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 4, 2002

/ / 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 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 May 28, 2002: 26,468,031 shares.

THE CHILDREN'S PLACE RETAIL STORES, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE PERIOD ENDED MAY 4, 2002

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PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

THE CHILDREN'S PLACE RETAIL STORES, INC.

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

	MAY 4, 2002 (UNAUDITED)	FEBRUARY 2, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 66,204	$ 45,191
Accounts receivable	14,439	11,895
Inventories	49,772	59,095
Prepaid expenses and other current assets	14,448	11,997
Deferred income taxes	3,847	3,847
Total current assets	148,710	132,025
Property and equipment, net	149,889	144,657
Deferred income taxes	5,332	5,332
Other assets	813	835
Total assets	$ 304,744	$ 282,849
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Current liabilities:		
Revolving credit facility	$ 0	$ 0
Accounts payable	22,072	22,177
Taxes payable	9,231	6,195
Accrued expenses, interest and other current liabilities	28,613	26,311
Total current liabilities	59,916	54,683
Other long-term liabilities	11,512	11,160
Total liabilities	71,428	65,843
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, $0.10 par value; 100,000,000 shares authorized; 26,447,921 shares and 26,372,144 shares issued and outstanding, at May 4, 2002 and February 2, 2002, respectively	2,645	2,637
Additional paid-in capital	97,076	95,982
Translation adjustments	(12)	(12)
Retained earnings	133,607	118,399
Total stockholders' equity	233,316	217,006
Total liabilities and stockholders' equity	$ 304,744	$ 282,849

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

THE CHILDREN'S PLACE RETAIL STORES, INC.

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

THIRTEEN WEEKS ENDED ------------------
-------- MAY 4, 2002 MAY 5, 2001 ------
----- ----------- Net sales
....
$ 173,047 $ 160,461 Cost of sales
....
93,919 92,299 --------- --------- Gross
profit
....
79,128 68,162 Selling, general and
administrative expenses 46,373
41,252 Depreciation and amortization
.... 8,270 5,869 ------
--- --------- Operating income
....
24,485 21,041 Interest (income)
expense, net .... (246)
31 --------- --------- Income before
income taxes ....
24,731 21,010 Provision for income
taxes 9,523
8,192 --------- --------- Net income
....
$ 15,208 $ 12,818 ========= =========
Basic net income per common share
.... $ 0.58 $ 0.49 Basic
weighted average common shares
outstanding . 26,427 26,161 Diluted net
income per common share ....
$ 0.56 $ 0.48 Diluted weighted average
common shares outstanding 27,348 26,844

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

THE CHILDREN'S PLACE RETAIL STORES, INC.

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

THIRTEEN WEEKS ENDED -------------------------- MAY
4, 2002 MAY 5, 2001 ----------- ----------- CASH
FLOWS FROM OPERATING ACTIVITIES: Net income
....
$ 15,208 $ 12,818 Adjustments to reconcile net
income to net cash provided by operating
activities: Depreciation and amortization
.... 8,270 5,869 Deferred
financing fee amortization 15
16 Loss on disposals of property and equipment
.... 174 223 Deferred taxes
.... 0 129
Deferred rent
.... 568 452
Changes in operating assets and liabilities:
Accounts receivable
.... (2,544)
(4,047) Inventories
.... 9,323
19,701 Prepaid expenses and other current assets
.... (2,451) (920) Other assets
.... 7 299
Accounts payable
.... (105)
(8,470) Accrued expenses, interest and other
current liabilities 3,813 8,607 --------- ---------
Total adjustments

.... 17,070 21,859 -
-------- --------- Net cash provided by operating
activities .... 32,278 34,677 ----
----- --------- CASH FLOWS FROM INVESTING
ACTIVITIES: Property and equipment purchases
.... (12,368) (15,946) --
------- --------- Net cash used in investing
activities .... (12,368)
(15,946) --------- --------- CASH FLOWS FROM
FINANCING ACTIVITIES: Exercise of stock options and
employee stock purchases 1,103 647
Borrowings under revolving credit facility
.... 5,617 164,544 Repayments under
revolving credit facility ....
(5,617) (167,868) --------- --------- Net cash
provided by (used by) financing activities
.... 1,103 (2,677) --------- ---------
Effect of exchange rate on cash
.... 0 (2) --------- ---
------ Net increase in cash and cash equivalents
.... 21,013 16,052 Cash and cash
equivalents, beginning of period 45,191
8,141 --------- --------- Cash and cash
equivalents, end of period .... $
66,204 $ 24,193 ========= ========= OTHER CASH FLOW
INFORMATION: Cash paid during the period for
interest .... $ 21 $ 236 Cash
paid during the period for income taxes
.... 6,726 2,790

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

THE CHILDREN'S PLACE RETAIL STORES, INC.

