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 May 3, 2003

/ / 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)

915 SECAUCUS ROAD
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 / /

Indicate by check mark whether the registrant is an accelerated filer.

Yes /X/ No / /

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, par value $0.10 per share, outstanding at June 10, 2003: 26,616,477 shares.

THE CHILDREN'S PLACE RETAIL STORES, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE PERIOD ENDED MAY 3, 2003

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PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

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

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	MAY 3, 2003 (UNAUDITED)	FEBRUARY 1, 2003	MAY 4, 2002 (UNAUDITED)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 47,359	$ 36,645	$ 66,204
Accounts receivable	14,973	13,571	14,439
Inventories	70,374	75,417	49,772
Prepaid expenses and other current assets	18,169	19,277	14,448
Deferred income taxes	293	293	3,847
Total current assets	151,168	145,203	148,710
Property and equipment, net	156,846	155,000	149,889
Other assets	9,308	9,125	6,145
Total assets	$ 317,322	$309,328	$304,744
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Current liabilities:			
Revolving credit facility	$ 442	$ 0	$ 0
Accounts payable	29,020	30,805	22,072
Taxes payable	635	198	9,231
Accrued expenses, interest and other current liabilities	37,149	34,926	28,613
Total current liabilities	67,246	65,929	59,916
Other long-term liabilities	15,047	14,391	11,512
Total liabilities	82,293	80,320	71,428
COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' EQUITY:			
Common stock, $0.10 par value; 100,000,000 shares authorized; 26,605,405 shares, 26,569,864 shares and 26,447,921 shares issued and outstanding, at May 3, 2003, February 1, 2003 and May 4, 2002, respectively	2,661	2,657	2,645
Additional paid-in capital	98,942	98,765	97,076
Accumulated other comprehensive income	567	253	(12)
Retained earnings	132,859	127,333	133,607
Total stockholders' equity	235,029	229,008	233,316
Total liabilities and stockholders' equity	$ 317,322	$ 309,328	$ 304,744

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

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

CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	THIRTEEN WEEKS ENDED	
	MAY 3, 2003	MAY 4, 2002
Net sales	$ 181,010	$ 173,047
Cost of sales	111,120	93,919
Gross profit	69,890	79,128
Selling, general and administrative expenses	51,391	46,373
Depreciation and amortization	9,528	8,270
Operating income	8,971	24,485
Interest income, net	93	246
Income before income taxes	9,064	24,731
Provision for income taxes	3,535	9,523
Net income	$ 5,529	$ 15,208
Basic net income per common share	$ 0.21	$ 0.58
Basic weighted average common shares outstanding	26,599	26,427
Diluted net income per common share	$ 0.21	$ 0.56
Diluted weighted average common shares outstanding	26,739	27,348

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN THOUSANDS)

	THIRTEEN WEEKS ENDED	
	MAY 3, 2003	MAY 4, 2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 5,529	$ 15,208
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,528	8,270
Deferred financing fee amortization	17	15
Loss on disposals of property and equipment	43	174
Deferred rent	637	568
Changes in operating assets and liabilities:		
Accounts receivable	(1,244)	(2,544)
Inventories	5,453	9,323
Prepaid expenses and other current assets	1,156	(2,451)
Other assets	(49)	7
Accounts payable	(1,920)	(105)
Accrued expenses, interest and other current liabilities	1,340	3,813
Total adjustments	14,961	17,070
Net cash provided by operating activities	20,490	32,278
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases and lease acquisition	(10,321)	(12,368)
Net cash used in investing activities	(10,321)	(12,368)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Exercise of stock options and employee stock purchases	175	1,103
Deferred financing costs	(150)	0
Borrowings under revolving credit facility	17,187	5,617
Repayments under revolving credit facility	(16,745)	(5,617)
Net cash provided by financing activities	467	1,103
Effect of exchange rate changes on cash	78	0
Net increase in cash and cash equivalents	10,714	21,013
Cash and cash equivalents, beginning of period	36,645	45,191
Cash and cash equivalents, end of period	$ 47,359	$ 66,204
OTHER CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 61	$ 21
Cash paid during the period for income taxes	151	6,726

