

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported):  
December 6, 2007

THE CHILDREN'S PLACE RETAIL STORES, INC.  
(Exact Name of Registrants as Specified in Their Charters)

Delaware  
(State or Other Jurisdiction of Incorporation)

0-23071  
(Commission File Number)

31-1241495  
(IRS Employer Identification No.)

915 Secaucus Road, Secaucus, New Jersey  
(Address of Principal Executive Offices)

07094  
(Zip Code)

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

Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

(c)

As previously reported in the Company's Form 8-K filed with the Securities and Exchange Commission (the "Commission") on November 21, 2007, Richard Paradise, 45 (previously the Company's Senior Vice President, Finance) became the Company's Chief Financial Officer and principal accounting officer effective December 6, 2007. Mr. Paradise's annual base salary is \$360,000 and based on the Company's performance to profit goals his targeted bonus is 40% of his base salary. In addition to benefits that are generally available to all of the Company's employees, Mr. Paradise's offer letter provides that in the event he terminates his employment for good reason, his employment is terminated without cause, or he terminates his employment within one year after the occurrence of a change in control, the Company will pay him an amount equal to six months of his base salary, less applicable taxes.

In addition on December 10, 2007, Mr. Paradise was granted a deferred stock award of 20,000 shares of the Company's common stock under the Company's amended and restated 2005 Equity Incentive Plan (the "2005 Plan"). Twenty five percent of the shares will vest on each of the first four anniversaries of date of grant, subject to accelerated vesting upon his termination of employment. Mr. Paradise is also participating in the Company's new long-term equity incentive program and has executed a change in control agreement both of which are described in more detail below.

Mr. Paradise joins the Company with more than 20 years of finance experience. He most recently served at American Standard Companies, Inc. as Vice President and Chief Financial Officer of the Bath & Kitchen division from 2005 to 2007, and prior to that as Corporate Vice President & Controller from 2002 to 2005. Previously, Mr. Paradise held a number of senior financial positions with AlliedSignal Inc. (currently Honeywell International Inc.) including Director of Six Sigma and Credit & Collections; Manager of Financial Business Services; and Manager of Internal Reporting for EMS, a division of AlliedSignal. He began his career as an auditor with Price Waterhouse. Mr. Paradise earned his Bachelor of Arts from Rutgers College, holds an MBA from Rutgers Graduate School of Management, and is a Certified Public Accountant.

A copy of Mr. Paradise's offer letter, dated October 19, 2007, is attached hereto as Exhibit 99.1

(e)

As discussed in the Company's annual report on Form 10-K for the year ended February 3, 2007, because the Company has not been current in its SEC filings since September 2006, its ability to effectively address compensation matters impacting its executive officers and other key employees has been adversely affected. In particular, the Company has not made its customary annual equity compensation grants since the spring of 2005. In addition, over the past year the Company has faced several additional challenges that have impacted its ability to retain and motivate its employees.

Accordingly, the Board has recently approved a comprehensive strategy to address the retention and appropriate compensation of the Company's executive officers and other key employees, other than the Company's interim Chief Executive Officer. Based on recommendations from Frederick W. Cook & Co., Inc., a nationally recognized compensation consulting firm, and management, the Board's compensation committee (the "Compensation Committee") recommended certain compensation arrangements designed to retain the Company's executive officers and other key employees, as well as to address our objective of maintaining competitive compensation programs. As part of this comprehensive strategy, the Board recently adopted several new compensation arrangements for the Company's executive officers and other key employees. Those arrangements in which our executive officers are participating are described below.

## **Cash Retention**

The Board has adopted a cash retention incentive award for the Company's named executive officers, other than its interim Chief Executive Officer (the "Cash Retention Incentive Award"). The award is contingent upon the executive's continued employment through June 30, 2008, unless such executive's employment is terminated in connection with a change in control. Pursuant to the Cash Retention Incentive Award, Neal Goldberg shall receive \$357,500, Tara Poseley shall receive \$322,500, Susan Riley shall receive \$262,500, Richard Flaks shall receive \$245,250 and Mark Rose shall receive \$218,000.