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 2, 2002. These financial statements should be read in conjunction with the audited financial statements and footnotes for the fiscal year ended February 2, 2002 included in the Company's Annual Report on Form 10-K for the year ended February 2, 2002 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 4, 2002 and May 5, 2001 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 4, 2002 MAY 5,
2001 ----------- -
---------- Net
income (in
thousands) ......
$ 15,208 $ 12,818
===========
=========== Basic
shares
....
26,427,284

26,160,956
Dilutive effect of
stock options
921,034 683,352 --
--------- --------
--- Dilutive
shares
....
27,348,318
26,844,308
===========
===========
Antidilutive
options
....
134,477 258,733

Antidilutive options consist of the weighted average of stock options for the respective periods ended May 4, 2002 and May 5, 2001 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. 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.

4. CANADIAN ACQUISITION

On May 1, 2002, the Company acquired the leases for 23 stores and other assets from Au Coin des Petits/Young Canada, the children's division of Comark, Inc. The Company successfully negotiated to extend the terms of all the acquired leases to provide for full lease terms of approximately 10 years. The stores are based in regional malls located in the provinces of Ontario and Quebec. The Company will convert the acquired locations into The Children's Place stores and plans to reopen these stores in the third quarter of fiscal 2002. To facilitate this expansion, the Company has leased an approximately 30,000 square foot distribution center in Mississauga, Ontario. The Company also put in place a $10 million (Canadian Dollar) demand facility with Toronto Dominion Bank for its Canadian subsidiary that is secured by a standby letter of credit.

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 2, 2002. 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 2, 2002 FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

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 4, 2002	MAY 5, 2001
Net sales	100.0%	100.0%
Cost of sales	54.3	57.5
Gross profit	45.7	42.5
Selling, general and administrative expenses	26.8	25.7
Depreciation and amortization	4.8	3.7
Operating income	14.1	13.1
Interest (income) expense, net	(0.2)	--
Income before income taxes	14.3	13.1
Provision for income taxes	5.5	5.1
Net income	8.8%	8.0%
Number of stores, end of period	554	437

THIRTEEN WEEKS ENDED MAY 4, 2002 (THE "FIRST QUARTER 2002") COMPARED TO THIRTEEN WEEKS ENDED MAY 5, 2001 (THE "FIRST QUARTER 2001")

Net sales increased by $12.5 million, or 8%, to $173.0 million during the First Quarter 2002 from $160.5 million during the First Quarter 2001. During the First Quarter 2002, we opened 34 new stores. Net sales for the 34 new stores, as well as the other stores that did not qualify as comparable stores, contributed $28.8 million of our net sales increase. This net sales increase was partially offset by an 11% comparable store sales decline in the First Quarter 2002, which decreased our net sales by $16.3 million. Comparable store sales decreased 2% during the First Quarter 2001.

During the First Quarter 2002, our comparable store sales decline was primarily attributable to a slowdown in store traffic that was caused in part by the difficult economic climate. We believe that our comparable store sales decline was also unfavorably impacted by low inventory levels and a merchandise mix that was too heavily skewed to fashion merchandise.

Gross profit increased by $10.9 million to $79.1 million during the First Quarter 2002 from $68.2 million during the First Quarter 2001. As a percentage of net sales, gross profit increased 3.2% to 45.7% during the First Quarter 2002 from 42.5% during the First Quarter 2001. The increase in gross profit, as a percentage of net sales, was principally due to higher initial markups achieved

through lower product costs from our manufacturers, partially offset by higher occupancy costs. 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 $5.1 million to $46.4 million during the First Quarter 2002 from $41.3 million during the First Quarter 2001. Selling, general and administrative expenses were 26.8% of net sales during the First Quarter 2002, as compared with 25.7% during the First Quarter 2002. The increase, as a percentage of net sales, was primarily due to higher store payroll, marketing and medical benefit costs, partially offset by lower incentive payouts and pre-opening expenses. Store payroll, as a percentage of net sales, was unfavorably impacted by our comparable store sales decline. Marketing costs, as a percentage of net sales, were higher due to increased efforts to promote The Children's Place brand and generate sales.