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information. Certain information and footnote disclosures required by GAAP for complete financial statements have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the accompanying unaudited financial statements contain all material adjustments, consisting of normal recurring accruals, necessary to present fairly the Company's financial position, results of operations and cash flow for the periods indicated, and have been prepared in a manner consistent with the audited financial statements as of February 1, 2003. These financial statements should be read in conjunction with the audited financial statements and footnotes for the fiscal year ended February 1, 2003 included in the Company's Annual Report on Form 10-K for the year ended February 1, 2003 filed with the Securities and Exchange Commission. Due to the seasonal nature of the Company's business, the results of operations for the thirteen weeks ended May 3, 2003 and May 4, 2002 are not necessarily indicative of operating results for a full fiscal year.

2. NET INCOME PER COMMON SHARE

In accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share," the following table reconciles net income and share amounts utilized to calculate basic and diluted net income per common share.

	THIRTEEN WEEKS ENDED	
	MAY 3, 2003	MAY 4, 2002
Net income (in thousands)	$ 5,529	$ 15,208
Basic shares	26,599,185	26,427,284
Dilutive effect of stock options	139,323	921,034
Dilutive shares	26,738,508	27,348,318
Antidilutive options	1,447,185	134,477

Antidilutive options consist of the weighted average of stock options for the respective periods ended May 3, 2003 and May 4, 2002 that had an exercise price greater than the average market price during the period. Such options are therefore excluded from the computation of diluted shares.

3. STOCK BASED COMPENSATION

In December 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting for Stock-Based Compensation Transition and Disclosure ("SFAS 148"). SFAS 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), to provide alternative methods of transition to the fair value method of accounting for stock-based employee compensation. In addition, SFAS 148 amends the disclosure provisions of SFAS 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS 148 does not amend SFAS 123 to require companies to account for their employee stock-based awards using the fair value method. However, the disclosure provisions are required for all companies with stock-based employee compensation, regardless of whether they utilize the fair value method of accounting described in SFAS 123 or the intrinsic value method described in Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25").

The Company accounts for its stock option plans and its employee stock purchase plan under the intrinsic value method described in APB 25. Accordingly, no compensation expense has been recognized for stock-based compensation, since the options granted were at prices that equaled or exceeded their estimated fair market value at the date of grant. If compensation expense for the Company's stock options and employee stock purchases issued during the thirteen weeks ended May 3, 2003 and May 4, 2002 had been determined based on the fair value method of accounting, in accordance with SFAS

3. STOCK BASED COMPENSATION (CONTINUED)

123, the Company's net income would have been reduced to the pro forma amounts indicated below for the thirteen weeks ended May 3, 2003 and May 4, 2002, respectively:

	THIRTEEN WEEKS ENDED	
	MAY 3, 2003	MAY 4, 2002
Net income - (in thousands)		
As reported	$ 5,529	$ 15,208
Deduct: Total stock-based compensation expense determined under fair value based method for all awards, net of related tax effects	1,104	981
Pro forma	$ 4,425	$ 14,227
Earnings per share -		
Basic - as reported	$ 0.21	$ 0.58
Basic - pro forma	$ 0.17	$ 0.54
Diluted - as reported	$ 0.21	$ 0.56
Diluted - pro forma	$ 0.17	$ 0.52

4. COMPREHENSIVE INCOME

The following table presents the Company's comprehensive income (in thousands):

	THIRTEEN WEEKS ENDED	
	MAY 3, 2003	MAY 4, 2002
Net income	$ 5,529	$ 15,208
Translation adjustments	314	0
Comprehensive income	$ 5,843	$ 15,208