## **Long-Term Equity Incentive Program**

The Company's current long-term equity incentive program expires at the end fiscal 2007 and the Company currently expects that the minimum earnings per share level in fiscal 2007 will not be met and that no performance shares will be issued in connection with previous awards under the performance share program. The Board has adopted a new long term equity incentive program for the Company's executive officers and certain other key employees (the "2008 LTIP"). Pursuant to the 2008 LTIP, on December 10, 2007, the executive officers received an equal number of deferred stock awards and performance share awards to be issued pursuant to the terms of the 2005 Plan.

### *Deferred Stock Award*

The deferred stock awards shall vest one-third on December 10, 2008, December 10, 2009 and December 10, 2010, respectively. So long as the executive officer continues to be employed, the vested shares will be delivered to the executive officer on each vesting date, subject to income tax withholding. In addition, in the event the awards are not assumed in connection with a change in control, 50% of the outstanding awards will vest if the change in control occurs by December 10, 2008, 75% would vest if the change in control occurs between December 10, 2008 and June 10, 2009 and 100% would vest if the change in control occurs after June 10, 2009. The deferred stock award shall be evidenced by an agreement executed by the Company and by each of the executive officers. A form of such agreement is attached hereto as Exhibit 99.2.

### *Performance Share Award*

Pursuant to Section 16 of the 2005 Plan, the Compensation Committee shall determine the performance criteria for the performance share awards no later than 90 days after the beginning of the Company's 2008 fiscal year. Performance criteria will be set for each of fiscal years 2008, 2009 and 2010, and for the three-year cycle as a whole.

At the end of each fiscal year, the Compensation Committee will measure actual results against the stated criteria for that fiscal year (at the end of FY 2008, year one performance would be evaluated; at the end of FY 2009, year two performance would be evaluated, etc.). For each fiscal year, up to one-third of the target award may be deemed earned and "banked" for payment at the end of the three-year cycle. If actual performance in any fiscal year would generate a payment in excess of one-third of the target awards, the excess number of shares will be set aside and only paid at the end of the three-year cycle if the threshold performance for the entire three-year cycle is achieved. In addition, if the award does not continue after a change in control, a pro rata portion of the awards that have not previously vested will vest upon such change of control.

The maximum number of shares that any individual shall receive is 200% of such individual's target award. The performance share awards shall be evidenced by an agreement executed by the Company and by each of the executive officers. A form of such agreement is attached hereto as Exhibit 99.3.

Pursuant to the 2008 LTIP the Company's following executive officers shall receive the number of deferred stock awards and performance share awards listed in the following table.

<b>Name</b>	<b>Number of Shares of Deferred Stock</b>	<b>Target Number of Performance Shares</b>
Neal Goldberg	35,709	35,708
Tara Poseley	32,213	32,212
Susan Riley	26,220	26,219
Richard Flaks	16,331	16,331
Mark Rose	14,517	14,516
Richard Paradise	11,986	11,986

#### **Change in Control Arrangements**

The Board approved that the Company enter into change the Company's in control agreements with the Company's executive officers and other key employees, other than the Company's interim Chief Executive Officer and President. Pursuant to these change in control agreements, the executive officers shall receive severance benefits upon a termination without cause or by the executive for good reason within two years following a change in control (the separation after a change in control a "Triggering Event"). The agreements are for two years and then automatically renews for one year terms thereafter, unless the Company provides 90 days' notice of its intent to terminate the agreement. Upon a Triggering Event, Ms. Poseley and Ms. Riley are entitled to receive a lump sum severance payment equal to two times the sum of their respective base salary and target bonus, and Mr. Flaks, Mr. Rose and Mr. Paradise are entitled to receive a lump sum severance payment equal to one and one-half times the sum of their respective base salary and target bonus. In addition, in the event severance benefits are payable, and the equity awards held by an individual are not otherwise accelerated, then 50% of all outstanding equity awards would vest, if the change in control occurs by December 10, 2008, 75% would vest if the change in control occurs between December 10, 2008 and June 10, 2009 and 100% would vest if the change in control occurs after June 10, 2009. The Company agreements also provide for a "modified gross-up" of the "golden parachute" excise tax imposed by Section 4999 of the Internal Revenue Code, pursuant to which the executive's benefits will be "cut back" to \$1 below the golden parachute threshold if payments contingent upon the change in control are not at least 15% higher than the threshold that triggers the excise tax, and otherwise the excise tax (if any) will be grossed-up such that the executive's after-tax position will be the same as if the excise tax did not apply.