Depreciation and amortization amounted to $8.3 million, or 4.8% of net sales, during the First Quarter 2002, as compared to $5.9 million, or 3.7% of net sales, during the First Quarter 2001. The increase in depreciation and amortization primarily was a result of increases to our store base, depreciation on our E-commerce assets and increased software amortization. During the First Quarter 2001, no depreciation expense was recorded on our E-commerce assets as our website was temporarily closed to improve its operational efficiency.

During the First Quarter 2002, we recorded net interest income of $0.2 million, or 0.2% of net sales, due to our net cash investment position. During the First Quarter 2002, we had no borrowings under our working capital facility other than letters of credit.

Our provision for income taxes for the First Quarter 2002 increased to $9.5 million, from an $8.2 million provision for income taxes during the First Quarter 2001, due to our increased profitability. Our effective tax rate was 38.5% and 39.0% during the First Quarter 2002 and the First Quarter 2001, respectively.

We recorded net income of $15.2 million and $12.8 million during the First Quarter 2002 and the First Quarter 2001, respectively.

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 flows from operations and seasonal borrowings under our working capital facility. As of May 4, 2002, we had no long-term debt obligations.

Our working capital facility provides for borrowings up to $75 million (including a sublimit for letters of credit of $60 million). As of May 4, 2002, we had no borrowings under our working capital facility and had outstanding letters of credit of $12.4 million. Availability under our working capital facility was $46.4 million. During the First Quarter 2002, we had no borrowings under our working capital facility other than letters of credit. The maximum outstanding letter of credit usage under our working capital facility during the thirteen weeks ended May 4, 2002 was $13.5 million. As of May 4, 2002, we were in compliance with all of our covenants under our working capital facility.

We are in the process of amending our working capital facility to provide for direct borrowings of our Canadian subsidiary. We have also put in place a $10 million (Canadian dollar) demand facility with Toronto Dominion Bank for our Canadian subsidiary that is secured by a stand by letter of credit.

CASH FLOWS/CAPITAL EXPENDITURES

During the thirteen weeks ended May 4, 2002, operating activities provided $32.3 million in cash flow as compared to $34.7 million in cash flow provided by operating activities during the thirteen weeks ended May 5, 2001. During the thirteen weeks ended May 4, 2002, cash flows provided by operating activities decreased primarily as a result of a smaller seasonal reduction in inventory resulting from management initiatives to increase store inventory levels, partially offset by increased cash generated from operations and increases in our current liabilities. During the Second Quarter of 2002, we plan to increase our store inventory levels to better support our sales plan.

Cash flows used in investing activities were $12.4 million and $15.9 million in the thirteen weeks ended May 4, 2002 and the thirteen weeks ended May 5, 2001, respectively. During the thirteen weeks ended May 4, 2002 and the thirteen weeks ended May 5, 2001, cash flows used in investing activities primarily represented capital expenditures for new store openings and remodelings. The decrease in

cash flows used in investing activities during the thirteen weeks ended May 4, 2002, was primarily due to the timing of capital expenditures made for our new store openings, remodelings and various equipment needs.

In the thirteen weeks ended May 4, 2002 and the thirteen weeks ended May 5, 2001, we opened 34 and 37 stores, respectively. In the thirteen weeks ended May 4, 2002 and the thirteen weeks ended May 5, 2001, we remodeled 1 and 6 stores, respectively. During fiscal 2002, we plan to open a total of approximately 130 stores, remodel 6 stores and convert 7 stores to our combo format. Capital expenditures will also include hardware and software to support our information systems initiatives, along with ongoing store, office and distribution equipment needs. In addition, we have leased an approximately 30,000 square foot distribution center in Mississauga, Ontario to support our Canadian operations. We anticipate that total capital expenditures during fiscal 2002 will approximate $50 to $60 million, including our expansion into Canada. We plan to fund these capital expenditures primarily with cash flows from operations.

Cash flows provided by financing activities were $1.1 million during the thirteen weeks ended May 4, 2002 as compared to $2.7 million used by financing activities in the thirteen weeks ended May 5, 2001. During the thirteen weeks ended May 4, 2002, cash flows provided by financing activities reflected funds received from the exercise of employee stock options and employee stock purchases. During the thirteen weeks ended May 5, 2001, cash flow used by financing activities reflected net repayments under our working capital facility, partially offset by funds received from the exercise of employee stock options and employee stock purchases.

