and $0.3 million of severance.

During Year-To-Date 2012, we opened 60 The Children's Place stores and closed seven. During Year-To-Date 2011, we opened 88 The Children's Place stores and closed seven.

During Year-To-Date 2012 we began an international store expansion program through territorial agreements with franchisees. At October 27, 2012 we had a total of eight stores open in the Middle East, and we expect to end fiscal 2012 with approximately 20 stores. For Year-To-Date 2012, revenue from international franchisees was less than 1% of total net sales.

Our business has been impacted by the continued weakness in the U.S. and Canadian economic environments. Factors such as high unemployment levels, a highly promotional retail environment and inconsistent consumer retail traffic have negatively impacted our business.

We have subsidiaries whose operating results are based in foreign currencies and are thus subject to the fluctuations of the corresponding translation rates into U.S. dollars. The table below summarizes those average translation rates that most impact our operating results:

	Thirteen Weeks Ended		**Thirty-nine Weeks Ended**	
	October 27, 2012	**October 29, 2011**	**October 27, 2012**	**October 29, 2011**
Average Translation Rates (1)				
Canadian Dollar	1.0121	1.0008	1.0009	1.0197
Hong Kong Dollar	0.1290	0.1284	0.1289	0.1284
China Yuan Renminbi	0.1579	0.1563	0.1580	0.1543

(1) The average translation rates are the average of the monthly translation rates used during each period to translate the respective income statements. The rates represent the U.S. dollar equivalent of a unit of each foreign currency.

For the Third Quarter 2012, the effects of these translation rate changes on net sales, gross profit and income before income taxes were increases of $0.7 million, $0.5 million and $0.3 million, respectively. For Year-To-Date 2012, the effects of these translation rate changes on net sales and gross profit were decreases of $2.8 million and $0.9 million, respectively, and on income before income taxes it was an increase of $0.3 million. Net sales are affected only by the Canadian dollar translation rates. In addition to the translation rate changes, the gross profit of our Canadian subsidiary is also impacted by its purchases of inventory, which are priced in U.S. dollars. The effects of these purchases on our gross profit were an increase of approximately $0.1 million during the Third Quarter 2012 and a decrease of $1.0 million during Year-To-Date 2012.

CRITICAL ACCOUNTING POLICIES

The preparation of consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the reported period. In many cases, there are alternative policies or estimation techniques that could be used. We continuously review the application of our accounting policies and evaluate the appropriateness of the estimates used in preparing our financial statements; however, estimates routinely require adjustment based on changing circumstances and the receipt of new or better information. Consequently, actual results could differ from our estimates.

The accounting policies and estimates discussed below include those that we believe are the most critical to aid in fully understanding and evaluating our financial results. Senior management has discussed the development and selection of our critical accounting policies and estimates with the Audit Committee of our Board of Directors, which has reviewed our related disclosures herein.

Inventory Valuation

Merchandise inventories are stated at the lower of average cost or market, using the retail inventory method. Under the retail inventory method, the valuation of inventories at cost and the resulting gross margins are calculated by applying a cost-to-retail ratio, for each merchandise department, to the retail value of inventories. An initial markup is applied to inventory at cost to establish a cost-to-retail ratio. Permanent markdowns, when taken, reduce both the retail and cost components of inventory on hand so as to maintain the already established cost-to-retail relationship. At any one time, inventories include items that have been marked down to our best estimate of the lower of their cost or fair market value and an estimate of our inventory shrinkage.

We base our decision to mark down merchandise upon its current rate of sale, the season, and the age and sell-through of the item. We estimate sell-through rates based upon historical and forecasted information. Markdown reserves are assessed and adjusted each quarter based on current sales trends and their resulting impact on forecasts. Our success is largely dependent upon our ability to gauge the fashion taste of our customers, and to provide a well-balanced merchandise assortment that satisfies customer demand. Throughout the year, we review our inventory in order to identify slow moving items and generally use markdowns to clear them. Any inability to provide the proper quantity of appropriate merchandise in a timely manner, or to correctly estimate the sell-through rate, could have a material impact on our consolidated financial statements. Our historical estimates have not differed materially from actual results and a 10% difference in our markdown reserve as of October 27, 2012 would have impacted net income by approximately $0.4 million. Our markdown reserve balance at October 27, 2012 was approximately $6.6 million.

Additionally, we adjust our inventory based upon an annual physical inventory, which is taken during the last quarter of the fiscal year. Based on the results of our historical physical inventories, an estimated shrink rate is used for each successive quarter until the next annual physical inventory, or sooner if facts or circumstances should indicate differently. A 1% difference in our shrinkage rate at retail could impact each quarter's net income by approximately $0.6 million.

Stock-Based Compensation

We account for stock-based compensation according to the provisions of the "*Compensation-Stock Compensation*" topic of the FASB ASC.

Time Vesting and Performance-Based Awards

We generally grant time vesting and performance-based stock awards to employees at management levels and above. We also grant time vesting stock awards to our non-employee directors. Time vesting awards are granted in the form of restricted stock units that require each recipient to complete a service period ("Deferred Awards"). Deferred Awards generally vest ratably over three years except that those granted to non-employee directors generally vest after one year. Performance-based stock awards are granted in the form of restricted stock units which have performance criteria that must be achieved for the awards to vest in addition to a service period requirement ("Performance Awards"). Each Performance Award has a defined number of shares that an employee can earn (the "Target Shares") and based on the performance level achieved, the employee can earn up to 200% of their Target Shares. Performance Awards historically have cliff vested after a three year service period. The fair value of all awards issued prior to May 20, 2011 was based on the average of the high and low selling price of our common stock on the grant date. Effective with the adoption of the 2011 Equity Plan, the fair value of all awards granted on or after May 20, 2011 is based on the closing price of our common stock on the grant date. Compensation expense is recognized ratably over the related service period reduced for estimated forfeitures of those awards not expected to vest due to employee turnover. While actual forfeitures could vary significantly from those estimated, a 10% change in our estimated annual forfeiture rate would impact our fiscal 2012 net income by approximately $0.4 million. In addition, the number of performance shares earned is dependent upon our operating results over a specified time period. The expense for performance shares is based on the number of shares we estimate will vest as a result of our earnings-to-date plus our estimate of future earnings for the performance period. The current performance period ends on February 2, 2013. To the extent that actual operating results for the rest of this fiscal year differ from our estimates, future performance share compensation expense could be significantly different. A 25% increase in our annual projected operating income for fiscal 2012 would have caused a $2.6 million increase to stock-based compensation expense during Year-To-Date 2012. A 25% decrease in our annual projected operating income for fiscal 2012 would have caused a $2.4 million decrease to stock-based compensation expense during Year-To-Date 2012.

Stock Options

We have not issued stock options since fiscal 2008; however, certain stock options issued prior to fiscal 2008 remain outstanding. The fair value of all outstanding stock options was estimated using the Black-Scholes option pricing model based on a Monte Carlo simulation, which requires extensive use of accounting judgment and financial estimates, including estimates of how long employees will hold their vested stock options before exercise, the estimated volatility of our common stock over the expected term, and the number of options that will be forfeited prior to the completion of vesting requirements. All exercise prices were based on the average of the high and low of the selling price of our common stock on the grant date. There is no unamortized stock compensation at October 27, 2012.

Insurance and Self-Insurance Liabilities

Based on our assessment of risk and cost efficiency, we self-insure as well as purchase insurance policies to provide for workers' compensation, general liability, and property losses, as well as directors' and officers' liability, vehicle liability and employee medical benefits. We estimate risks and record a liability based upon historical claim experience, insurance deductibles, severity factors and other actuarial assumptions. These estimates include inherent uncertainties due to the variability of the factors involved, including type of injury or claim, required services by the providers, healing time, age of claimant, case management costs, location of the claimant, and governmental regulations. While we believe that our risk assessments are appropriate, these uncertainties or a deviation in future claims trends from recent historical patterns could result in our recording additional or reduced expenses, which may be material to our results of operations. Our historical estimates have not differed materially from actual results and a 10% difference in our insurance reserves as of October 27, 2012 would have impacted net income by approximately $0.6 million.

Impairment of Long-Lived Assets

We periodically review our long-lived assets when events indicate that their carrying value may not be recoverable. Such events include a historical or projected trend of cash flow losses or a future expectation that we will sell or dispose of an asset significantly before the end of its previously estimated useful life. In reviewing for impairment, we group our long-lived assets at the lowest possible level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. In that regard, we group our assets into two categories: corporate-related and store-related. Corporate-related assets consist of those associated with our corporate offices, distribution centers and our information technology systems. Store-related assets consist of leasehold improvements, furniture and fixtures, certain computer equipment and lease related assets associated with individual stores.

For store-related assets, we review all stores that have been open for at least two years, or sooner if circumstances should dictate, on at least an annual basis. We believe waiting two years allows a store to reach a maturity level where a more comprehensive analysis of financial performance can be performed. For each store that shows indications of operating losses, we project future cash flows over the remaining life of the lease and compare the total undiscounted cash flows to the net book value of the related long-lived assets. If the undiscounted cash flows are less than the related net book value of the long-lived assets, they are written down to their fair market value. We primarily determine fair market value to be the discounted future cash flows associated with those assets. In evaluating future cash flows, we consider external and internal factors. External factors comprise the local environment in which the store resides, including mall traffic, competition, and their effect on sales trends. Internal factors include our ability to gauge the fashion taste of our customers, control variable costs such as cost of sales and payroll, and in certain cases, our ability to renegotiate lease costs. Historically, less than 2% of our stores required impairment charges in any one year. If external factors should change unfavorably, if actual sales should differ from our projections, or if our ability to control costs is insufficient to sustain the necessary cash flows, future impairment charges could be material. At October 27, 2012, the average net book value per store was approximately $0.2 million.

Income Taxes

We utilize the liability method of accounting for income taxes as set forth in the "*Income Taxes*" topic of the FASB ASC. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. In determining the need for valuation allowances we consider projected future taxable income and the availability of tax planning strategies. If, in the future we determine that we would not be able to realize our recorded deferred tax assets, an increase in the valuation allowance would decrease earnings in the period in which such determination is made.

We assess our income tax positions and record tax benefits for all years subject to examination based upon our evaluation of the facts, circumstances and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements.

Fair Value Measurement and Financial Instruments

The "*Fair Value Measurements and Disclosure*" topic of the FASB ASC provides a single definition of fair value, together with a framework for measuring it, and requires additional disclosure about the use of fair value to measure assets and liabilities.

This topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a three-level hierarchy, which encourages an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the hierarchy are defined as follows:

- Level 1 - inputs to the valuation techniques that are quoted prices in active markets for identical assets or liabilities
- Level 2 - inputs to the valuation techniques that are other than quoted prices but are observable for the assets or liabilities, either directly or indirectly
- Level 3 - inputs to the valuation techniques that are unobservable for the assets or liabilities

Our cash and cash equivalents, accounts receivable, accounts payable and credit facility are all short-term in nature. As such, their carrying amounts approximate fair value. The underlying assets and liabilities of our Deferred Compensation Plan fall within Level 1 of the fair value hierarchy.