As partial consideration of entering into the change in control agreement, Ms. Poseley agreed to amend her employment agreement to remove the provision that states that Ezra Dabah ceasing to hold the position of Chief Executive Officer (“CEO”) of the Company constitutes “good reason” for her to terminate her employment and that such provision was not triggered when Mr. Dabah resigned as CEO in September. In addition, Ms. Poseley and Ms. Riley each agreed to amend their employment agreements to remove the change in control provision in each of their employment agreements. A form of the change in control agreement is attached hereto as Exhibit 99.4.

### **Equity Award Commitments**

The Compensation Committee granted equity awards that the Company previously promised to certain key employees in connection with their hiring or promotion, including 33,294 shares of restricted stock promised to Charles Crovitz in connection with his being appointed interim Chief Executive Officer, 15,000 shares of restricted stock promised to Ms. Riley in connection with her promotion to Executive Vice President in the spring of 2007 and a deferred stock award of 20,000 shares to Mr. Paradise in connection with his hiring. All of these grants of equity shall be evidenced by an agreement executed by the Company and by each of the executive officers.

### **Item 7.01 Regulation FD Disclosure**

On December 5, 2007, the Company issued a press release containing its sales results for the four-week period ended December 1, 2007.

A copy of this press release is included as Exhibit 99.5 hereto.

### **Item 9.01 Financial Statement and Exhibits.**

(d) Exhibits.

Exhibit 99.1	Offer Letter, dated October 19, 2007, with Richard Paradise
Exhibit 99.2	Form of Deferred Stock Award Agreement
Exhibit 99.3	Form of Performance Share Award Agreement
Exhibit 99.4	Form of Change in Control Agreement
Exhibit 99.5	Press Release dated December 5, 2007 (regarding sales results).

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 hereunto duly authorized.

Date: December 12, 2007

THE CHILDREN'S PLACE RETAIL STORES, INC.

By: /s/ Susan Riley

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Name: Susan Riley  
Title: Executive Vice President,  
Finance and Administration

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October 19, 2007

Richard Paradise  
8 Petti Lane  
Edison, NJ 08820

Dear Richard:

On behalf of The Children's Place it is my pleasure to confirm our offer of employment for the position, Senior Vice President, Finance reporting to Susan Riley, Executive Vice President, Finance & Administration. Your offer of employment is contingent upon the successful completion of your background check. Details of our offer are as follows:

- COMMENCEMENT OF EMPLOYMENT: November 19, 2007
  - ANNUAL BASE SALARY: \$360,000
  - 401(k) PLAN: Following 90 days of service, you will be eligible to participate in The Children's Place 401(k) Savings Plan.
  - OTHER BENEFITS: You will be eligible for other benefits (short term disability, long term disability, health and life insurance, and employee stock purchase plan) available to other associates at your level.
  - PAID TIME OFF: You will be entitled to 29 days of Paid Time Off (PTO) each fiscal year (February through January). You may not carry over PTO days from year to year. The number of days you are entitled to receive during the current fiscal year will be prorated based on your hire date.
  - BONUS: You will be eligible to participate in our annual management incentive bonus plan (the "Bonus Plan"). Your bonus is based on a combination of company and individual performance. Your target bonus will be 40% of your annual salary. Your actual bonus may be from 0% to 200% of your target bonus based upon actual performance. Your bonus for fiscal 2007 will be paid at target, regardless of performance, and prorated based on your hire date.
  - OTHER COMPENSATION: As soon as practicable after the Company becomes current in its filings with the Securities and Exchange Commission, we will recommend the grant of 20,000 restricted stock units of the Company's common stock vesting one fourth on each anniversary date of the grant until fully vested, subject to the terms and conditions of the Company's Amended and Restated 2005 Equity Incentive Plan. The previous sentence notwithstanding, such restricted stock units shall vest immediately if you are terminated by the company for any reason other than Cause. The grant date for the award shall be determined by the Compensation Committee or its delegate in accordance with the Company's Policy Regarding Awards of Equity- Based Incentives to Executive Officers and Other Employees.
  - CONFIDENTIALITY: During your employment and thereafter, you shall not, without the prior written consent of the Company, disclose to anyone Confidential Information. "Confidential Information" shall include, without limitation, all information that is not known or available to the public concerning the business of the Company or any subsidiary relating to any of their products, product development, trade secrets, customers, suppliers, finances, and business plans and strategies.
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- **SEVERANCE:** In the event that you resign your employment for "Good Reason," your employment is terminated for any reason other than "Cause," or you terminate your employment within one (1) year after the occurrence of a "change in control" (other than in circumstances where the Company could terminate your employment for cause), the Company will pay you an amount equal to six (6) months of your base salary, less applicable payroll deductions. Your payment will be paid on a bi-weekly basis pursuant to the Company's regular payroll practices. Receipt of the Company's payment is conditioned on execution of the Company's Severance Agreement and General Release of All Claims.

"Cause" means (1) your failure to perform your material duties which you failed to remedy within ten (10) business days after notice to you; (2) any conduct, action or behavior that has or may reasonably be viewed to have a material adverse effect on the reputation or interests of the Company or its' affiliates; (3) the commission of an act involving moral turpitude, dishonesty, fraud or the engagement in any other willful or intentional misconduct, whether or not in connection with your employment; or for an act constituting a felony under the laws of the United States or any state of political subdivision thereof. "Good Reason" shall mean: (1) a reduction or adverse change in reporting structure/lines, title, duties or authority; or (2) a relocation of the Company's headquarters more than 60 miles from Secaucus, New Jersey; and (3) Company's breach of the terms of this Agreement which breach is not cured within ten (10) days after notice to the Company. "Change in control" shall mean "Change in Control" means the occurrence during your employment of any of the following events: (1) the sale to any purchaser of (A) all or substantially all of the assets of the Company or (B) capital stock representing more than 50% of the stock of the Company entitled to vote generally in the election of directors of Employer; (2) the merger or consolidation of the Company with another corporation if, immediately after such merger or consolidation, less than a majority of the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors of the surviving or resulting corporation in such merger or consolidation is held, directly or indirectly, in the aggregate by the holders immediately prior to such transaction of the outstanding securities of the Company; (3) there is a report filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form, or report or item therein), each promulgated pursuant to the Exchange Act, disclosing that any person (as the term "person" is used in Section 13(d)(3) or Section 14(d) (2) of the Exchange Act) has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of securities representing 50% or more of the combined voting power of the voting stock of the Company entitled to vote generally in the election of directors; or (4) Employer files a report or proxy statement with the Securities and Exchange Commission pursuant to the Exchange Act disclosing in response to Form 8-K or Schedule 14A (or any successor schedule, form, or report or item therein) that a change in control of the Company has occurred.

- **NO SOLICITATION:** In the event that you separate from the Company, you agree not to directly or indirectly hire, or give cause or assistance to a third party to hire any employee of The Children's Place or any Subsidiary for a period of 24 months following said separation.
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Unless specifically stated in this letter, all terms and conditions of your employment are as provided by the policies and practices of The Children's Place.