5. WELLS FARGO CREDIT FACILITY

In April 2003, the Company amended, restated and extended its principal working capital facility. Previously, Foothill Capital Corporation had assigned its rights under this facility to Wells Fargo Retail Finance LLC ("Wells Fargo"). The amended and restated working capital facility with Wells Fargo (the "Wells Fargo Credit Facility") provides for borrowings up to $75 million (including a sublimit for letters of credit of $75 million). The Wells Fargo Credit Facility also contains provisions to increase borrowings up to $120 million (including a sublimit for letters of credit of $100 million), subject to sufficient collateralization and the syndication of the incremental line of borrowing. The amount that may be borrowed under the Wells Fargo Credit Facility depends on the Company's levels of inventory and accounts receivable. Amounts outstanding under the facility bear interest at a floating rate equal to the prime rate or, at the Company's option, a LIBOR rate plus a pre-determined spread. The LIBOR spread is 1.50% to 2.75%, depending on the Company's level of collateral from time to time. Borrowings mature in April 2006 and provide for one year renewal options. The Wells Fargo Credit Facility contains covenants, including, among others, certain limitations on the Company's annual capital expenditures, and maintenance of certain levels of excess collateral, as well as a prohibition on the payment of dividends. Credit extended under the Wells Fargo Credit Facility is secured by a first priority security interest in all the assets of the Company, except for its assets in Canada.

6. BUSINESS INTERRUPTION PROCEEDS

During the thirteen weeks ended May 3, 2003, the Company received approximately $1.5 million in a partial settlement of its business interruption claim for its World Trade Center store. These proceeds reduced selling, general and administrative expenses on the Company's consolidated statement of income.

7. LITIGATION

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

8. RECENT ACCOUNTING PRONOUNCEMENTS

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement No. 133 on Derivative Instruments and Hedging Activities" ("SFAS 149"). SFAS 149 amends and clarifies the accounting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133. The adoption of SFAS 149 is not expected to have a material impact on the financial position or results of operations as the Company does not engage in derivative activity.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" ("SFAS 150"). SFAS 150 establishes standards for how a company classifies and measures certain financial instruments with characteristics of both liabilities and equity. SFAS is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. Although we are still in the process of reviewing SFAS 150, we believe this pronouncement will not have a material impact on the Company's results of operations, financial position or cash flows.

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 within the meaning of federal securities laws, which are intended to be covered by the safe harbors created thereby. Those statements include, but may not be limited to, the discussions of the Company's operating and growth strategy. Investors are cautioned that all forward-looking statements involve risks and uncertainties including, without limitation, those set forth under the caption "Risk Factors" in the Business section of the Company's Annual Report on Form 10-K for the year ended February 1, 2003. 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 publicly release any revisions to any forward-looking statements contained herein to reflect events and circumstances occurring 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 February 1, 2003, filed with the Securities and Exchange Commission.

CRITICAL ACCOUNTING POLICIES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States 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. Actual results could differ from our estimates. The accounting policies that we believe are the most critical to aid in fully understanding and evaluating reported financial results include the following:

Revenue Recognition - Sales are recognized upon purchase by customers at our retail stores or when shipped from our distribution center if the product was purchased from our website. Our policy with respect to gift cards is to record revenue as the gift cards are redeemed for merchandise. Prior to their redemption, gift cards are recorded as a liability. Revenue is deferred for our private label credit card promotions that provide a future discount on purchases once a minimum customer purchase threshold is satisfied. Actual merchandise return rates have historically been within our expectations and the allowance established. However, in the unlikely event that the actual rate of sales returns by customers increased significantly, our operational results could be adversely affected.

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 to the retail value of inventories. At any one time, inventories include items that have been marked down to our best estimate of their fair market value. We base our decision to mark down merchandise based upon its current rate of sale, the season, age and sell-through of the item. To the extent that our estimates differ from actual results, additional markdowns may have to be recorded, which could reduce our gross margins and operating results. Our success is largely dependent upon our ability to gauge the fashion taste of our customers and provide a well-balanced merchandise assortment that satisfies customer demand. Any inability to provide the proper quantity of appropriate merchandise in a timely manner could increase future markdown rates.

Impairment of Assets - We continually evaluate each store's performance and measure the carrying value of each location's fixed assets, principally leasehold improvements and fixtures, versus its projected cash flows. An impairment loss is recorded if the projected future cash flows are insufficient to recapture the net book value of their assets. To the extent our estimates of future cash flows are incorrect, additional impairment charges may be recorded in future periods.