We believe that cash on hand, cash generated from operations and funds available under our working capital facility will be sufficient to fund our capital and other cash flow requirements for at least the next 12 months. In addition, as we continue our store expansion program we will consider additional sources of financing to fund our long-term growth.

Our ability to meet our capital requirements will depend on our ability to generate cash from operations and successfully implement our store expansion plans.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS
(Not applicable).

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) EXHIBITS

EXHIBIT NO.	DESCRIPTION OF DOCUMENT
10.1	Agreement as of May 23, 2002 between the Company and Toronto-Dominion Bank for a Demand Facility.

(b) REPORTS ON FORM 8-K

None.

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: May 31, 2002

By: /s/ Ezra Dabah
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

Date: May 31, 2002

By: /s/ Seth L. Udasin
Vice President and

Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 10.1

AGREEMENT AS OF MAY 23, 2002
BETWEEN THE COMPANY AND TORONTO-DOMINION BANK
FOR A DEMAND FACILITY

May 29, 2002

(416) 982-7770
Fax: (416) 982-6076

The Children's Place (Canada) LP
c/o 915 Secaucus Road
Secaucus, New Jersey
U.S.A., 07094

Attention: Seth Udasin, Chief Financial Officer
Adrienne Urban, Director of Treasury Operations

Dear Sir/Madam:

We are pleased to offer the Borrower the following Demand Facility (the "Facility"), subject to the terms and conditions outlined below.

BORROWER:	The Children's Place (Canada) LP (herein called the "Borrower")
LENDER:	The Toronto-Dominion Bank (the "Bank"), through its Toronto Dominion Centre branch, in Toronto, Ontario.
CREDIT LIMIT:	Amounts outstanding under the Facility will at all times be no greater than CDN$7,000,000.
BORROWING OPTIONS:	The facility is available at the Borrower's option by way of: - Prime Rate Based Loans in CDN$ ("Prime Based Loans") - Letters of Credit in CDN$ or USD$ ("L/Cs") - Stand-By Letters of Guarantee in CDN$ ("L/Gs") - L/Cs are to be issued to a maximum of 180 days - Standby L/Gs are to be issued for a maximum of 1 year
ANCILLARY FACILITY:	Rapidwire in the amount of $3,000,000 CAD
PURPOSE:	The facility is to be used to fund working capital needs.
DRAWDOWN:	The facility is available on a revolving basis. Notice periods, minimum amounts of draws, interest periods, and other similar details are set out in the Schedule "A" attached hereto.
REPAYMENT:	On demand. If the Bank demands repayment, the Borrower will pay to the Bank all amounts outstanding under the Facilities, including without limitation, the amount of all drawn and undrawn L/Gs and L/Cs.
INTEREST RATES AND FEES:	For the Borrowing Options available, advances shall bear interest and fees are as follows: - Prime Based Loans - Prime Rate + 0% per annum - L/Gs - 1.50% per annum - L/Cs- Standard rates are to apply Information on Interest Rate Definitions, Interest Calculations and Payment is set out in the Schedule "A" attached hereto.
APPLICATION FEE:	$25,000 CAD

ANNUAL RENEWAL FEE:	$5,000 CAD to be collected annually
SECURITY:	The following security shall be provided, shall support all present and future indebtedness and liability of the Borrower to the Bank including without limitation indebtedness and liability under guarantees, foreign exchange contracts, cash management products, and derivative contracts, and shall be on the Bank's standard form, supported by resolutions and solicitor's opinion, all acceptable to the Bank: a) Standby Letter of Credit in the amount of $10,000,000 CAD$ in favour of the Toronto Dominion Bank (available on sight) issued by a Bank acceptable to the Toronto Dominion Bank. b) Indemnity Agreement to be provided for each issued L/C and or L/G issued by the Bank. All of the above security and guarantees shall be referred to collectively in this Agreement as "Bank Security."
REPORTING REQUIREMENTS:	The Borrower agrees to provide: a) Annual accountant prepared or internally prepared unconsolidated financial statements for the Canadian operating entity to be provided within 120 days of fiscal year end; b) Annual consolidated financial statements for the U.S. parent (The Children's Place Retail Stores Inc.) to be provided within 120 days of each fiscal year end.
DISBURSEMENT CONDITIONS:	The Facility will not be available until the following have been provided to the Bank's satisfaction: 1. All of the Bank Security and supporting resolutions
PERMITTED LIENS:	Section 5 b) i) as referred to in Schedule "A" is not applicable.
AVAILABILITY OF THE FACILITY:	The Facility is uncommitted and is not automatically available upon satisfaction of the terms and conditions, including without limitation the financial tests set out herein. The Bank can demand repayment and cancel the availability of the Facility at any time.
SCHEDULE "A" TERMS AND CONDITIONS:	Schedule "A" sets out the Standard Terms and Conditions ("Standard Terms and Conditions") which are applicable to the Borrower and which apply to this Facility. The Standard Terms and Conditions, including the defined terms set out therein, form part of this Agreement, unless this letter states specifically that one or more of the Standard Terms and Conditions do not apply or are modified.