This offer of employment is not to be construed as an employment contract, expressed or implied, and it is specifically understood that your employment is at-will (this means that either you or the Company may terminate your employment at any time with or without cause) and further that there is no intent on the part of The Children's Place or yourself, for continued employment of any specified period of time.

Please sign two copies provided in the space indicated on this letter to denote your acceptance of the offer outlined above and return one fully executed copy in the envelope provided.

Richard, please give this offer your utmost consideration. We look forward to your joining The Children's Place team. We are confident that you will make a strong contribution to the continued growth and success of The Children's Place.

Should you have any questions concerning the specifics of our offer to you, or the benefit programs, please do not hesitate to call.

Sincerely,

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Linda Martin  
Senior Vice President, Human Resources

Agreed and Accepted:

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Richard Paradise                      Date

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**FORM OF DEFERRED STOCK AWARD AGREEMENT - EXECUTIVES  
(2008 LONG-TERM INCENTIVE PROGRAM)**

**THE CHILDREN'S PLACE RETAIL STORES, INC.**

This Deferred Stock Award Agreement (the "Agreement"), effective as of December 10, 2007 (the "Award Date"), is entered into between The Children's Place Retail Stores, Inc., a Delaware corporation (the "Company"), and \_\_\_\_\_ (the "Awardee").

WHEREAS, the Company desires to provide the Awardee an incentive to participate in the success and growth of the Company through the opportunity to earn a proprietary interest in the Company; and

WHEREAS, to give effect to the foregoing intentions, the Company desires to grant the Awardee an award of Deferred Stock with respect to the Company's common stock, par value \$.10 per share (the "Common Stock") pursuant to the Amended and Restated 2005 Equity Incentive Plan of The Children's Place Retail Stores, Inc. (the "Plan");

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties hereto agree as follows:

1. Award. Subject to Section 2 hereof, the Company shall deliver to the Awardee \_\_\_\_\_ shares of Common Stock, subject to the Awardee's continued employment with the Company or a Subsidiary through the applicable delivery date: one-third of the Deferred Shares on the first anniversary of the Award Date; one-third of the Deferred Shares on the second anniversary of the Award Date; and one-third of the Deferred Shares on the third anniversary of the Award Date. Notwithstanding the foregoing, all of the Deferred Stock shall vest (and the Common Stock shall be deliverable) upon the death or Disability of the Awardee while in the employ of the Company. Capitalized terms used but not otherwise defined in this Agreement shall have the meanings as set forth in the Plan.

2. Change in Control. In the event that a Change in Control occurs before the Awardee's employment with the Company and its Subsidiaries terminates and the Company's obligations hereunder are not assumed by the purchaser or the surviving company (as the case may be), Deferred Shares shall vest and become payable as follows: (a) if the Change in Control occurs on or before the first anniversary of the Award Date, 50% of the Deferred Shares shall vest; (b) if the Change in Control occurs after the first anniversary of the Award Date and on or before the 18-month anniversary of the Award Date, 62.5% of Deferred Shares that had not previously vested shall vest (*i.e.*, such that a total of 75% of all of the Deferred Shares, including those that vested on the first anniversary of the Award Date, shall have vested); and (c) if the Change in Control occurs after the 18-month anniversary, all Deferred Shares that had not previously vested shall vest. To the extent the previous sentence applies, any Deferred Shares that do not vest shall be forfeited. In each case in which Deferred Shares vest pursuant to this Section 2, the underlying Common Stock shall be delivered upon the date the Change in Control occurs.

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3. Transfer Restrictions. Prior to delivery of any Common Stock with respect to the Deferred Shares, the Awardee shall not be deemed to have any ownership or shareholder rights (including without limitation dividend and voting rights) with respect to such shares, nor may the Awardee sell, assign, pledge or otherwise transfer (voluntarily or involuntarily) any of the Deferred Shares prior to delivery thereof.