Litigation - We are involved in various legal proceedings arising in the normal course of our business. In our opinion, any ultimate liability arising out of such proceedings will not have a material adverse effect on our business.

Stock Options - We record no compensation expense on our financial statements for stock-based compensation, since we grant stock options at prices that equal or exceed fair market value at the date of the grant. If the Company elects or is required to adopt fair value accounting for its stock-based compensation, the related compensation charge will adversely impact net income. In addition, increases to our stock price would result in more diluted shares outstanding and reduce our diluted net income per common share.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, selected income statement data expressed as a percentage of net sales:

	THIRTEEN WEEKS ENDED	
	MAY 3, 2003	MAY 4, 2002
Net sales	100.0%	100.0%
Cost of sales	61.4	54.3
Gross profit	38.6	45.7
Selling, general and administrative expenses	28.4	26.8
Depreciation and amortization	5.3	4.8
Operating income	4.9	14.1
Interest income, net	0.1	0.2
Income before income taxes	5.0	14.3
Provision for income taxes	1.9	5.5
Net income	3.1%	8.8%
Number of stores, end of period	662	554

THIRTEEN WEEKS ENDED MAY 3, 2003 (THE "FIRST QUARTER 2003") COMPARED TO THIRTEEN WEEKS ENDED MAY 4, 2002 (THE "FIRST QUARTER 2002")

Net sales increased by $8.0 million, or 5%, to $181.0 million during the First Quarter 2003 from $173.0 million during the First Quarter 2002. During the First Quarter 2003, we opened 19 new stores, including three stores in Canada. Net sales for the 19 new stores, as well as other stores that did not qualify as comparable stores, increased our net sales by $27.9 million, which was partially offset by a 13% comparable store sales decline in the First Quarter 2003, which decreased our net sales by $19.9 million. Comparable store sales decreased 11% during the First Quarter 2002.

During the First Quarter 2003, our sales results began to reflect the impact of strategic initiatives we commenced in fiscal 2002 to improve our negative comparable store sales trend. We reduced both the number of styles and number of items offered in our stores, to present our customers with a more focused product offering. In addition, we offered our customers a greater percentage of basic merchandise, to create a better balance between fashion and basic merchandise. We also improved the quality of our garments while we reduced our prices to an everyday value pricing strategy. During the First Quarter 2003, our comparable store sales decline was primarily the result of a decrease in our average dollar transaction size, due largely to our strategic decision to lower our prices. Our lower dollar transaction size was partially offset by increases in both the number of comparable store transactions and the number of units per transaction.

During the First Quarter 2003, we reported monthly comparable store sales declines of 24%, 11% and 3% during February, March and April 2003, respectively. We believe that our sales results for February 2003 and March 2003 were adversely impacted by continued weak consumer confidence, severe winter weather, uncertainty surrounding the war in Iraq and the timing of the Easter holiday, which shifted the timing of our customers' purchasing patterns to later in the First Quarter 2003 as compared to the First Quarter 2002. During the four weeks ended May 31, 2003, we experienced flat comparable store sales, as compared to a 9% comparable store sales decline in the four weeks ended June 1, 2002. We believe our recent monthly comparable store sales trends were favorably impacted by the implementation of our strategic initiatives, as discussed above.

Gross profit decreased by $9.2 million to $69.9 million during the First Quarter 2003 from $79.1 million during the First Quarter 2002. As a percentage of net sales, gross profit decreased 7.1% to 38.6% during the First Quarter 2003 from 45.7% during the First Quarter 2002. The decrease in gross profit, as a percentage of net sales, was principally due to higher markdowns, higher occupancy costs and a lower initial markup due to our strategic decision to lower prices. Occupancy costs were higher, as a percentage of net sales, due to our comparable store sales decline and increased occupancy costs from new stores that have not been open long enough to leverage their rent through an established sales base.