We trust you will find these facilities helpful in meeting your ongoing financing requirements. We ask that you acknowledge this offer of financing (which includes the Standard Terms and Conditions) by signing and returning the attached duplicate copy of this agreement to the undersigned by May 10, 2002.

Yours truly,

THE TORONTO-DOMINION BANK:

- --------------------- ------- ----------------------- -------

PAUL KEAST Signing VALERIE SZPIECH Signing

Relationship Manager No. AVP Credit No.

THE TORONTO-DOMINION BANK:

The Borrower hereby acknowledges and accepts the Terms and Conditions of this Agreement, including the attached Schedule "A".

Borrower's authorized officers or representatives:

/s/ Seth L. Udasin
- --
President

/s/ Steven Balasiano
- --
Secretary

SCHEDULE A
STANDARD TERMS AND CONDITIONS

1. DEFINITIONS
Capitalized Terms used in this Agreement shall have the following meanings:

"All-In Rate" means the greater of the Interest Rate that the Borrower pays for Prime Based Loans (which for greater certainty includes the percent per annum added to the Prime Rate).

"Business Day" means any day (other than a Saturday or Sunday) that the Branch/Centre is open for business.

"Business Plan/Forecast" means, for any fiscal year, a business plan and financial forecast in respect of the Borrower's business for such fiscal year, in form acceptable to the Bank and certified by the Borrower's senior officer or authorized representative.

"Branch/Centre" means the Bank branch or banking centre noted on the first page of the Letter, or such other branch or centre as may from time to time be designated by the Bank.

"Inventory Value" means, at the time of determination, the total value (based on the lower of cost or market) of the Borrower's inventories that are subject to the Bank Security (other than i) those inventories supplied by trade creditors who at that time have not been fully paid therefor and would have a right to repossess all or part of such inventories if the Borrower were then either bankrupt or in receivership, (ii) those inventories comprising work in process and (iii) those inventories that the Bank may from time to time designate in its sole discretion) minus the total amount of any claims, liens or encumbrances on those inventories having or purporting to have priority over the Bank.

"Face Amount" means, in respect of:
i) a B/A, the amount payable to the holder thereof on its maturity;
ii) a L/C or L/G, the maximum amount payable to the beneficiary specified therein or any other person to whom payments may be required to be made pursuant to such L/C or L/G.

"Letter" means the letter from the Bank to the Borrower to which this Schedule "A" - Standard Terms and Conditions is attached.

"Letter of Credit" or "L/C" means, unless specifically limited elsewhere in this Agreement, a documentary letter of credit or similar instrument in form and substance satisfactory to the Bank.

"Letter of Guarantee" or "L/G" means, unless specifically limited elsewhere in this Agreement, a stand-by letter of guarantee or similar instrument in form and substance satisfactory to the Bank.

"Purchase Money Security Interest" means a security interest on an asset which is granted to a lender or to the seller of such asset in order to secure the purchase price of such asset or a loan incurred to acquire such asset, provided that the amount secured by the security interest does not exceed the cost of the asset and provided that the Borrower provides written notice to the Bank prior to the creation of the security interest.

"Receivable Value" means, at any time of determination, the total value of those of the Borrower's trade accounts receivable that are subject to the Bank Security other than i) those accounts then outstanding for 90 days, (ii) those accounts owing by persons, firms or corporations affiliated with the Borrower, (iii) those accounts that the Bank may from time to time designate in its sole discretion, (iv) those accounts subject to any claim, liens, or encumbrance having or purporting to have priority over the Bank, (v) those accounts which are subject to a claim of set-off by the obligor under such account, MINUS the amount of all the Borrower's unremitted source deductions and unpaid taxes.

"Receivables/Inventory Summary" means a summary of the Customer's trade account receivables and inventories, in form as the Bank may require and certified by the Borrower's senior officer or authorized representative.