4. Adjustment of Shares. Notwithstanding anything contained herein to the contrary, in the event of any change in Common Stock resulting from a corporate transaction including, but not limited to, a subdivision or consolidation, reorganization, recapitalization, merger, share split, reverse share split, share distribution, combination of shares or the payment of a share dividend, the Deferred Shares shall be treated in the same manner in any such transaction as other Common Stock.

5. Government Regulations. Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Deferred Shares shall be subject to the terms of all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required; provided that the Company shall use commercially reasonable best efforts to ensure that the terms of all applicable laws, rules and regulations and approvals by any governmental agencies or national securities exchanges as may be required are timely satisfied or obtained, as applicable.

6. Withholding Taxes. The Company shall have the right to require the Awardee to remit to the Company, or to withhold from amounts payable to the Awardee, as compensation or otherwise, an amount sufficient to satisfy all federal, state and local withholding tax requirements.

7. Awardee Representations. The Awardee has reviewed with his own tax advisors the federal, state, local and foreign tax consequences of the transactions contemplated by this Agreement. The Awardee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents, if any, made to the Awardee. The Awardee understands that the Awardee (and not the Company) shall be responsible for the Awardee's own tax liability arising as a result of the transactions contemplated by this Agreement.

8. Employment. Neither this Agreement nor any action taken hereunder shall be construed as giving the Awardee any right of continuing employment by the Company.

9. Notices. Notices or communications to be made hereunder shall be in writing and shall be delivered in person, by registered mail, by confirmed facsimile or by a reputable overnight courier service to the Company at its principal office or to the Awardee at his address contained in the records of the Company.

10. Governing Law. This Agreement shall be construed under the laws of the State of Delaware, without regard to conflict of laws principles.

11. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings relating to the subject matter of this Agreement. Notwithstanding the foregoing, this Agreement and the Award made hereby shall be subject to the terms of the Plan. In the event of a conflict between this Agreement and the terms of the Plan (other than 15(iii) of the Plan), the Plan shall control.

12. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and the Awardee and their respective permitted successors, assigns, heirs, beneficiaries and representatives. This Agreement is personal to the Awardee and may not be assigned by the Awardee without the prior consent of the Company. Any attempted assignment in violation of this Section shall be null and void.

13. Amendment. This Agreement may be amended or modified only by a written instrument executed by both the Company and the Awardee.

14. Entire Agreement. This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supercedes any prior agreements or understandings between the parties hereto, whether written or oral, with respect to subject matter hereto. To the extent that there is any conflict between the terms and provisions of this Agreement and any other agreement between the Awardee and the Company, the terms and provisions of this Agreement will control.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement or caused their duly authorized officer to execute this Agreement as of the date first written above.

**THE CHILDREN'S PLACE RETAIL STORES, INC.**

By:

\_\_\_\_\_

Name: Charles Crovitz

Title: Interim Chief Executive Officer

Date: \_\_\_\_\_

**AWARDEE**

\_\_\_\_\_

Name:

\_\_\_\_\_

Date: \_\_\_\_\_

**FORM OF PERFORMANCE STOCK AWARD AGREEMENT  
(2008 LONG-TERM INCENTIVE PROGRAM)**

**THE CHILDREN'S PLACE RETAIL STORES, INC.**

This Performance Stock Award Agreement (the "Agreement"), effective as of the "Award Date" set forth in the attached Exhibit A, is entered into between The Children's Place Retail Stores, Inc., a Delaware corporation (the "Company"), and the individual identified in Exhibit A (the "Awardee").