Selling, general and administrative expenses increased $5.0 million to $51.4 million during the First Quarter 2003 from $46.4 million during the First Quarter 2002. Selling, general and administrative expenses were 28.4% of net sales during the First Quarter 2003, as compared with 26.8% during the First Quarter 2002. This increase, as a percentage of net sales, was primarily due to higher store payroll costs and other store expenses, partially offset by insurance proceeds. Store payroll, as a percentage of net sales, was unfavorably impacted by our comparable store sales decline, as well as our decision to invest more store payroll dollars in customer service initiatives and store associate education. During the First Quarter 2003, insurance proceeds approximated $1.5 million, or 0.8% of net sales, for a portion of our business interruption claim from our World Trade Center store. During the First Quarter 2002, we received insurance proceeds of approximately $0.3 million for property damage claims from a store and one of our distribution centers.

Depreciation and amortization amounted to $9.5 million, or 5.3% of net sales, during the First Quarter 2003, as compared to $8.3 million, or 4.8% of net sales, during the First Quarter 2002. The increase in depreciation and amortization primarily was a result of increases to our store base and increased software amortization.

Our provision for income taxes for the First Quarter 2003 was $3.5 million, as compared to a $9.5 million provision in the First Quarter 2002. Our effective tax rate was 39.0% and 38.5% during the First Quarter 2003 and the First Quarter 2002, respectively.

Net income in the First Quarter 2003 decreased to $5.5 million from $15.2 million during the First Quarter 2002, due to the factors discussed above.

LIQUIDITY AND CAPITAL RESOURCES

DEBT SERVICE/LIQUIDITY

Our primary uses of cash are financing new store openings and providing for working capital, which principally represents the purchase of inventory. Our working capital needs follow a seasonal pattern, peaking during the second and third quarters when inventory is purchased for the back to school and holiday seasons. We have been able to meet our cash needs principally by using cash on hand, cash flows from operations and seasonal borrowings under our working capital facilities. As of May 3, 2003, we had no long-term debt obligations.

In April 2003, we amended, restated and extended our principal working capital facility. Previously, Foothill Capital Corporation had assigned its rights under this facility to Wells Fargo Retail Finance LLC ("Wells Fargo"). The amended and restated working capital facility with Wells Fargo (the "Wells Fargo Credit Facility") provides for borrowings up to $75 million (including a sublimit for letters of credit of $75 million). The Wells Fargo Credit Facility also contains provisions to increase borrowings up to $120 million (including a sublimit for letters of credit of $100 million), subject to sufficient collateralization and the syndication of the incremental line of borrowing. The amount that may be borrowed under the Wells Fargo Credit Facility depends on our levels of inventory and accounts receivable. Amounts outstanding under the facility bear interest at a floating rate equal to the prime rate or, at our option, a LIBOR rate plus a pre-determined spread. The LIBOR spread is 1.50% to 2.75%, depending on our level of collateral from time to time. Borrowings mature in April 2006 and provide for one year renewal options. The Wells Fargo Credit Facility contains covenants, including, among others, certain limitations on our annual capital expenditures, and maintenance of certain levels of excess collateral, as well as a prohibition on the payment of dividends. Credit extended under the Wells Fargo Credit Facility is secured by a first priority security interest in all our assets, except for our assets in Canada.

As of May 3, 2003, we had no borrowings under our Wells Fargo Credit Facility and had outstanding letters of credit of $36.3 million. Availability under the Wells Fargo Credit Facility was $38.7 million. The maximum outstanding letter of credit usage under our working capital facility during the thirteen weeks ended May 3, 2003 was $36.3 million. As of May 3, 2003, we were in compliance with all of our covenants under the Wells Fargo Credit Facility.

To support our Canadian operations, we have also entered into a $7.0 million facility with Toronto Dominion Bank that is secured by a standby letter of credit. Our Canadian credit facility is currently collateralized to provide for $3.5 million in borrowings. As of May 3, 2003, we had $0.4 million in borrowings under our Canadian facility and had outstanding letters of credit of $0.1 million. The maximum outstanding usage under our Canadian credit facility was $1.8 million during the thirteen weeks ended May 3, 2003. Interest rates charged under the Canadian credit facility were 5.0% as of May 3, 2003.