Recently Adopted Accounting Standards

Effective January 29, 2012, the Company adopted the accounting standard update, "*Comprehensive Income*". Under this update, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. The Company has elected to present comprehensive income in two separate but consecutive statements in the accompanying condensed consolidated financial statements.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, selected income statement data expressed as a percentage of net sales. We primarily evaluate the results of our operations as a percentage of net sales rather than in terms of absolute dollar increases or decreases by analyzing the year over year change in our business expressed as a percentage of net sales (i.e. "basis points"). For example, our SG&A expenses increased approximately 10 basis points to 26.3% of net sales during the Third Quarter 2012 from 26.2% during the Third Quarter 2011. Accordingly, to the extent that our sales have increased at a faster rate than our costs (i.e. "leveraging"), the more efficiently we have utilized the investments we have made in our business. Conversely, if our sales decrease or if our costs grow at a faster pace than our sales (i.e. "de-leveraging"), we have less efficiently utilized the investments we have made in our business.

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 27, 2012	October 29, 2011	October 27, 2012	October 29, 2011
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	58.8	58.7	61.8	60.3
Gross profit	41.2	41.3	38.2	39.7
Selling, general and administrative expenses	26.3	26.2	28.8	28.2
Asset impairment charge	0.1	0.1	0.2	0.1
Other costs	0.1	—	0.3	—
Depreciation and amortization	4.6	3.8	4.4	4.3
Operating income	10.0	11.2	4.5	6.9
Interest (expense), net	—	—	—	(0.1)
Income before income taxes	10.0	11.2	4.5	6.9
Provision for income taxes	3.0	4.3	1.4	2.7
Net income	7.0 %	7.0 %	3.1 %	4.2 %
Number of stores, end of period	1,102	1,076	1,102	1,076

Table may not add due to rounding.

The following tables set forth by segment, for the periods indicated, net sales, gross profit and Gross Margin (dollars in thousands).

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 27, 2012	October 29, 2011	October 27, 2012	October 29, 2011
Net sales:				
The Children's Place U.S.	$ 424,854	$ 416,781	$ 1,119,690	$ 1,091,706
The Children's Place Canada	76,074	67,304	180,572	166,693
Total net sales	$ 500,928	$ 484,085	$ 1,300,262	$ 1,258,399
Gross profit:				
The Children's Place U.S.	$ 170,209	$ 165,310	$ 420,705	$ 418,055
The Children's Place Canada	35,994	34,741	76,528	81,208
Total gross profit	$ 206,203	$ 200,051	$ 497,233	$ 499,263
Gross Margin:				
The Children's Place U.S.	40.1%	39.7%	37.6%	38.3%
The Children's Place Canada	47.3%	51.6%	42.4%	48.7%
Total gross margin	41.2%	41.3%	38.2%	39.7%

The Third Quarter 2012 Compared to the Third Quarter 2011

Net sales increased by $16.8 million to $500.9 million during the Third Quarter 2012 from $484.1 million during the Third Quarter 2011. Our net sales increase resulted from a $5.7 million increase in sales from new stores, as well as other sales that did not qualify as comparable sales, $5.5 million in revenue from international franchisees, a Comparable Retail Sales increase of 1.1%, or $4.9 million, and $0.7 million from favorable changes in the Canadian exchange rate. Our 1.1% increase in Comparable Retail Sales was primarily the result of a 1% increase in the number of transactions. Comparable E-commerce Sales increased 12.8% during the Third Quarter 2012. Total e-commerce sales, which include postage and handling, increased to 12.6% of sales in the Third Quarter 2012 from 11.6% in the Third Quarter 2011.

The Children's Place U.S. net sales increased $8.1 million, or 1.9%, to $424.9 million in the Third Quarter 2012 compared to $416.8 million in the Third Quarter 2011. This increase resulted from a $5.7 million increase in Comparable E-commerce Sales, a $2.7 million increase in sales from new stores and other sales that did not qualify as comparable sales, partially offset by a Comparable Store Sales decrease of 0.1%, or $0.3 million. The decrease in Comparable Store Sales was primarily due to a 1% decrease in the number of transactions mostly offset by a 1% increase in the average dollar transaction size.

The Children's Place Canada net sales increased $8.8 million, or 13.0%, to $76.1 million in the Third Quarter 2012 compared to $67.3 million in the Third Quarter 2011. This increase resulted primarily from $5.5 million of revenue from international franchisees, a $3.2 million increase in sales from new stores and other sales that did not qualify as comparable sales, a $1.2 million increase in Comparable E-commerce Sales and a $0.7 million increase resulting from favorable changes in the Canadian exchange rates partially offset by a decline in Comparable Store Sales of 2.9%, or $1.8 million. The decrease in Comparable Store Sales was primarily the result of a 4% decrease in the average dollar transaction size partially offset by a 1% increase in the number of transactions.

During the Third Quarter 2012, we opened 23 stores, consisting of 20 in the United States and three in Canada.

Gross profit increased by $6.1 million to $206.2 million during the Third Quarter 2012 from $200.1 million during the Third Quarter 2011. Consolidated Gross Margin decreased approximately 10 basis points to 41.2% during the Third Quarter 2012 from 41.3% during the Third Quarter 2011. The decrease in consolidated Gross Margin was primarily the result of the de-leveraging of distribution, production and design costs, and occupancy costs of approximately 80 basis points, mostly offset by increased retail prices net of higher markdowns of approximately 70 basis points.

Gross Margin at The Children's Place U.S. increased approximately 40 basis points from 39.7% in the Third Quarter 2011 to 40.1% in the Third Quarter 2012. Increased retail prices net of higher markdowns resulted in a gross margin increase of approximately 100 basis points, partially offset by the de-leveraging of distribution, production and design costs, and occupancy costs of approximately 60 basis points.

Gross Margin at The Children's Place Canada decreased approximately 430 basis points from 51.6% in the Third Quarter 2011 to 47.3% in the Third Quarter 2012. This decrease was primarily the result of the de-leveraging of distribution, production and design costs, and occupancy costs of approximately 180 basis points, increased retail prices were more than offset by higher markdowns netting to approximately 130 basis points and a decrease of 120 basis points due to the impact of lower margin on revenue from international franchisees.

Selling, general and administrative expenses increased $5.1 million to $131.8 million during the Third Quarter 2012 from $126.7 million during the Third Quarter 2011. As a percentage of net sales SG&A increased approximately 10 basis points to 26.3% during the Third Quarter 2012 from 26.2% during the Third Quarter 2011. These increases resulted primarily from the following:

- investments in growth initiatives increased our administrative payroll and related expenses by approximately $3.1 million, or 50 basis points;
- marketing expenses increased approximately $1.3 million, or 20 basis points, resulting from increased media and internet advertising; and
- store expenses increased approximately $0.4 million; however, as a percentage of sales it decreased 50 basis points. The dollar increase is primarily due to having an average of 23 more stores during the Third Quarter 2012 compared to the Third Quarter 2011. The leveraging of store expenses resulted primarily from expense savings in supplies, repairs and maintenance, other store expenses and reduced credit card fees.

Asset impairment charges were $0.5 million during the Third Quarter 2012 compared to $0.4 million during the Third Quarter 2011. During both the Third Quarter 2012 and the Third Quarter 2011, we impaired two underperforming stores.

Other costs were $0.6 million during the Third Quarter 2012 and consist of exit costs related to management's decision to close our West Coast DC and Northeast DC.

Depreciation and amortization was $23.0 million, or 4.6% of net sales, during the Third Quarter 2012, compared to $18.5 million, or 3.8% of net sales, during the Third Quarter 2011. This increase resulted from $5.7 million of accelerated depreciation associated with the closing of the Northeast DC and $0.3 million of accelerated depreciation associated with early remodels of certain Canadian stores. Excluding the effect of these items, depreciation and amortization was $17.1 million, or 3.4% of net sales. This decrease resulted from the lower cost of store build-outs over the past several years.

Provision for income taxes was $15.2 million during the Third Quarter 2012 compared to $20.7 million during the Third Quarter 2011. Our effective tax rate was 30.3% and 38.0% during the Third Quarter 2012 and the Third Quarter 2011, respectively. This reduction primarily relates to a change in our permanent reinvestment assertion of our Asian subsidiaries during the fourth quarter of 2011.

Net income was $35.0 million during the Third Quarter 2012 compared to $33.7 million during the Third Quarter 2011, due to the factors discussed above. Diluted earnings per share was $1.44 in the Third Quarter 2012 compared to $1.33 in the Third Quarter 2011. This increase in earnings per share is due to the increase in net income for the quarter and to a lower weighted average common shares outstanding of approximately 1.0 million, which is primarily the result of our share repurchase programs.

Year-To-Date 2012 Compared to Year-To-Date 2011

Net sales increased by $41.9 million to $1,300.3 million during Year-To-Date 2012 from $1,258.4 million during Year-To-Date 2011. Our net sales increase resulted from a $26.1 million increase in sales from new stores, as well as other sales that did not qualify as comparable sales, a Comparable Retail Sales increase of 1.1%, or $12.6 million, $6.0 million in revenue from international franchisees, partially offset by $2.8 million from unfavorable changes in the Canadian exchange rate. Our 1.1% increase in Comparable Retail Sales was primarily the result of a 1% increase in the average dollar transaction size. Comparable E-commerce Sales increased 17.5% during Year-To-Date 2012. Total e-commerce sales, which include postage and handling, increased to 11.6% of sales during Year-To-Date 2012 from 10.3% during Year-To-Date 2011.

The Children’s Place U.S. net sales increased $28.0 million, or 2.6%, to $1,119.7 million during Year-To-Date 2012 compared to $1,091.7 million during Year-To-Date 2011. This increase resulted from a $17.5 million increase in Comparable E-commerce Sales and a $15.3 million increase in sales from new stores and other sales that did not qualify as comparable sales, partially offset by a Comparable Store Sales decrease of 0.5%, or $4.8 million. The decrease in Comparable Store Sales was primarily due to a 1% decrease in the number of transactions partially offset by a 1% increase in the average dollar transaction size.

The Children’s Place Canada net sales increased $13.9 million, or 8.3%, to $180.6 million during Year-To-Date 2012 compared to $166.7 million during Year-To-Date 2011. This increase resulted primarily from a $10.7 million increase in sales from new stores and other sales that did not qualify as comparable sales, $6.0 million in revenue from international franchisees and a $4.1 million increase in Comparable E-commerce Sales partially offset by a decline in Comparable Store Sales of 2.7%, or $4.1 million, and a $2.8 million decrease resulting from unfavorable changes in the Canadian exchange rates. The decrease in Comparable Store Sales was primarily the result of a 3% decrease in the average dollar transaction size.

During Year-To-Date 2012, we opened 60 stores, consisting of 54 in the United States and six in Canada.

Gross profit decreased by $2.1 million to $497.2 million during Year-To-Date 2012 from $499.3 million during Year-To-Date 2011. Consolidated Gross Margin decreased approximately 150 basis points to 38.2% during Year-To-Date 2012 from 39.7% during Year-To-Date 2011. The decrease in consolidated Gross Margin was primarily the result of higher markdowns net of increased retail prices of approximately 100 basis points and the de-leveraging of distribution, production and design costs, and occupancy costs of approximately 50 basis points.

Gross Margin at The Children's Place U.S. decreased approximately 70 basis points from 38.3% during Year-To-Date 2011 to 37.6% during Year-To-Date 2012. This decrease resulted primarily from higher markdowns net of increased retail prices of approximately 40 basis points and the de-leveraging of distribution, production and design costs, and occupancy costs of approximately 30 basis points.