WHEREAS, the Company desires to provide the Awardee an incentive to participate in the success and growth of the Company through the opportunity to earn a proprietary interest in the Company; and

WHEREAS, to give effect to the foregoing intentions, the Company desires to grant the Awardee a performance stock award of shares of the Company's common stock, par value \$.10 per share (the "Common Stock") pursuant to the Amended and Restated 2005 Equity Incentive Plan of The Children's Place Retail Stores, Inc. (the "Plan");

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties hereto agree as follows:

1. Award. Subject to Sections 2 and 3 hereof, the Company shall deliver to the Awardee the number of shares of Common Stock determined in accordance with Exhibit A (the "Performance Shares") to the extent, if any, that performance targets established by the Committee no later than April 30, 2008 and incorporated into Exhibit A are achieved. Subject to the earlier delivery of such shares or any portion thereof required by Section 2 or 3 or Exhibit A hereof and the Awardee's continued employment with the Company or a Subsidiary (other than termination due to death or Disability), the shares shall be delivered to the Awardee no later than 60 days after the end of the Company's 2010 fiscal year (the "Delivery Date"). Capitalized terms used but not otherwise defined in this Agreement shall have the meanings as set forth in the Plan.

2. Termination of Employment During Measurement Period. If the Awardee's employment with the Company and its Subsidiaries terminates after the beginning of the Company's 2008 fiscal year and before the end of the Company's 2010 fiscal year (the "Measurement Period") due to the Awardee's Disability or death, the Awardee (or Awardee's estate) shall be entitled to a prorated number of the Performance Shares, if any, that would otherwise have been earned in accordance with Exhibit A had Awardee continued in the employment of the Company throughout the entire Measurement Period, based on the ratio of the number of full calendar months the Awardee was employed during the Measurement Period to the total number of calendar months in the Measurement Period. Such prorated number of Performance Shares, if any, shall be delivered to the Awardee (or Awardee's estate) on the Delivery Date to the extent the requisite performance targets have been achieved. If the Awardee's employment with the Company and its Subsidiaries terminates before the Delivery Date for any reason other than due to the Awardee's Disability or death, the Awardee shall not be entitled to receive any Performance Shares. Notwithstanding anything contained herein to the contrary, delivery of Performance Shares to a "specified employee" as defined in Section 409A(a)(2)(B) of the Code shall be deferred until the first business day of the seventh month following such employee's separation from service with the Company to the extent earlier delivery would cause a violation of Section 409A of the Code.

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3. Change in Control. In the event that a Change in Control occurs during the Measurement Period and before the Awardee's employment with the Company and Subsidiaries terminates and the Company's obligations hereunder are not assumed by the purchaser or the surviving company (as the case may be), the Awardee (or Awardee's estate) shall be entitled to receive (a) any Performance Shares that have vested pursuant to Exhibit A, and (b) a prorated number of the Target Number of Performance Shares (other than Performance Shares with respect to which the vesting period has ended) that the Awardee would be entitled to receive at the end of the Measurement Period in accordance with Exhibit A, based on the ratio of the number of full calendar months of the Measurement Period that have elapsed as of date of the Change of Control to the total number of calendar months in the Measurement Period. In the event that a Change in Control occurs during the Measurement Period but after the Awardee's employment with the Company and its Subsidiaries terminates, and the Awardee (or Awardee's estate) may be entitled to Performance Shares pursuant to Section 2 above, the Awardee (or Awardee's estate) shall be entitled to a prorated number of the Target Number of Performance Shares, determined in accordance with Section 2. Delivery of any Performance Shares pursuant to this Section 3 shall be upon the occurrence of the Change in Control. Notwithstanding the foregoing, to the extent the Performance Shares are subject to Section 409A of the Code, payment shall be made in connection with a Change in Control only if such Change in Control also qualifies as a "change in the ownership or effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company, each as determined pursuant to Section 409A of the Code, and any Performance Shares that cannot be delivered upon the occurrence of the Change in Control as a result of the application of this sentence shall instead be delivered on the otherwise-applicable Delivery Date.

4. Transfer Restrictions. Prior to delivery of any Performance Shares, the Awardee shall not be deemed to have any ownership or shareholder rights (including without limitation dividend and voting rights) with respect to such shares, nor may the Awardee sell, assign, pledge or otherwise transfer (voluntarily or involuntarily) any of the Performance Shares prior to delivery thereof.