"US$ Equivalent" means, on any date, the equivalent amount in United States Dollars after giving effect to a conversion of a specified amount of Canadian Dollars to United States Dollars at the Bank's noon spot rate of exchange.

2. INTEREST RATE DEFINITIONS
Prime Rate means the rate of interest per annum (based on a 365/366 day year) established and reported by the Bank to the Bank of Canada from time to time as the reference rate of interest for determination of interest rates that the Bank charges to customers of varying degrees of creditworthiness in Canada for Canadian dollar loans made by it in Canada.

The Stamping Fee rate per annum is based on a 365/366 day year and the Stamping Fee is calculated on the face amount of each B/A presented to the Bank for acceptance.

LIBOR means the rate of interest per annum (based on a 360 day year) as determined by the Bank (rounded upwards, if necessary to the nearest whole multiple of 1/16th of 1%) at which the Bank may make available United States dollars which are obtained by the Bank in the Interbank Euro Currency Market, London, England at approximately 11:00 a.m. (Toronto time) on the second Business Day before the first day of, and in an amount similar to, and for the period similar to the interest period of, such advance.

USBR means the rate of interest per annum (based on a 365/366 day year) established by the Bank from time to time as the reference rate of interest for the determination of interest rates that the Bank charges to customers of varying degrees of creditworthiness for US dollar loans made by it in Canada.

Any interest rate based on a period less than a year expressed as an annual rate for the purposes of the Interest Act (Canada) is equivalent to such determined rate multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the period upon which it was based.

3. INTEREST CALCULATION AND PAYMENT
Interest on Prime Based Loans, and USBR Loans is calculated daily and payable monthly in arrears based on the number of days the subject loan is outstanding.

The Stamping Fee is calculated based on the face amount and the term of the B/A and is payable upon acceptance by the Bank of the B/A. The net proceeds received by the borrower on a B/A advance will be equal to the face amount of the B/A discounted at the Bank's then prevailing B/A discount rate for the specified term of the B/A less the B/A Stamping Fee.

Interest on LIBOR Loans is calculated and payable on the earlier of contract maturity or quarterly in arrears, for the number of days in the LIBOR interest period.

L/C and L/G fees are payable at the time of issuance of the L/C or L/G.

Interest is payable both before and after maturity or demand, default and judgment. Each payment under this Agreement shall be applied to any indebtedness or amounts owing in any order at the sole discretion of the Bank.

All overdue amounts of principal and interest shall bear interest from the date on which the same became due until the date of payment at the All-In Rate plus 2% per annum.

4. DRAWDOWN PROVISIONS

PRIME BASED AND USBR LOANS
There is no minimum amount of drawdown by way of Prime Based Loans and USBR Loans, except as stated in this Agreement. The Borrower shall provide the Bank

with 3 Business Days' notice of a requested Prime Based Loan over $1,000,000.

B/As
The Borrower shall advise the Bank of the requested term or maturity date for B/As issued hereunder. The Bank shall have the discretion to restrict the term or maturity dates of B/As. The minimum amount of a drawdown by way of B/As is $500,000 and in multiples of $100,000 thereafter. The Borrower shall provide the Bank with 3 Business Days' notice of a requested B/A drawdown.

LIBOR
The Borrower shall advise the Bank of the requested LIBOR contract maturity or interest period. The Bank shall have the discretion to restrict the LIBOR contract maturity. The minimum amount of a drawdown by way of a LIBOR Loan is $1,000,000, and shall be in multiples of $100,000 thereafter. The Borrower will provide the Bank with 3 Business Days' notice of a requested LIBOR Loan.

L/C AND/OR L/G
The Bank shall have the discretion to restrict the maturity date of L/Gs or L/Cs.

B/A - PRIME CONVERSION
The Borrower will provide the Bank with at least 3 Business Days notice of the Borrower's intention either to convert a B/A to a Prime Based Loan or vice versa, failing which, the Bank may decline to accept such additional B/As or may charge interest on the amount of Prime Based Loans resulting from maturity of B/As at the rate of 115% of the rate applicable to Prime Based Loans for the 3 day period immediately following such maturity. Thereafter, the rate shall revert to the rate applicable to Prime Based Loans.