Gross Margin at The Children's Place Canada decreased approximately 630 basis points from 48.7% during Year-To-Date 2011 to 42.4% during Year-To-Date 2012. This decrease was primarily the result of the de-leveraging of distribution, production and design costs, and occupancy costs of approximately 350 basis points, increased retail prices were more than offset by higher markdowns netting to approximately 260 basis points and a decrease of 20 basis points due to the impact of lower margin on revenue from international franchisees.

Selling, general and administrative expenses increased $19.0 million to $374.3 million during Year-To-Date 2012 from $355.3 million during Year-To-Date 2011. As a percentage of net sales SG&A increased approximately 60 basis points to 28.8% during Year-To-Date 2012 from 28.2% during Year-To-Date 2011. The comparability of our SG&A was affected by the following items:

- we streamlined our field workforce and eliminated certain positions in our corporate headquarters which resulted in severance expense of approximately $2.0 million;
- we incurred approximately $1.1 million of expense related to a legal settlement; and
- as part of a continuing store fleet review, we identified certain store fixtures and supplies that will no longer be used, which resulted in a write-off charge of approximately $0.9 million.

Excluding the effect of the above, SG&A increased approximately $15.0 million, or 30 basis points, and included the following variances:

- investments in growth initiatives increased our administrative payroll and related expenses by approximately $10.2 million, or 70 basis points;
- pre-opening expenses decreased approximately $0.9 million, or 10 basis points, resulting from opening 28 fewer stores during Year-To-Date 2012 compared to Year-To-Date 2011; and
- store expenses increased approximately $3.2 million; however, as a percentage of sales it decreased 30 basis points. The dollar increase is primarily due to having an average of 37 more stores during Year-To-Date 2012 compared to Year-To-Date 2011. The leveraging of store expenses resulted primarily from expense savings in supplies, repairs and maintenance, other store expenses and reduced credit card fees.

Asset impairment charges were $2.1 million during Year-To-Date 2012 compared to $1.7 million during Year-To-Date 2011. During Year-To-Date 2012, we impaired five underperforming stores and during Year-To-Date 2011, we impaired six underperforming stores.

Other costs were $4.5 million during Year-To-Date 2012 and consist of exit costs related to management's decision to close our West Coast DC and Northeast DC.

Depreciation and amortization was $57.7 million, or 4.4% of net sales, during Year-To-Date 2012, compared to $54.7 million, or 4.3% of net sales, during Year-To-Date 2011. This increase resulted from $5.7 million of accelerated depreciation associated with the closing of the Northeast DC and $1.6 million of accelerated depreciation associated with early remodels of certain Canadian stores. Excluding the effect of these items, depreciation and amortization was $50.4 million, or 3.9% of net sales. This decrease resulted from the lower cost of store build-outs over the past several years.

Provision for income taxes was $18.0 million during Year-To-Date 2012 compared to $33.8 million during Year-To-Date 2011. Our effective tax rate was 30.6% and 38.9% during Year-To-Date 2012 and Year-To-Date 2011, respectively. This reduction primarily relates to a change in our permanent reinvestment assertion of our Asian subsidiaries during the fourth quarter of 2011.

Net income was $40.6 million during Year-To-Date 2012 compared to $53.0 million during Year-To-Date 2011, due to the factors discussed above. Earnings per diluted share was $1.66 during Year-To-Date 2012 compared to $2.05 during Year-To-Date 2011. This decrease in earnings per share is due to the decrease in net income partially offset by a lower weighted average diluted shares outstanding of approximately 1.4 million, which is primarily the result of our share repurchase programs.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our working capital needs follow a seasonal pattern, peaking during the third quarter when inventory is purchased for the back-to-school and winter selling seasons. Our primary uses of cash are the financing of new store openings, other capital projects, working capital requirements, which are principally inventory purchases, and the repurchases of our common stock.

Our working capital decreased $2.4 million to $337.8 million at October 27, 2012 compared to $340.2 million at October 29, 2011. This decrease is primarily due to cash paid for share repurchases and capital expenditures mostly offset by cash generated from operations. During Year-To-Date 2012, under our share repurchase programs, we repurchased approximately 0.9 million shares for approximately $47.7 million. Subsequent to October 27, 2012 and through November 27, 2012, we repurchased an additional 0.4 million shares for approximately $18.6 million.

Our credit facility provides for borrowings up to the lesser of $150.0 million or our borrowing base, as defined by the credit facility agreement (see "Credit Facility" below). At October 27, 2012, our borrowing base was $150.0 million, we had no outstanding borrowings and there were $35.2 million of outstanding letters of credit, with $114.8 million of availability for borrowings and a sublimit availability for letters of credit of $89.8 million.

As of October 27, 2012, we had approximately $203.1 million of cash and cash equivalents, of which $152.0 million of cash and cash equivalents was held in foreign subsidiaries, of which approximately $87.8 million was in our Canadian subsidiaries, $56.1 million was in our Hong Kong subsidiaries and $8.1 million was in other subsidiaries. Because all of our investments in our foreign subsidiaries are considered permanently and fully reinvested, any repatriation of cash from them would require the accrual and payment of U.S. federal and certain state taxes. We currently do not intend to repatriate cash from these subsidiaries.

We expect to be able to meet our working capital and capital expenditure requirements principally by using our cash on hand, cash flows from operations and availability under our credit facility.

Credit Facility

We and certain of our domestic subsidiaries maintain a credit agreement with Wells Fargo Bank, National Association ("Wells Fargo"), Bank of America, N.A., HSBC Business Credit (USA) Inc., and JPMorgan Chase Bank, N.A. as lenders (collectively, the "Lenders") and Wells Fargo, as Administrative Agent, Collateral Agent and Swing Line Lender (the "Credit Agreement"). The Credit Agreement has been amended from time to time and the provisions below reflect all amendments.

The Credit Agreement, which expires in August 2016, consists of a $150 million asset based revolving credit facility, with a $125 million sublimit for standby and documentary letters of credit and an accordion feature that could provide up to $75 million of additional availability, of which $25 million is committed. Revolving credit loans outstanding under the Credit Agreement bear interest, at our option, at:

(i) the prime rate plus a margin of 0.75% to 1.00% based on the amount of our average excess availability under the facility; or

(ii) the London InterBank Offered Rate, or "LIBOR", for an interest period of one, two, three or six months, as selected by us, plus a margin of 1.75% to 2.00% based on the amount of our average excess availability under the facility.

We are charged an unused line fee of 0.375% on the unused portion of the commitments. Letter of credit fees range from 0.875% to 1.00% for commercial letters of credit and range from 1.25% to 1.50% for standby letters of credit. Letter of credit fees are determined based on the amount of our average excess availability under the facility. The amount available for loans and letters of credit under the Credit Agreement is determined by a borrowing base consisting of certain credit card receivables, certain inventory and the fair market value of certain real estate, subject to certain reserves.

The outstanding obligations under the Credit Agreement may be accelerated upon the occurrence of certain events, including, among others, non-payment, breach of covenants, the institution of insolvency proceedings, defaults under other material indebtedness and a change of control, subject, in the case of certain defaults, to the expiration of applicable grace periods. We are not subject to any early termination fees.

The Credit Agreement contains covenants, which include limitations on stock buybacks and the payment of cash dividends or similar payments. Credit extended under the Credit Agreement is secured by a first priority security interest in substantially all of our U.S. assets.

On August 16, 2011, the Credit Agreement was amended to provide for, among other things, an extension of the term of the Credit Agreement, a reduction in the maximum available borrowings under the facility, a reduction in the sublimit for standby and documentary letters of credit, and a net reduction in various rates charged under the Credit Agreement, each as reflected above. This amendment also provided for the elimination of the maximum capital expenditures covenant. In conjunction with this amendment, we paid $0.7 million in additional deferred financing costs.

As of October 27, 2012, we have capitalized an aggregate of approximately $3.3 million in deferred financing costs related to the Credit Agreement. The unamortized balance of deferred financing costs at October 27, 2012 was $1.4 million. Unamortized deferred financing costs are amortized on a straight-line basis over the remaining term of the Credit Agreement.

Cash Flows/Capital Expenditures

During Year-To-Date 2012, cash flows provided by operating activities were $143.5 million compared to $94.7 million during Year-To-Date 2011. The net increase of $48.8 million in cash from operating activities resulted primarily from cash inflows of $54.2 million related to the timing of payments on accounts payable and other current liabilities partially offset by higher cash outflows of $7.3 million related to inventories, primarily due to the timing of inventory receipts. During fiscal 2012, we began to leverage our relationships with many vendors and now settle these payables on more favorable terms.

Cash flows used in investing activities were $71.4 million during Year-To-Date 2012 compared to $61.8 million during Year-To-Date 2011. The increase primarily resulted from $7.5 million more purchases of property and equipment during Year-To-Date 2012 and by the release of $2.4 million of restricted cash during Year-To-Date 2011.

During Year-To-Date 2012, cash flows used in financing activities were $45.5 million compared to $64.2 million during Year-To-Date 2011. The decrease primarily resulted from $47.7 million for purchases of our common stock, primarily related to our share repurchase programs, during Year-To-Date 2012 compared to $75.3 million during Year-To-Date 2011, partially offset by $7.2 million more of cash inflows during Year-To-Date 2011 related to the utilization of tax benefits associated with our equity awards and a $2.3 million decrease in proceeds from the exercise of stock options. We have not issued stock options since fiscal 2008 and the number of unexercised awards continues to decrease.

We anticipate that total capital expenditures will be in the range of approximately $85 to $90 million in fiscal 2012. During Year-To-Date 2012, we opened 60 stores and remodeled 47 at an aggregate cost of approximately $47.7 million, of which approximately $10.8 million relates to our Canadian operations. We have spent approximately $21.7 million on information technology, our corporate offices and other initiatives and approximately $2.0 million on projects in our distribution centers. Over the next quarter, we anticipate additional capital expenditures of approximately $12.0 million on store projects, approximately $4.0 million on information technology, including enterprise resource planning and e-commerce systems, and approximately $1.0 million on projects in our distribution centers. Of the remaining $17.0 million for fiscal 2012, approximately $4.0 million relates to our Canadian operations. At October 27, 2012, our construction in progress was $37.5 million compared to $12.6 million at October 29, 2011. The majority of these balances relate to our new enterprise resource planning system.

Our ability to continue to meet our capital requirements in fiscal 2012 depends on our ability to generate cash flows from operations and our available borrowings under our credit facility. Cash flow generated from operations depends on our ability to achieve our financial plans. During Year-To-Date 2012, we were able to fund our capital expenditures with cash generated from operating activities. We believe that our existing cash on hand, cash generated from operations and funds available to us through our credit facility will be sufficient to fund our capital and other cash requirements over the next 12 months. Further, we do not expect the current economic conditions to preclude us from meeting our cash requirements.

Historically, we have funded our capital expenditures primarily from operations. We have not had outstanding borrowings on our credit facility since fiscal 2008. With a domestic cash balance of $51.1 million and a Canadian cash balance of $87.8 million at October 27, 2012, and approximately $114.8 million of availability on our credit facility, we expect to meet our capital requirements for the remainder of fiscal 2012.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

In the normal course of business, our financial position and results of operations are routinely subject to market risk associated with interest rate movements on borrowings and investments and currency rate movements on non-U.S. dollar denominated assets, liabilities, income and expenses. We utilize cash from operations and short-term borrowings to fund our working capital and investment needs.