CASH FLOWS/CAPITAL EXPENDITURES

During the thirteen weeks ended May 3, 2003 and the thirteen weeks ended May 4, 2002, operating activities provided $20.5 million and $32.3 million in cash flow, respectively. During the thirteen weeks ended May 3, 2003, cash flows provided by operating activities decreased primarily as a result of lower operating earnings. In addition, during the thirteen weeks ended May 3, 2003, we have increased our inventory levels to support our sales. During the thirteen weeks ended May 4, 2002, we believe our comparable store sales decline was unfavorably impacted by low inventory levels.

Cash flows used in investing activities were $10.3 million and $12.4 million in the thirteen weeks ended May 3, 2003 and the thirteen weeks ended May 4, 2002, respectively. Cash flows used in investing activities primarily represented capital expenditures for new store openings and remodelings.

In the thirteen weeks ended May 3, 2003 and the thirteen weeks ended May 4, 2002, we opened 19 and 34 stores and remodeled 3 and 1 stores, respectively. Capital expenditures also include hardware and software to support our information systems initiatives, along with ongoing store, office and distribution equipment needs. We anticipate that total capital expenditures during fiscal 2003 will be approximately $25 million to $30 million. We plan to fund these capital expenditures primarily with cash on hand and cash flows from operations.

Cash flows provided by financing activities were $0.5 million during the thirteen weeks ended May 3, 2003 as compared to $1.1 million provided by financing activities in the thirteen weeks ended May 4, 2002. During the thirteen weeks ended May 3, 2003, cash flows provided by financing activities reflected borrowings under our Canadian credit facility and funds received from the exercise of employee stock options and employee stock purchases, partially offset by deferred financing fees. During the thirteen weeks ended May 4, 2002, cash flow provided by financing activities reflected funds received from the exercise of employee stock options and employee stock purchases.

During fiscal 2003, we anticipate opening approximately 50 stores and closing approximately 5 stores. We believe that cash on hand, cash generated from operations and funds available under our working capital facilities will be sufficient to fund our capital and other cash flow requirements for at least the next 12 months. In addition, we will consider additional sources of financing to fund our long-term growth, as necessary.

Our ability to meet our capital requirements will depend on our ability to generate cash from operations and successfully implement our strategic initiatives.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

None.

ITEM 4. CONTROLS AND PROCEDURES

During the 90-day period prior to the filing of this report, management, including the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, and as of the date of that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in the reports the Company files under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported as and when required. There have been no significant changes in the Company's internal controls or in other factors which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) NONE.

(b) REPORTS ON FORM 8-K

First Quarter 2003 Earnings Release, dated May 15, 2003.

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: June 13, 2003

By: /s/ Ezra Dabah

Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

Date: June 13, 2003

By: /s/ Seth L. Udasin

Vice President and
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATIONS

I, Ezra Dabah, 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 quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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-14 and 15d-14) for the registrant and we have:

(a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 13, 2003

By: /s/ Ezra Dabah

Chairman of the Board and
Chief Executive Officer

CERTIFICATIONS

I, Seth L. Udasin, 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 quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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-14 and 15d-14) for the registrant and we have:

(a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: June 13, 2003

By: /s/ Seth L. Udasin

Vice President and
Chief Financial Officer

CERTIFICATIONS

I, Ezra Dabah, Chairman and Chief Executive Officer of The Children's Place Retail Stores, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify as follows:

1. The quarterly report of the Company on Form 10-Q for the period ended May 3, 2003 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 13th day of June, 2003.

By: /s/ Ezra Dabah

Chairman of the Board and
Chief Executive Officer

I, Seth L. Udasin, Vice President and Chief Financial Officer of The Children's Place Retail Stores, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify as follows:

1. The quarterly report of the Company on Form 10-Q for the period ended May 3, 2003 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 13th day of June, 2003.

By: /s/ Seth L. Udasin

Vice President and
Chief Financial Officer