5 . OTHER REQUIREMENTS
In addition to all of the other obligations in this Agreement
a) The Borrower will:
- i) pay all amounts outstanding to the Bank when due or demanded,
- ii) maintain the Borrower's existence as a sole proprietorship, corporation, partnership, or limited partnership as the case may be, and keep all material agreements, rights, franchises, licences, operations, contracts or other arrangements in full force and effect,
- ii) pay all taxes,
- iv) maintain the Borrower's property, plant and equipment in good repair and working condition,
- v) continue to carry on the business now being carried on by the Borrower,
- vi) maintain adequate insurance on all of the Borrower's assets, undertakings, and business risks, and
- vii) permit the Bank and its authorized representatives reasonable access to the Borrower's premises, business, financial and computer records pertinent to this Agreement, and allow the duplication or extraction of pertinent information therefrom.

b) The Borrower will not:
- i) create, incur, assume, or suffer to exist, any mortgage, deed of trust, pledge, lien, security interest, assignment, charge, or encumbrance (including without limitation, any conditional sale, or other title retention agreement, or finance lease) of any nature, upon or with respect to any of the borrower's property, now owned or hereafter acquired except for those Permitted Liens set out in the Letter.
- ii) merge or amalgamate with any other entity or permit any change of ownership or change the Borrower's capital structure,
- iii) sell, lease, assign, or otherwise dispose of all or substantially all of the Borrower's assets, except to the Borrower's parent company, or to its wholly-owned subsidiaries or affiliates.

6. ADDITIONAL INFORMATION AND SECURITY
The Borrower will provide, or cause to be provided, whatever reasonable information, pertinent to this Agreement, the Bank may request from time to time.

7. CURRENCY INDEMNITY
US$ loans must be repaid with US$ and CDN$ loans must be repaid with CDN$ and the Borrower shall indemnify the Bank for any loss suffered by the Bank if US$ loans are repaid with CDN$ or vice versa, whether such payment is made pursuant to an order of a court or otherwise.

8. TAXATION ON PAYMENTS
All payments made by the Borrower to the Bank will be made free and clear of all present and future taxes (excluding the Bank's income taxes), withholdings or deductions of whatever nature. If these taxes, withholdings or deductions are required by applicable law and are made, The Borrower shall, as a separate and independent obligation, pay to the Bank all additional amounts as shall fully indemnify the Bank from any such taxes, withholdings or deductions.

9. ENVIRONMENTAL REPRESENTATION AND UNDERTAKINGS
The Borrower represents, warrants and covenants (which representation, warranty and covenant shall continue each day hereafter) that the Borrower's property and business is being operated in compliance with applicable environmental, health and safety laws and regulations and that there are no judicial or administrative proceedings in respect thereto.

The Borrower will defend, indemnify and hold harmless the Bank, its officers, directors, employees, agents and shareholders, against all loss, costs, claims, damages and expenses (including legal, audit and inspection expenses) which may be suffered or incurred in connection with the breach of this environmental representation, warranty and covenant and against environmental damage occasioned by the Borrower's activities or by contamination of or from any of the Borrower"s property.

10. REPRESENTATION
No representation or warranty or other statement made by the Bank concerning any of the credit facilities shall be binding on the Bank unless made by it in writing as a specific amendment to this letter.

11. BANK MAY CHANGE AGREEMENT

The Bank is not required to notify a Guarantor of any change in the Agreement, including without limitation, any increase in the Credit Limit, Overdraft Limit or Loan Amount. If more than one person signs this Agreement, communication with any one of one party will serve as notice to all.

12. METHOD OF COMMUNICATION
Either party may communicate with the other by ordinary, uninsured mail or other means, including hand delivery, confirmed facsimile transmission, or by a reputable nationally recognized courier service. Mailed information is deemed to be received by the receiving party five days after mailing. Delivered information is deemed to be received when delivered or left at the receiving party's address. Messages sent by facsimile are deemed to be received when the receiving party receives a fax confirmation.

13. EXPENSES
The Borrower shall pay, within 5 Business Days following notification and receipt of appropriate backup documentation, all reasonable out-of-pocket fees and expenses (including but not limited to all reasonable out-of-pocket legal fees and expenses) incurred by the Bank in connection with the preparation, registration and ongoing administration of this Agreement and the Bank Security and with the enforcement of the Bank's rights and remedies under this Agreement or the Bank Security. These fees and expenses shall include, but not be limited to, all outside counsel fees and expenses and all in-house legal fees and expenses, if in-house counsel are used, and all outside professional advisory fees and expenses. The Borrower shall pay interest on unpaid amounts due pursuant to this paragraph, if such amount remains unpaid five (5) days past the Borrower's receipt of notice that same is past due, at the All-In Rate plus 2% per annum.