Cash and Cash Equivalents

Cash and cash equivalents are normally invested in short-term financial instruments that will be used in operations within 90 days of the balance sheet date. Because of the short-term nature of these instruments, changes in interest rates would not materially affect the fair value of these financial instruments.

Interest Rates

Our credit facility bears interest at a floating rate equal to the prime rate or LIBOR, plus a calculated spread based on our average excess availability. During Year-To-Date 2012 we had no borrowings under the credit facility and any change in interest rates would not have had a material impact on our interest expense.

Foreign Assets and Liabilities

Assets and liabilities outside the United States are primarily located in Canada and Hong Kong. Our investments in our Canadian and Hong Kong subsidiaries are considered long-term. We do not hedge these net investments nor are we party to any derivative financial instruments. As of October 27, 2012, net assets in Canada and Hong Kong were $128.4 million and $53.4 million, respectively. A 10% increase or decrease in the Canadian and Hong Kong exchange rates would increase or decrease the corresponding net investment by $12.8 million and $5.3 million, respectively. All changes in the net investment of our foreign subsidiaries are recorded in other comprehensive income as unrealized gains or losses.

As of October 27, 2012, we had approximately $146.6 million of our cash and cash equivalents held in foreign countries, of which approximately $87.8 million was in Canada, approximately $56.1 million was in Hong Kong and approximately $2.7 million was in other foreign countries.

Foreign Operations

Approximately 13% of our consolidated net sales and approximately 14% of our total costs and expenses are transacted in foreign currencies. As a result, fluctuations in exchange rates impact the amount of our reported sales and expenses. Assuming a 10% change in foreign exchange rates, Year-To-Date 2012 net sales could have decreased or increased by approximately $17.5 million and total costs and expenses could have decreased or increased by approximately $19.0 million. Additionally, we have foreign currency denominated receivables and payables that when settled, result in transaction gains or losses. At October 27, 2012, we had foreign currency denominated receivables and payables, including inter-company balances, of $3.2 million and $10.8 million, respectively. To date, we have not used derivatives to manage foreign currency exchange risk.

We import a large percentage of our merchandise from China. Consequently, any significant or sudden change in China’s political, foreign trade, financial, banking or currency policies and practices could have a material adverse impact on our financial position, results of operations or cash flows.

Item 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed only to provide "reasonable assurance" that the controls and procedures will meet their objectives. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected.

Management, including our Chief Executive Officer and President, our Interim Principal Accounting Officer and our Interim Principal Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of October 27, 2012. Based on that evaluation, our Chief Executive Officer and President, Interim Principal Accounting Officer and Interim Principal Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level, as of October 27, 2012, to ensure that all information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and is accumulated and communicated to our management, including our principal executive, principal accounting and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

Certain legal proceedings in which we are involved are discussed in Note 11 to the consolidated financial statements and Part I, Item 3 of our Annual Report on Form 10-K for the year ended January 28, 2012. See Note 7 to the accompanying condensed consolidated financial statements for a discussion of any recent developments concerning our legal proceedings.

Item 1A. RISK FACTORS.

There were no material changes to the risk factors disclosed in Item 1A of Part I in our Form 10-K for the year ended January 28, 2012.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

On March 7, 2012, the Company's Board of Director's authorized a share repurchase program in the amount of $50.0 million (the "2012 Share Repurchase Program"). Under the 2012 Share Repurchase Program, the Company may repurchase shares in the open market at current market prices at the time of purchase or in privately negotiated transactions. The timing and actual number of shares repurchased under the program will depend on a variety of factors including price, corporate and regulatory requirements, and other market and business conditions. The Company may suspend or discontinue the program at any time, and may thereafter reinstitute purchases, all without prior announcement.

The following table provides a month-by-month summary of our share repurchase activity during the Third Quarter 2012.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value (in thousands) of Shares that May Yet Be Purchased Under the Plans or Programs
7/29/12-8/25/12 **(1)**	58,487	$ 52.48	56,967	$ 31,416
8/26/12-9/29/12	88,242	58.81	88,242	26,229
9/30/12-10/27/12	77,069	60.24	77,069	21,589
Total	223,798	$ 57.65	222,278	$ 21,589

(1) Includes 1,226 shares acquired as treasury stock as directed by participants in the Company's deferred compensation plan and 294 shares withheld to cover taxes in conjunction with the vesting of a stock award.

Item 6. Exhibits.

The following exhibits are filed with this Quarterly Report on Form 10-Q:

10.1	Agreement and General Release dated as of June 19, 2012 between Eric Bauer and The Children's Place Services Company, LLC.
10.2	Agreement and General Release dated as of August 27, 2012 between Lori Tauber Marcus and The Children's Place Services Company, LLC.
31.1	Certificate of Principal Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2	Certificate of Principal Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	XBRL Taxonomy Extension Label Linkbase.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase.

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* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE CHILDREN'S PLACE RETAIL STORES, INC.

Date: November 29, 2012	By: /S/ JANE T. ELFERS JANE T. ELFERS *Chief Executive Officer and President* *(Principal Executive Officer)*
Date: November 29, 2012	By: /S/ BERNARD L. MCCRACKEN BERNARD L. MCCRACKEN *Interim Principal Accounting Officer and Vice President, Corporate Controller* *(A Principal Accounting Officer)*
Date: November 29, 2012	By: /S/ JOHN E. TAYLOR JOHN E. TAYLOR *Interim Principal Financial Officer and Vice President, Finance* *(A Principal Financial Officer)*

EXHIBIT 10.1

AGREEMENT AND GENERAL RELEASE

This Agreement and General Release (the "Agreement") is made as of the 19th day of June, 2012 between Eric Bauer ("Employee") and The Children's Place Services Company, LLC and its parents and direct and indirect subsidiaries and affiliated corporations (collectively, "Employer" or the "Company"). The Employee, Employer and/or the Company may be collectively referred to herein as the "Parties".

1. Separation from Employment. Employee acknowledges, confirms and agrees that Employee's last day of employment with the Company was June 19, 2012 (the "Separation Date").

2. Separation Payment. As good and valuable consideration for Employee's execution, delivery and non-revocation of this Agreement, Employer shall pay to Employee the amount of One Million Eighty One Thousand Five Hundred Dollars ($1,081,500), less legally required payroll deductions, which amount shall be paid in thirty-nine (39) equal bi-weekly installments commencing on the first pay date following August 23, 2012, provided that Employee has signed this Agreement on or before August 15, 2012 and has not revoked it pursuant to the provisions of Paragraph 6(c) below, and subject to the terms and conditions contained herein.

3. Benefits. As good and valuable consideration for Employee's execution, delivery, and non-revocation of this Agreement, Employer also shall, subject to the effectiveness of this Agreement and General Release, waive Employee's premium costs for continued health and/or dental coverage under the Company's group health plan(s) pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) for a period ending on the earlier to occur of the eighteenth (18th) month anniversary of the Effective Date and the date Employee becomes entitled to comparable employer-related health insurance coverage, provided, that Employee timely elects such COBRA coverage in accordance with the requirements of such plan(s). These premium payments by the Employer shall constitute taxable income to the Employee.

4. Acknowledgments Regarding Payments and Benefits. Employee acknowledges that any monetary, equity-based or other amounts or benefits which, prior to the execution of this Agreement, Employee may have been awarded, earned or accrued or to which Employee may have been or be in the future entitled to be paid or provided, have been paid or provided, or have been fully addressed in this Agreement, or such payments or benefits have been released, waived or settled by Employee pursuant to this Agreement. Employee agrees that Employee is not entitled to and will not seek any further consideration, including, but not limited to, any wages, vacation pay, sick pay, disability pay, bonus, compensation (including equity-based compensation), payment or benefit from the Released Parties (as defined in Paragraph 12) other than that to which Employee is entitled pursuant to Paragraphs 2 and 3 of this Agreement. Employee further agrees that Employee shall not accrue any additional awards or rights pursuant to any equity or other incentive plan of the Company and shall forfeit any and all equity or other incentive awards and rights to any such awards to the extent not vested and/or not delivered on the Separation Date.

5. Return of Company Property. Employee represents and warrants that Employee has returned to the Company all laptops, cellular telephones, blackberries, iPhones, iPads, keys, locks, credit cards, documents, records, materials, and other information or property of any type whatsoever that is the property of the Company or its affiliates. Employee further agrees that Employee shall not retain or use for any purpose, and shall immediately return to the Company, any copies, images, or reproductions of correspondence, memoranda, reports, financial information, personnel information, notebooks, drawings, photographs, or other documents relating in any way to the business or affairs of the Company, its affiliates or their respective suppliers or vendors.

6. Consultation with Counsel and Voluntariness of Agreement.

(a) Employee acknowledges that Employer has advised Employee in writing to consult with an attorney at Employee's own expense prior to executing this Agreement. Employee further acknowledges that, to the extent desired, Employee has consulted with Employee's own attorney in reviewing this Agreement, that Employee has carefully read and fully understands all the provisions of this Agreement, and that Employee is voluntarily entering into this Agreement.

(b) Employee further acknowledges and agrees that Employee has had a period of at least twenty-one (21) days in which to consider the terms of this Agreement and changes to this Agreement, whether material or immaterial, do not restart the running of the 21-day period.

(c) Unless revoked as provided below, this Agreement shall be effective and enforceable on the eighth (8th) day after execution and delivery of this Agreement to the Company by Employee (the "Effective Date"). The parties to this Agreement understand and agree that Employee may revoke this Agreement after having executed and delivered it to the Company by so advising the Company (Attention: General Counsel) in writing no later than 11:59 p.m. on the seventh (7th) day after Employee's execution and delivery of this Agreement to the Company. If Employee revokes this Agreement, it shall not be effective or enforceable, and Employee shall not be entitled to the payments or benefits set forth in Paragraphs 2 and 3 of this Agreement.

7. Confidential and Proprietary Information: Work Product.

(a) Employee acknowledges that Employee may possess certain "Confidential Information" (as defined below) which would damage the Company if disclosed or used by Employee. Accordingly, Employee acknowledges a continuing duty of strict confidentiality to the Company and agrees that Employee will not disclose any Confidential Information to any person or entity, will not publish any Confidential Information, and will not use Confidential Information in any way, including for Employee's benefit or for the benefit of another person or entity. Confidential Information shall include, but shall not be limited to, the following: (i) trade secrets of the Company, and other proprietary corporate information involving the Company, including plans, strategies, prospects, policies, and disputes and litigation involving the Company; (ii) documentation or data contained in any files or any other records the Company may maintain; (iii) statements regarding any matters made by any employees, officers, agents, representatives or attorneys of the Company at any meeting attended by Employee or which Employee may have heard or obtained knowledge of which may result in any detriment to the Company; (iv) actions taken or contemplated by the Company with respect to any of its operations, assets or employees not known to the general public; (v) policies, practices, programs, plans or strategies contemplated, initiated or effectuated by the Company not known to the general public; (vi) documentation, data or other information concerning the Company's stores, products, suppliers, lessors or other vendors, marketing plans, or the Company's arrangements or business dealings with any such person or entity not known to the general public; and (vii) financial information, including sourcing, cost, merchandising, sales and pricing data, and financial and accounting policies, procedures or practices, actual or proposed; (viii) personnel information, including personnel lists, reporting and organizational structures, resumes, personal information, compensation information, performance evaluations and termination arrangements; and (ix) any other information, records or data of a private or proprietary nature to the Company. Confidential Information shall not include information which is then in the public domain (so long as Employee did not, directly or indirectly, cause or permit such information to enter the public domain). Notwithstanding the foregoing, nothing contained in this Paragraph 7 shall prevent Employee from disclosing Confidential Information if compelled to do so by legal process; provided, that Employee notifies Employer in writing within two (2) business days of Employee's receipt of such court order or legal process if disclosure of Confidential Information is required by court order or other legal process to allow Employer sufficient time to obtain a protective order or otherwise obtain the fullest protection permitted by applicable law.

(b) Employee agrees that all copyrights, patents, trade secrets or other intellectual property rights associated with any ideas, concepts, techniques, inventions, processes, or works of authorship developed or created by Employee during Employee's employment by the Company and for a period of six (6) months thereafter that (i) relate, whether directly or indirectly, to the Company's actual or anticipated business, research or development, (ii) are suggested by or as a result of any work performed by Employee on the Company's behalf, or (iii) result from any use of Confidential Information, or of the premises, equipment or other personal property (tangible or intangible) of the Company, shall, to the extent possible, be considered works made for hire within the meaning of the Copyright Act (17 U.S.C. § 101 et. seq.) (the "Work Product"). All Work Product shall be and remain the property of the Company. To the extent that any such Work Product may not, under applicable law, be considered works made for hire, Employee hereby grants, transfers, assigns, conveys and relinquishes, and agrees to grant, transfer, assign, convey and relinquish from time to time, on an exclusive basis, all of Employee's right, title and interest in and to the Work Product to the Company in perpetuity or for the longest period otherwise permitted by law. Consistent with Employee's recognition of the Company's absolute ownership of all Work Product, Employee agrees that Employee shall (i) not disclose any Work Product to any person or entity or use any Work Product for the benefit of Employee or any other person or entity other than the Company and (ii) perform such acts and execute such documents and instruments as the Company may now or hereafter deem reasonably necessary or desirable to evidence the transfer of absolute ownership of all Work Product to the Company; provided, however, if following ten (10) days' written notice from the Company, Employee refuses, or is unable, due to disability, incapacity, or death, to execute such documents relating to the Work Product, Employee hereby appoints each of the Company's officers as Employee's attorney-in-fact to execute such documents on Employee's behalf. This agency is coupled with an interest and is irrevocable without the Company's prior written consent.

8. Non-Competition, Non-Solicitation, and No Interference With Business Operations.

(a) Employee agrees that for a period of 12 months following the Separation Date (the "Restricted Period"), Employee will not without the express prior written consent of the Company, anywhere, either directly or indirectly, whether alone or as an owner, shareholder, partner, member, joint venturer, officer, director, consultant, independent contractor, agent, employee or otherwise of any person, entity or other business enterprise, assist in, engage in or otherwise be connected to or benefit from any business competitive with that of the Company. A "business competitive with that of the Company" is one that (i) designs, manufactures, contracts to manufacture or sells, or intends to design, manufacture, contract to manufacture or sell, children's apparel and accessories and other children's-oriented merchandise, or (ii) engages in or provides or intends to engage in or provide any products, services or other business which is of the same nature as a product, service or other business of the Company, or a product, service or other business which the Company is developing and of which Employee has knowledge. Notwithstanding the foregoing, nothing herein shall be deemed to prohibit Employee's ownership of less than 1% of the outstanding shares of any publicly traded corporation that conducts a Competitive Business.

(b) Employee further agrees that during the Restricted Period, Employee will not, without the express prior written consent of the Company, directly or indirectly: (i) contact, communicate, solicit, transact business with or perform services for (or assist any third party in contacting, communicating, soliciting, transacting business with or performing any services for) any person or entity that is or was (at any time within twelve (12) months prior to the contact, communication, solicitation, transaction of business, or performance of services) a vendor of the Company; (ii) solicit, recruit, hire, engage, or refer (or assist any third party in soliciting, recruiting, hiring, engaging or referring) any person or entity who or which either is, or during the 12 months immediately preceding the Separation Date was, an employee, agent, consultant or independent contractor of the Company; or (iii) interfere with, disrupt or attempt to interfere with or disrupt the relationship, contractual or otherwise, between the Company and any of its vendors, lessors, independent contractors, agents or employees. Notwithstanding the foregoing, subject to Executive's compliance with the other provisions of this Paragraph 8, nothing in this Section (b) shall be deemed to prohibit Executive from, after the termination of his employment with the Company, being directly employed by a vendor of the Company for the purpose of performing services for such vendor that are unrelated to the services performed or to be performed by vendor for the Company.

(c) Employee acknowledges and agrees that the restrictions on the activities in which Employee may engage that are set forth in Paragraphs 8(a) and (b) of this Agreement and the location and period of time for which such restrictions apply are reasonable and necessary to protect the Company's legitimate business interests. Employee understands that the Company's business is global and, accordingly, the restrictions cannot be limited to any particular geographic area except as otherwise provided herein. Employee further acknowledges that the restrictions contained in this Agreement will not prevent Employee from earning a livelihood.

9. Publications and Public Statements. Employee will obtain the Company's prior written approval before publishing or submitting for publication any material that relates to any

work performed by Employee for the Company and/or which incorporates any Confidential Information. Further, any statement about the Company, its business, products, strategies or affairs which Employee creates and proposes to publish or post during his employment with the Company and for a period of six (6) months thereafter on any media accessible by the public, including but not limited to Facebook or Twitter pages, electronic bulletin or message boards and Internet-based chat rooms, must first be reviewed and approved in writing by the Chief Executive Officer of the Company before it is released in the public domain.

10. Injunctive Relief. Employee acknowledges that a breach or threatened breach of any of the terms set forth in Paragraphs 5, 7, 8 or 9 of this Agreement shall result in an immediate irreparable and continuing harm to Employer for which there shall be no adequate remedy of law. The Employer shall, without posting a bond, be entitled to obtain injunctive and other equitable relief, in addition to any other remedies available to Employer, in connection with Paragraphs 5, 7, 8 or 9 of this Agreement.

11. Confirmation of Employment. Employee shall refer all inquiries concerning Employee's employment to Employer's payroll department and Employer's payroll department shall, if called upon, confirm Employee's dates of employment, compensation and position with Employer.

12. Employee Release of Employer and Released Parties.

(a) In exchange for the consideration set forth above, Employee, on behalf of Employee and Employee's agents, assignees, attorneys, heirs, executors and administrators, voluntarily and knowingly releases Employer, as well as Employer's successors, predecessors, assigns, parents, subsidiaries, divisions, affiliates, officers, directors, shareholders, employees, agents and representatives, in both their individual and representative capacities (collectively, the "Released Parties"), from any and all claims, causes of action, suits, grievances, debts, sums of money, agreements, promises, damages, back and front pay, costs, expenses, and attorneys' fees by reason of any matter, cause, act or omission arising out of or in connection with Employee's employment with Employer or separation therefrom, including but not limited to any claims based upon common law, or any federal, state or local employment statutes or civil rights laws (hereafter the "Claims"). Claims, as included in this release, without limiting its scope, are claims arising under Title VII of the Civil Rights Act of 1964, as amended; the Age Discrimination in Employment Act ("ADEA"); the Older Workers Benefit Protection Act; the Americans with Disabilities Act; the Lily Ledbetter Act; Employee Retirement Income Security Act of 1974; the New Jersey Conscientious Employee Protection Act; the New Jersey Law Against Discrimination; the New Jersey Family Leave Act; the New Jersey Wage Payment Act; the Sarbanes-Oxley Act of 2002; and any other laws prohibiting discrimination, retaliation, wrongful termination, failure to pay wages, breach of contract, defamation, invasion of privacy, whistleblowing or infliction of emotional distress, or any other matter. This releases all Claims including those of which Employee is not aware and those not mentioned in this Agreement up to the date of the execution and delivery of this Agreement to the Company. Employee expressly acknowledges and agrees that, by entering into this Agreement, Employee is releasing and waiving any and all Claims, including, without limitation, Claims that

Employee may have arising under ADEA, which have arisen on or before the date of Employee's execution and delivery of this Agreement to the Company.

(b) This release does not waive any rights or claims Employee may have (i) for indemnification of Employee by Employer, with respect to all acts or omissions of Employee which occurred prior to the Separation Date, to the same extent that Employee was indemnified by Employer prior to the Separation Date, or (ii) for the benefit of all directors and officers liability insurance and coverage maintained by the Company, with respect to claims made during the period provided by the Company's current policy and to the extent provided by any future policy from time to time maintained by the Company with respect to other former executives of the Company, in each case on the terms and conditions of such policy.

(c) This release does not waive rights or claims that may arise after this release is executed, including any right or claim to enforce the terms of this Agreement, does not waive any rights to vested benefits under any deferred compensation program or plan, and does not waive any rights or claims which cannot be waived as a matter of law. This Agreement does not affect Employee's right to file a charge with the EEOC or similar state agency or to participate in any investigation conducted by the EEOC or similar state agency, but Employee hereby waives any and all rights to recover under, or by virtue of, any such investigation, hearing or proceeding.

(d) Notwithstanding anything set forth in this Agreement to the contrary, nothing in this Agreement shall affect or be used to interfere with Employee's protected right to test in any court, under the Older Workers' Benefit Protection Act, or like statute or regulation, the validity of the waiver of rights under ADEA set forth in this Agreement

13. Representations; Covenant Not to Sue. Employee hereby represents and warrants to the Released Parties that: (a) Employee has not filed, caused, or permitted to be filed any pending proceeding (nor has Employee lodged a complaint with any governmental or quasi-governmental authority) against the Released Parties, nor has Employee agreed to do any of the foregoing; (b) Employee has not assigned, transferred, sold, encumbered, pledged, hypothecated, mortgaged, distributed, or otherwise disposed of or conveyed to any third party any right or Claim against the Released Parties that has been released in this Agreement; (c) Employee has not directly or indirectly assisted any third party in filing, causing, or assisting to be filed, any Claim against the Released Parties; (d) Employee has not made any misrepresentations or engaged in any misconduct or malfeasance during his employment that would constitute a material violation under the Company's Code of Business Conduct; and (e) Employee is not aware of any misconduct by or other matter involving any employee or director of the Company that Employee should report in accordance with the Company's Code of Business Conduct or any irregularity in the Company's books or records or any other matter relating to the Company's financial or accounting policies, procedures or practices, actual or proposed, that should properly be reported by Employee under the Code of Business Conduct or otherwise, including pursuant to the procedures established by the Company for making such reports, except any that has already been reported by Employee in writing to the appropriate personnel of the Company. Except as set forth in Paragraphs 12(b) and (c) above, Employee covenants and agrees that Employee shall not encourage or solicit or voluntarily assist

or participate in any way in the filing, reporting or prosecution by himself or any third party of a proceeding or claim against any of the Released Parties unless compelled to do so by law.

14. Violation of Terms. The parties agree that, should either Party seek to enforce the terms of this Agreement through litigation, then the prevailing Party, in addition to all other legal and equitable remedies, shall be reimbursed by the other Party for all reasonable attorneys' fees in relation to such litigation. The term "prevailing Party" in the prior sentence shall mean such Party that obtains in excess of fifty (50%) percent of the relief sought in the litigation.