14. NON WAIVER
Any failure by the Bank to object to or take action with respect to a breach of this Agreement or any Bank Security shall not constitute a waiver of the Bank's right to take action at a later date on that breach. No course of conduct by the Bank will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement and the security or the Bank's right's thereunder.

15. EVIDENCE OF INDEBTEDNESS
The Bank shall record on its records the amount of all advances made hereunder, payments made in respect thereto, and all other amounts becoming due to the Bank under this Agreement. The Bank's records constitute, in the absence of manifest error, conclusive evidence of the Borrower's indebtedness to the Bank pursuant to this Agreement.

The Borrower will sign an Indemnity Agreement for all L/Cs and L/Gs issued by the Bank.

16. ENTIRE AGREEMENTS
This Agreement replaces any previous letter agreements dealing specifically with the Facility. Agreements relating to other credit facilities made available by the Bank continue to apply for those other credit facilities.

17. ASSIGNMENT
The Bank may assign or grant participation in all or part of this Agreement or in any loan made hereunder without notice to and without the Borrower's consent. The Borrower may not assign or transfer all or any part of the Borrower's rights or obligations under this Agreement, except to the parent or wholly owned subsidiaries.

18. RELEASE OF INFORMATION
The Borrower hereby irrevocably authorizes and direct the Borrower's accountant and/or auditor, (the "Accountant") to deliver all financial statements and other financial information concerning the Borrower to the Bank and agree that the Bank and the Accountant may communicate directly with each other.

19. USE OF INFORMATION
The word "Information" means the Borrower's business and credit information and

the Guarantor's business and credit information. It includes information provided to the Bank by the Borrower, including through the products and services the Borrower uses, and information obtained from others.

The Borrower (and the Guarantor) agree to the use of its information as follows:
i) Use of information - The Bank may use information to establish and serve the Borrower as its customer, determine whether any products or services of the TD Bank Financial Group are suitable for the Borrower and offer them to the Borrower, or when required or permitted by law. The Bank may share information within the TD Bank Financial Group where permitted by law;
(ii) Collection and Use of Credit Information - THE BANK MAY OBTAIN INFORMATION FROM PARTIES OUTSIDE THE TD BANK FINANCIAL GROUP, INCLUDING THROUGH A CREDIT CHECK, AND VERIFY INFORMATION WITH THEM. THE BORROWER AND THE GUARANTOR AUTHORIZE THOSE PARTIES TO GIVE THE BANK INFORMATION.

The Borrower and the Guarantor may obtain the privacy code - "Protecting Your Privacy" - or review its options for refusing or withdrawing this consent, including its option not to be contacted about offers of products or services, by contacting the Branch or calling the Bank at 1-800-9TD BANK.

* The TD Bank Financial Group means The Toronto-Dominion Bank and its subsidiaries and affiliates providing deposit, investment, loan, securities, trust, insurance and other products or services.

20. SET-OFF
In addition to and not in limitation of any rights now or hereafter granted under applicable law, the Bank may at any time and from time to time upon prior notice to the Borrower, set-off and compensate and apply any and all deposits, general or special, time or demand, provisional or final, matured or unmatured, in any currency, and any other indebtedness at any time owing by the Bank, to or for the Borrower's credit or the Borrower's account against and on account of the indebtedness and liability under this Agreement notwithstanding that any of them are contingent or unmatured or in a different currency than the indebtedness and liability under this Agreement.

When applying a deposit in a different currency than the indebtedness under this Agreement to the indebtedness under this Agreement, the Bank will convert the deposit to the currency of the indebtedness under this Agreement using the Bank's noon spot rate of exchange for the conversion of such currency.

21. MISCELLANEOUS
i) The Borrower has received a signed copy of this Agreement;
ii) If more than one person, firm or corporation signs this Agreement as the Borrower, the Bank may require payment of all amounts payable under this Agreement for any one of them, or a portion from each, but the Bank is released from any of its obligations by performing that obligation to any one of them
iii) Accounting terms will (to the extent not defined in this Agreement) be interpreted in accordance with accounting principles established from time to time by the Canadian Institute of Chartered Accountants (or any successor) consistently applied, and all financial statements and information provided to the Bank will be prepared in accordance with those principles;
iv) This Agreement is governed by the law of the Province or Territory where the Branch/Centre is located.
v) Unless otherwise indicated, all amounts in this Agreement are in Canadian dollar.