15. No Admission. Nothing contained in this Agreement nor the fact that the Parties have signed this Agreement shall be construed as an admission by either Party.

16. Waiver of Reinstatement. By entering into this Agreement, Employee acknowledges that Employee waives any claim to reinstatement and/or future employment with Employer. Employee further acknowledges that Employee is not and shall not be entitled to any payments, benefits or other obligations from the Released Parties whatsoever (except as expressly set forth in this Agreement).

17. Delay in Payments as Required by Section 409A of the Code. Notwithstanding any provisions herein to the contrary, if all or any portion of the payments or benefits due under Paragraphs 2 or 3 hereof are reasonably determined by the Parties to be "nonqualified deferred compensation" subject to Section 409A of the Code and the Company determines that Employee is a "specified employee" (as defined in Section 409A(a)(2)(B)(i) of the Code and the other guidance promulgated thereunder), then such payments shall commence on the first regular payroll date on or immediately following the first day of the seventh month following Employee's "separation from service", as defined in Treasury Regulation Section. 1.409A-1(h), including the default presumptions and the first of such payments shall include all amounts otherwise payable prior to the first payment date but for the application of this Paragraph 17. The Company hereby advises Employee that it has determined that Employee is a "specified employee" (as so defined). However, the Parties have determined that the payments and benefits due under this Agreement during the first six months following Employee's "separation from service" do not constitute "nonqualified deferred compensation" for purposes of Section 409A of the Code and, accordingly, no delay in the commencement of payments is necessary.

18. Section 409A of the Code. Employee hereby acknowledges and agrees with the Company that the interpretation of Section 409A of the Code and its application to the terms of this Agreement is uncertain and may be subject to change as additional guidance and interpretations become available. Anything to the contrary herein notwithstanding, all benefits or payments provided by the Company to Employee that would be deemed to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code are intended to comply with Section 409A of the Code, and to the extent that any provision of this Agreement is unclear or ambiguous as to its compliance with Section 409A, the provision shall be read in such manner so that all payments comply with or are exempt from Section 409A. Both Parties believe in good faith that all payments and benefits provided for under this Agreement are either exempt from said Section 409A or comply with the requirements of such Section and will not cause an acceleration of taxation or imposition of interest or penalties under Section 409A or any other provision of the Code, and

the Parties agree that all tax reporting and withholding will be consistent with this belief. If, however, any such benefit or payment is deemed by either Party to not comply with Section 409A of the Code, Employee and the Company agree to renegotiate in good faith any such benefit or payment (including, without limitation, as to the timing of any payment or benefit payable hereunder), if possible, so that either (i) Section 409A of the Code will not apply or (ii) compliance with Section 409A of the Code will be achieved. In any event, neither the Company nor any of its employees or representatives shall have any liability to Employee with respect to Section 409A of the Code. For purposes of 409A, each payment made under this Agreement shall be treated as a separate payment.

19. Miscellaneous. This Agreement contains the entire agreement and understanding between the parties. This Agreement supersedes any and all previous agreements and plans, whether written or oral, between Employee and Employer. There are no other representations, agreements or understandings, oral or written, between the Parties relating to the subject matter of this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and executed by the Parties hereto subsequent to the date of this Agreement. This Agreement may be executed in counterparts, including by fax or pdf, and all counterparts so executed shall constitute one agreement, binding upon the Parties. This Agreement shall be binding upon and inure to the benefit of the Parties, as well as their administrators, representatives, agents, executors, successors and assigns.

20. Choice of Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey applicable to contracts made and performed in such State and without regard to the conflicts or choice of law provisions thereof that would give rise to the application of the substantive law of any other jurisdiction. Except in the event Employer seeks to enforce its rights under Paragraphs 5, 7, 8 or 9 of this Agreement, the Parties agree to mediate any dispute arising under this Agreement. In the event of any such dispute subject to mediation, the Parties, within thirty (30) days of a written request for mediation, shall attend a mediation to be conducted in New Jersey in order to make a good faith reasonable effort to resolve such dispute. The Parties shall attempt, in good faith, to agree to a mediator. If the Parties are unable to agree to a mediator, the Parties shall submit the matter to the American Arbitration Association to appoint a mediator and conduct the mediation in New Jersey. Either Party may commence, if this good faith mediation effort fails to resolve the dispute arising under this Agreement, and Employer may commence, in the event Employer seeks to enforce its rights under Paragraphs 5, 7, 8 or 9 of this Agreement, a legal suit, action or proceeding to resolve such dispute, provided that such legal suit, action or proceeding arising out of or relating to this Agreement shall be instituted in a New Jersey federal or state court. Employee and Employer agree to waive any objection which either may now or hereafter have to the laying of venue of any such suit, action or proceeding and Employee and Employer irrevocably submit to the exclusive jurisdiction of any such court in any suit, action or proceeding.

21. Severability. If any term, provision or part of this Agreement shall be determined to be in conflict with any applicable federal, state or other governmental law or regulation, or otherwise shall be invalid or unlawful, such term, provision or part shall continue in effect to the extent permitted by such law or regulation. Such invalidity, unenforceability or unlawfulness shall

not affect or impair any other terms, provisions and parts of this Agreement not in conflict, invalid or unlawful, and such terms, provisions and parts shall continue in full force and effect and remain binding upon the parties hereto.

[The remainder of this page is intentionally left blank.]

EMPLOYEE STATES THAT EMPLOYEE HAS CAREFULLY READ THIS AGREEMENT PRIOR TO SIGNING IT, THAT THE AGREEMENT HAS BEEN FULLY EXPLAINED TO EMPLOYEE PRIOR TO SIGNING IT, THAT EMPLOYEE HAS HAD THE OPPORTUNITY TO HAVE IT REVIEWED BY AN ATTORNEY AT EMPLOYEE'S OWN EXPENSE AND EMPLOYEE UNDERSTANDS THE AGREEMENT'S FINAL AND BINDING EFFECT PRIOR TO SIGNING IT, AND THAT EMPLOYEE IS SIGNING THE RELEASE KNOWINGLY AND VOLUNTARILY WITH THE FULL INTENTION OF COMPROMISING, SETTLING, AND RELEASING THE RELEASED PARTIES AS STATED IN THIS AGREEMENT.

Agreed to and accepted by, on this 8th day of June, 2012.

Witness: EMPLOYEE:

_____________________________ /s/ Eric Bauer
Eric Bauer

Agreed to and accepted by, on this 13th day of June, 2012.

THE CHILDREN'S PLACE SERVICES COMPANY, LLC

By: /s/ Lawrence McClure
Name: Lawrence McClure
Title: Senior Vice President, Human Resources

EXHIBIT 10.2

AGREEMENT AND GENERAL RELEASE

This Agreement and General Release (the "Agreement") is made as of the 27th day of August, 2012 between Lori Tauber Marcus ("Employee") and The Children's Place Services Company, LLC and its parents and direct and indirect subsidiaries and affiliated corporations (collectively, "Employer" or the "Company"). The Employee, Employer and/or the Company may be collectively referred to herein as the "Parties".

1. Separation from Employment. Employee acknowledges, confirms and agrees that Employee's last day of employment with the Company was August 22, 2012 (the "Separation Date").

2. Separation Payment. As good and valuable consideration for Employee's execution, delivery and non-revocation of this Agreement, Employer shall, subject to the effectiveness of this Agreement and General Release, pay to Employee the amount of Four Hundred Twenty Five Thousand Dollars ($425,000), less legally required payroll deductions, which amount shall be paid in twenty-six (26) equal bi-weekly installments commencing at the end of the first pay period following the Effective Date (as defined in Paragraph 6(c) below) and subject to the terms and conditions contained herein.

3. Benefits. As good and valuable consideration for Employee's execution, delivery, and non-revocation of this Agreement, Employer also shall, subject to the effectiveness of this Agreement and General Release, waive Employee's premium costs for continued health and/or dental coverage under the Company's group health plan(s) pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) for a period ending on the earlier to occur of the twelfth (12th) month anniversary of the Effective Date and the date Employee commences employment with another person or entity that offers health benefits, provided, that Employee timely elects such COBRA coverage in accordance with the requirements of such plan(s).

4. Acknowledgments Regarding Payments and Benefits. The Employer represents and warrants, and Employee acknowledges, that the consideration set forth in Paragraphs 2 and 3 of this Agreement exceeds, supersedes, and extinguishes the amounts and benefits, if any, that Employee may be entitled to under any offer letter, employment agreement or other agreement or arrangement, verbal or written, as well as any employment or personnel policies, plans, programs, procedures, guidelines or handbooks, and any severance, incentive, bonus, equity or similar policies, plans, programs, or guidelines, or any other legal obligation which Employer or any of its affiliates may have to Employee. Employee further acknowledges that in the absence of this Agreement, Employee would not be entitled to, among other things, the payments and benefits provided by this Agreement. Employee also acknowledges that any monetary, equity-based or other amounts or benefits which, prior to the execution of this Agreement, Employee may have been awarded, earned or accrued or to which Employee may have been or be in the future entitled to be paid or provided, have been paid or provided, or have been fully addressed in this Agreement, or such payments or benefits have been released, waived or settled by Employee pursuant to this Agreement. Employee agrees that Employee is not entitled to and will not seek any further consideration, including, but not limited to, any wages, vacation pay, sick pay, disability pay, bonus, compensation (including equity-based compensation), payment or benefit from the Released Parties (as defined in Paragraph 12) other than that to which Employee is entitled pursuant to Paragraphs 2 and 3 of this Agreement. Employee further agrees that Employee shall not accrue any additional awards or rights pursuant to any equity or other incentive plan of the Company and shall forfeit any and all awards and rights to any awards to the extent not vested and/or not delivered on the Separation Date.

5. Return of Company Property. Employee represents and warrants that Employee has returned to the Company all laptops, cellular telephones, blackberries, iPhones, keys, locks, credit cards, documents, records, materials, and other information of any type whatsoever that is the property of the Company or its affiliates. Employee further agrees that Employee shall not retain or use and shall immediately return to the Company any copies, images, or reproductions of correspondence, memoranda, reports, financial information, personnel information, notebooks, drawings, photographs, or other documents relating in any way to the business or affairs of the Company, its affiliates or their respective suppliers or vendors.

6. Consultation with Counsel and Voluntariness of Agreement.

(a) Employee acknowledges that Employer has advised Employee in writing to consult with an attorney at Employee's own expense prior to executing this Agreement. Employee further acknowledges that, to the extent desired, Employee has consulted with Employee's own attorney in reviewing this Agreement, that Employee has carefully read and fully understands all the provisions of this Agreement, and that Employee is voluntarily entering into this Agreement.

(b) Employee further acknowledges and agrees that Employee has had a period of at least twenty-one (21) days in which to consider the terms of this Agreement and changes to this Agreement, whether material or immaterial, do not restart the running of the 21-day period.

(c) Unless revoked as provided below, this Agreement shall be effective and enforceable on the eighth (8th) day after execution and delivery of this Agreement to the Company by Employee (the "Effective Date"). The parties to this Agreement understand and agree that Employee may revoke this Agreement after having executed and delivered it to the Company by so advising the Company (Attention: General Counsel) in writing no later than 11:59 p.m. on the seventh (7th) day after Employee's execution and delivery of this Agreement to the Company. If Employee revokes this Agreement, it shall not be effective or enforceable, and Employee shall not be entitled to the payments or benefits set forth in Paragraphs 2 and 3 of this Agreement.

7. Confidentiality of Agreement and Non-Disparagement.

(a) The Parties agree not to disclose the existence of this Agreement, the terms and conditions of this Agreement or the circumstances surrounding the termination of Employee's employment with the Company to any person or entity, except: (i) to comply with this Agreement; (ii) to the Parties' legal, financial or tax advisors, or to the Internal Revenue Service or any similar state or local taxation authority; (iii) as otherwise required by law; (iv) in the case of the Company, to its directors, as well as to its employees who have a need to know; or (v) in the case of Employee, to her immediate family members.

(b) Employee agrees that Employee will not publicly or privately disparage, demean, or impugn the reputation of, or encourage, assist or direct another person or entity to, publicly or privately disparage, demean, or impugn the reputation of, the Company, the way it conducts its business and affairs, or any of the Company's products, services, affiliates, suppliers, vendors, or current or former officers, directors, trustees, employees, agents, administrators, representatives or fiduciaries.

(c) The Company agrees to instruct the Company's Chief Executive Officer and the Senior Vice President, Human Resources not to publicly or privately disparage, demean, or impugn the reputation of, or encourage, assist or direct another person or entity to, publicly or privately disparage, demean, or impugn the reputation of, Employee. In addition, the Company will not issue a press release that disparages, demeans or impugns the reputation of Employee.

8. Confidential and Proprietary Information: Work Product.

(a) Employee acknowledges that Employee may possess certain "Confidential Information" (as defined below) which would damage the Company if disclosed or used by Employee. Accordingly, Employee acknowledges a continuing duty of strict confidentiality to the Company and agrees that Employee will not disclose any Confidential Information to any person or entity, will not publish any Confidential Information and will not use Confidential Information in any way, including for Employee's benefit or for the benefit of another person or entity. Confidential Information shall include, but shall not be limited to, the following: (i) trade secrets of the Company; (ii) documentation or data contained in any files or any other records the Company may maintain; (iii) statements regarding any matters made by any employees, officers, agents, representatives or attorneys of the Company at any meeting attended by Employee or which Employee may have heard or obtained knowledge of which may result in any detriment to the Company; (iv) actions taken or contemplated by the Company with respect to any of its operations, assets or employees; (v) policies, practices, programs or plans contemplated, initiated or effectuated by the Company; (vi) documentation, data or other information concerning the Company's suppliers and other vendors or the Company's arrangements or business dealings with any such person or entity not known to the general public; and (vii) any other information, records or data of a private or proprietary nature to the Company. Confidential Information shall not include information which is then in the public domain (so long as Employee did not, directly or indirectly, cause or permit such information to enter the public domain). Notwithstanding the foregoing, nothing contained in this Paragraph 8 shall prevent Employee from disclosing Confidential Information if compelled to do so by legal process; provided, that Employee notifies Employer in writing within two (2) business days of Employee's receipt of such court order or legal process if disclosure of Confidential Information is required by court order or other legal process to allow Employer sufficient time to obtain a protective order or otherwise obtain the fullest protection permitted by applicable law.

(b) Employee agrees that all copyrights, patents, trade secrets or other intellectual property rights associated with any ideas, concepts, techniques, inventions, processes, or works of authorship developed or created by Employee during Employee's employment by the Company and for a period of one (1) year thereafter that (i) relate, whether directly or indirectly, to the Company's actual or anticipated business, research or development or (ii) are suggested by or as a result of any work performed by Employee on the Company's behalf, shall, to the extent possible, be considered works made for hire within the meaning of the Copyright Act (17 U.S.C. § 101 et. seq.) (the "Work Product"). All Work Product shall be and remain the property of the Company. To the extent that any such Work Product may not, under applicable law, be considered works made for hire, Employee hereby grants, transfers, assigns, conveys and relinquishes, and agrees to grant, transfer, assign, convey and relinquish from time to time, on an exclusive basis, all of Employee's right, title and interest in and to the Work Product to the Company in perpetuity or for the longest period otherwise permitted by law. Consistent with Employee's recognition of the Company's absolute ownership of all Work Product, Employee agrees that Employee shall (i) not disclose any Work Product to any person or entity or use any Work Product for the benefit of Employee or any other person or entity other than the Company and (ii) perform such acts and execute such documents and instruments as the Company may now or hereafter deem reasonably necessary or desirable to evidence the transfer of absolute ownership of all Work Product to the Company; provided, however, if following ten (10) days' written notice from the Company, Employee refuses, or is unable, due to disability, incapacity, or death, to execute such documents relating to the Work Product, Employee hereby appoints each of the Company's officers as Employee's attorney-in-fact to execute such documents on Employee's behalf. This agency is coupled with an interest and is irrevocable without the Company's prior written consent.

9. Non-Competition, Non-Solicitation, and No Interference With Business Operations.

(a) Employee agrees that for a period of 12 months following the Separation Date (the "Restricted Period"), Employee will not without the express prior written consent of the Company, anywhere, either directly or indirectly, whether alone or as an owner, shareholder, partner, member, joint venturer, officer, director, consultant, independent contractor, agent, employee or otherwise of any person, entity or other business enterprise, assist in, engage in or otherwise be connected to or benefit from any business conducted by any business enterprise listed on Exhibit A to this Agreement (a "Competitive Business"). Notwithstanding the foregoing, nothing herein shall be deemed to prohibit Employee's ownership of less than 1% of the outstanding shares of any publicly traded corporation that conducts a Competitive Business.

(b) Employee further agrees that during the Restricted Period, Employee will not, without the express prior written consent of the Company, directly or indirectly: (i) solicit, recruit, hire, engage, or refer (or assist any third party in soliciting, recruiting, hiring, engaging or referring) any person or entity who or which either is, or during the 12 months immediately preceding the Separation Date was, an employee, agent, consultant or independent contractor of the Company; or (ii) interfere with, disrupt or attempt to interfere with or disrupt the relationship, contractual or otherwise, between the Company and any of its vendors, lessors, independent contractors, agents or employees.

(c) Employee acknowledges and agrees that the restrictions on the activities in which Employee may engage that are set forth in Paragraphs 9(a) and (b) of this Agreement and the location and period of time for which such restrictions apply are reasonable and necessary to protect the Company's legitimate business interests. Employee understands that the Company's business is global and, accordingly, the restrictions cannot be limited to any particular geographic area except as otherwise provided herein. Employee further acknowledges that the restrictions contained in this Agreement will not prevent Employee from earning a livelihood.

10. Injunctive Relief. Employee acknowledges that a breach or threatened breach of any of the terms set forth in Paragraphs 5, 7, 8, 9 or 12 of this Agreement shall result in an immediate irreparable and continuing harm to Employer for which there shall be no adequate remedy of law. The Employer shall, without posting a bond, be entitled to obtain injunctive and other equitable relief, in addition to any other remedies available to Employer, in connection with Paragraphs 5, 7, 8, 9 and 12 of this Agreement.

11. Confirmation of Employment. Employee shall refer all inquiries concerning Employee's employment to Employer's payroll department and Employer's payroll department shall, if called upon, confirm Employee's dates of employment and position with Employer.

12. Employee Release of Employer and Released Parties.

(a) In exchange for the consideration set forth above, Employee, on behalf of Employee and Employee's agents, assignees, attorneys, heirs, executors and administrators, voluntarily and knowingly releases Employer, as well as Employer's successors, predecessors, assigns, parents, subsidiaries, divisions, affiliates, officers, directors, shareholders, employees, agents and representatives, in both their individual and representative capacities (collectively, the "Released Parties"), from any and all claims, causes of action, suits, grievances, debts, sums of money, agreements, promises, damages, back and front pay, costs, expenses, and attorneys' fees by reason of any matter, cause, act or omission arising out of or in connection with Employee's employment with Employer or separation therefrom, including but not limited to any claims based upon common law, or any federal, state or local employment statutes or civil rights laws (hereafter the "Claims"). Claims, as included in this release, without limiting its scope, are claims arising under Title VII of the Civil Rights Act of 1964, as amended; the Age Discrimination in Employment Act ("ADEA"); the Older Workers Benefit Protection Act; the Americans with Disabilities Act; the Lily Ledbetter Act; Employee Retirement Income Security Act of 1974; the New Jersey Conscientious Employee Protection Act; the New Jersey Law Against Discrimination; the New Jersey Family Leave Act; the New Jersey Wage Payment Act; the Sarbanes-Oxley Act of 2002; and any other laws prohibiting discrimination, retaliation, wrongful termination, failure to pay wages, breach of contract, defamation, invasion of privacy, whistleblowing or infliction of emotional distress, or any other matter. This releases all Claims including those of which Employee is not aware and those not mentioned in this Agreement up to the date of the execution and delivery of this Agreement to the Company. Employee expressly acknowledges and agrees that, by entering into this Agreement, Employee is releasing and waiving any and all Claims, including, without limitation, claims that Employee may have arising under ADEA, which have arisen on or before the date of Employee's execution and delivery of this Agreement to the Company.

(b) This release does not waive rights or claims that may arise after this release is executed, including any right or claim to enforce the terms of this Agreement, and does not waive any rights or Claims hereunder or which cannot be waived as a matter of law. This Agreement does not affect Employee's right to file a charge with the EEOC or similar state agency or to participate in any investigation conducted by the EEOC or similar state agency, but Employee hereby waives any and all rights to recover under, or by virtue of, any such investigation, hearing or proceeding.

(c) Notwithstanding anything set forth in this Agreement to the contrary, nothing in this Agreement shall (i) affect or be used to interfere with Employee's protected right to test in any court, under the Older Workers' Benefit Protection Act, or like statute or regulation, the validity of the waiver of rights under ADEA set forth in this Agreement and (ii) affect Employee's right to have received and to retain the signing bonus and the relocation benefits set forth in Employee's offer letter dated October 25, 2011.

13. Representations; Covenant Not to Sue. Employee hereby represents and warrants to the Released Parties that: (a) Employee has not filed, caused, or permitted to be filed any pending proceeding (nor has Employee lodged a complaint with any governmental or quasi-governmental authority) against the Released Parties, nor has Employee agreed to do any of the foregoing; (b) Employee has not assigned, transferred, sold, encumbered, pledged, hypothecated, mortgaged, distributed, or otherwise disposed of or conveyed to any third party any right or Claim against the Released Parties that has been released in this Agreement; (c) Employee has not directly or indirectly assisted any third party in filing, causing, or assisting to be filed, any Claim against the Released Parties; (d) Employee has not made any misrepresentations or engaged in any misconduct or malfeasance during her employment that would constitute a material violation under the Company's Code of Business Conduct; and (e) is not aware of any misconduct by any employee or director of the Company that Employee should report in accordance with the Company's Code of Business Conduct or any irregularity in the Company's books or records or any other matter relating to the Company's accounting that should properly be reported by Employee pursuant to the procedures established by the Company for making such reports, except any that has already been reported by Employee in writing to the appropriate personnel of the Company. Except as set forth in Paragraphs 12(b) and (c) above, Employee covenants and agrees that Employee shall not encourage or solicit or voluntarily assist or participate in any way in the filing, reporting or prosecution by himself or any third party of a proceeding or Claim against any of the Released Parties unless compelled to do so by law.

14. Removal from the Company Positions and Indemnification. Employee agrees that as of the Separation Date, Employee hereby resigns from all positions held on behalf of the Company, including but not limited to officer, director, agent, representative, trustee, administrator, fiduciary and signatory. In addition, with respect to all acts or omissions of Employee which occurred prior to the Separation Date, the Company agrees to continue to indemnify Employee to the same extent that Employee was indemnified prior to the Separation Date and that Employee shall retain the benefit of all directors and officers liability insurance and coverage maintained by the Company with respect to claims made during the period provided by the Company's current policy and to the extent provided by any future policy from time to time maintained by the Company with respect to other former executives of the Company, in each case on the terms and conditions of such policy.

15. Cooperation. Employee shall furnish such information as may be in Employee's possession to, and cooperate with, the Company as may reasonably be requested by the Company, by prior written notice and during mutually convenient times, in the orderly transfer of Employee's

responsibilities to other the Company employees or in connection with any investigation (including internal), litigation or other proceeding in which the Company is or may be involved or a party.

16. Violation of Terms.

(a) The Parties agree that, should either Party seek to enforce the terms of this Agreement through litigation, then the prevailing Party, in addition to all other legal and equitable remedies, shall be reimbursed by the other Party for all reasonable attorneys' fees in relation to such litigation. The term "prevailing Party" in the prior sentence shall mean such Party that obtains in excess of fifty (50%) percent of the relief sought in the litigation.

(b) Should Employee violate any provision of this Agreement, then, in addition to all other damages or legal remedies available to Employer (including without limitation injunctive relief), Employee immediately shall return to Employer all monies paid to Employee pursuant to this Agreement, less $2,000. Employee further agrees that if Employee is required to return such payments, this Agreement shall continue to be binding on Employee and the Released Parties shall be entitled to enforce the provisions of this Agreement as if such monies had not been repaid or required to be repaid to the Company. In addition, should Employee violate any provision of this Agreement, the Company shall have no further obligations to pay or provide Employee with any of the payments and benefits set forth herein. Should Employer violate any provision of this Agreement, then Employee shall have all remedies and civil actions available to remedy Employee's damages.

17. No Admission. Nothing contained in this Agreement nor the fact that the parties have signed this Agreement shall be construed as an admission by either party.

18. Waiver of Reinstatement. By entering into this Agreement, Employee acknowledges that Employee waives any claim to reinstatement and/or future employment with Employer. Employee further acknowledges that Employee is not and shall not be entitled to any payments, benefits or other obligations from the Released Parties whatsoever (except as expressly set forth in this Agreement).

19. Delay in Payments as Required by Section 409A of the Code. Notwithstanding any provisions herein to the contrary, if all or any portion of the payments or benefits due under Paragraphs 2 or 3 hereof are reasonably determined by Employee to be "nonqualified deferred compensation" subject to Section 409A of the Code (as communicated to the Company in writing together with the execution and delivery hereof by Employee) and the Company determines that Employee is a "specified employee" (as defined in Section 409A(a)(2)(B)(i) of the Code and the other guidance promulgated thereunder), then such payments shall commence on the first regular payroll date on or immediately following the first day of the seventh month following Employee's "separation from service", as defined in Treasury Regulation Section. 1.409A-1(h), including the default presumptions and the first of such payments shall include all amounts otherwise payable prior to the first payment date but for the application of this Paragraph 19. The Company hereby advises Employee that it has determined that Employee is a "specified employee" (as so defined). However, Employee hereby advises the Company that Employee has determined that the payments and benefits due under Paragraphs 2 and 3 hereof are not "nonqualified deferred compensation"

for purposes of Section 409A of the Code and, accordingly, Employee has determined that no delay in the commencement of payments is necessary.

20. Section 409A of the Code. Employee hereby acknowledges and agrees with the Company that the interpretation of Section 409A of the Code and its application to the terms of this Agreement is uncertain and may be subject to change as additional guidance and interpretations become available. Anything to the contrary herein notwithstanding, all benefits or payments provided by the Company to Employee that would be deemed to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code are intended to comply with Section 409A of the Code. If, however, any such benefit or payment is deemed by Employee to not comply with Section 409A of the Code, Employee and the Company agree to renegotiate in good faith any such benefit or payment (including, without limitation, as to the timing of any payment or benefit payable hereunder), if possible, so that either (i) Section 409A of the Code will not apply or (ii) compliance with Section 409A of the Code will be achieved. If requested by the Employee, the Company shall consult with Employee in good faith regarding the implementation of the provisions of Paragraph 19 above and this Paragraph 20; provided, that neither the Company nor any of its employees or representatives shall have any liability to Employee with respect to Section 409A of the Code, it being understood and agreed that Section 409A of the Code, and compliance therewith, is solely the responsibility of Employee.

21. Miscellaneous. This Agreement contains the entire agreement and understanding between the parties. This Agreement supersedes any and all previous agreements and plans, whether written or oral, between Employee and Employer. There are no other representations, agreements or understandings, oral or written, between the parties relating to the subject matter of this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and executed by the parties hereto subsequent to the date of this Agreement. This Agreement may be executed in counterparts, including by fax or pdf, and all counterparts so executed shall constitute one agreement, binding upon the parties hereto. This Agreement shall be binding upon and inure to the benefit of the parties, as well as their administrators, representatives, agents, executors, successors and assigns.

22. Choice of Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey applicable to contracts made and performed in such State and without regard to the conflicts or choice of law provisions thereof that would give rise to the application of the domestic substantive law of any other jurisdiction. Except in the event the Company seeks to enforce its rights under Paragraphs 4, 5, 7, 8, 9, 12 or 16 of this Agreement, the parties agree to mediate any dispute arising under this Agreement. In the event of any such dispute subject to mediation, the parties, within thirty (30) days of a written request for mediation, shall attend a mediation to be conducted in New Jersey in order to make a good faith reasonable effort to resolve such dispute. The parties shall attempt, in good faith, to agree to a mediator. If the parties are unable to agree to a mediator, the parties shall submit the matter to the American Arbitration Association to appoint a mediator and conduct the mediation in New Jersey. If this good faith mediation effort fails to resolve the dispute arising under this Agreement or in the event the Company seeks to enforce its rights under Paragraphs 4, 5, 7, 8, 9, 12 or 16 of this Agreement, then either party may commence a legal suit, action or proceeding to resolve such dispute, provided that

such legal suit, action or proceeding arising out of or relating to this Agreement shall be instituted in a New Jersey federal or state court. Employee and Employer agree to waive any objection which either may now or hereafter have to the laying of venue of any such suit, action or proceeding and Employee and Employer irrevocably submit to the exclusive jurisdiction of any such court in any suit, action or proceeding.

23. Severability. If any term, provision or part of this Agreement shall be determined to be in conflict with any applicable federal, state or other governmental law or regulation, or otherwise shall be invalid or unlawful, such term, provision or part shall continue in effect to the extent permitted by such law or regulation. Such invalidity, unenforceability or unlawfulness shall not affect or impair any other terms, provisions and parts of this Agreement not in conflict, invalid or unlawful, and such terms, provisions and parts shall continue in full force and effect and remain binding upon the parties hereto.

[The remainder of this page is intentionally left blank.]

EMPLOYEE STATES THAT EMPLOYEE HAS CAREFULLY READ THIS AGREEMENT PRIOR TO SIGNING IT, THAT THE AGREEMENT HAS BEEN FULLY EXPLAINED TO EMPLOYEE PRIOR TO SIGNING IT, THAT EMPLOYEE HAS HAD THE OPPORTUNITY TO HAVE IT REVIEWED BY AN ATTORNEY AT EMPLOYEE'S OWN EXPENSE AND EMPLOYEE UNDERSTANDS THE AGREEMENT'S FINAL AND BINDING EFFECT PRIOR TO SIGNING IT, AND THAT EMPLOYEE IS SIGNING THE RELEASE KNOWINGLY AND VOLUNTARILY WITH THE FULL INTENTION OF COMPROMISING, SETTLING, AND RELEASING THE RELEASED PARTIES AS STATED IN THIS AGREEMENT.

Agreed to and accepted by, on this 31st day of August, 2012.

Witness: EMPLOYEE:

_______________________________ /s/ Lori Tauber Marcus
Lori Tauber Marcus

Agreed to and accepted by, on this 5th day of September, 2012.

THE CHILDREN'S PLACE SERVICES COMPANY, LLC

By: /s/ Lawrence McClure
Name: Lawrence McClure
Title: Senior Vice President, Human Resources

Exhibit A

Any of Target, Gymboree, Babies R Us, Carter’s, Gap, Old Navy, J.Crew Kids (Crew Cuts), Aero PS, 77 Kids (or its successors or assigns), Crazy 8, Stride Rite, and each of their respective subsidiaries, affiliates and related businesses.

EXHIBIT 31.1

Certificate of Principal Executive Officer pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Jane T. Elfers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Children's Place Retail Stores, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 29, 2012

By: /S/ JANE T. ELFERS

JANE T. ELFERS
Chief Executive Officer and President
(Principal Executive Officer)

EXHIBIT 31.2

Certificate of Principal Financial Officer pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Bernard L. McCracken, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Children's Place Retail Stores, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 29, 2012

By: /S/ BERNARD L. MCCRACKEN

BERNARD L. MCCRACKEN
Interim Principal Accounting Officer and Vice President, Corporate Controller
(A Principal Accounting Officer)

EXHIBIT 31.3

Certificate of Principal Financial Officer pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, John E. Taylor, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Children's Place Retail Stores, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 29, 2012

By: /S/ JOHN E. TAYLOR

JOHN E. TAYLOR
Interim Principal Financial Officer and
Vice President, Finance
(A Principal Financial Officer)

EXHIBIT 32

Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Jane T. Elfers, Chief Executive Officer and President of The Children's Place Retail Stores, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify that to my knowledge:

1. The Quarterly Report of the Company on Form 10-Q for the quarter ended October 27, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, I have executed this Certification this 29th day of November, 2012.

By: /S/ JANE T. ELFERS

Chief Executive Officer and President
(Principal Executive Officer)

I, Bernard L. McCracken, Interim Principal Accounting Officer and Corporate Controller of The Children's Place Retail Stores, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify that to my knowledge:

1. The Quarterly Report of the Company on Form 10-Q for the quarter ended October 27, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, I have executed this Certification this 29th day of November, 2012.

By: /S/ BERNARD L. MCCRACKEN

Interim Principal Accounting Officer and
Vice President, Corporate Controller
(A Principal Accounting Officer)

I, John E. Taylor, Interim Principal Financial Officer and Vice President, Finance of The Children's Place Retail Stores, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify that to my knowledge:

1. The Quarterly Report of the Company on Form 10-Q for the quarter ended October 27, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, I have executed this Certification this 29th day of November, 2012.

By: /S/ JOHN E. TAYLOR

Interim Principal Financial Officer and
Vice President, Finance
(A Principal Financial Officer)

This certification accompanies the Quarterly Report on Form 10-Q of The Children's Place Retail Stores, Inc. for the quarter ended October 27, 2012 pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original copy of this written statement required by Section 906 of the Sarbanes Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission and its staff upon request.