5. Adjustment of Shares. Notwithstanding anything contained herein to the contrary, in the event of any change in Common Stock resulting from a corporate transaction including, but not limited to, a subdivision or consolidation, reorganization, recapitalization, merger, share split, reverse share split, share distribution, combination of shares or the payment of a share dividend, the Performance Shares shall be treated in the same manner in any such transaction as other Common Stock.

6. Government Regulations. Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Performance Shares shall be subject to the terms of all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required; provided that the Company shall use commercially reasonable best efforts to ensure that the terms of all applicable laws, rules and regulations and approvals by any governmental agencies or national securities exchanges as may be required are timely satisfied or obtained, as applicable.

7. Withholding Taxes. The Company shall have the right to require the Awardee to remit to the Company, or to withhold from amounts payable to the Awardee, as compensation or otherwise, an amount sufficient to satisfy all federal, state and local withholding tax requirements.

8. Awardee Representations. The Awardee has reviewed with his own tax advisors the federal, state, local and foreign tax consequences of the transactions contemplated by this Agreement. The Awardee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents, if any, made to the Awardee. The Awardee understands that the Awardee (and not the Company) shall be responsible for the Awardee's own tax liability arising as a result of the transactions contemplated by this Agreement.

9. Employment. Neither this Agreement nor any action taken hereunder shall be construed as giving the Awardee any right of continuing employment by the Company.

10. Notices. Notices or communications to be made hereunder shall be in writing and shall be delivered in person, by registered mail, by confirmed facsimile or by a reputable overnight courier service to the Company at its principal office or to the Awardee at his address contained in the records of the Company.

11. Governing Law. This Agreement shall be construed under the laws of the State of Delaware, without regard to conflict of laws principles.

12. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings relating to the subject matter of this Agreement. Notwithstanding the foregoing, this Agreement and the Award made hereby shall be subject to the terms of the Plan. In the event of a conflict between this Agreement and the terms of the Plan, the Plan shall control.

13. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and the Awardee and their respective permitted successors, assigns, heirs, beneficiaries and representatives. This Agreement is personal to the Awardee and may not be assigned by the Awardee without the prior consent of the Company. Any attempted assignment in violation of this Section shall be null and void.

14. Amendment. This Agreement may be amended or modified only by a written instrument executed by both the Company and the Awardee.

15. Entire Agreement. This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supercedes any prior agreements or understandings between the parties hereto, whether written or oral, with respect to subject matter hereto. To the extent that there is any conflict between the terms and provisions of this Agreement and any other agreement between the Awardee and the Company, the terms and provisions of this Agreement will control.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement or caused their duly authorized officer to execute this Agreement as of the date first written above.

**THE CHILDREN'S PLACE RETAIL STORES, INC.**

By:

\_\_\_\_\_

Name: Charles Crovitz

Title: Interim Chief Executive Officer

Date: \_\_\_\_\_

**AWARDEE**

\_\_\_\_\_

Name:

Date:

EXHIBIT A

1. (a) **Awardee's Name:**
- (b) **Awardee's Social Security Number:**
- (c) **Award Date:** December 10, 2007
- (d) **Target Number of Performance Shares Available to be earned:** \_\_\_\_\_
- (e) **Maximum Number of Performance Shares Available to be earned:** \_\_\_\_\_
- (f) **Measurement Period:** \_\_\_\_\_
- (g) **Performance Requirements:**

Subject to the terms and conditions set forth in the Performance Stock Award Agreement, the Performance Shares shall be earned to the extent set forth below.

Fiscal Year 2008: [to come]. To the extent this goal is achieved for such fiscal year, the number of Performance Shares that are earned and vest with respect to Fiscal Year 2008 shall be delivered to the Awardee on the Delivery Date (or, if earlier, upon a Change in Control).

Fiscal Year 2009: [to come]. To the extent this goal is achieved for such fiscal year, the number of Performance Shares that are earned and vest with respect to Fiscal Year 2009 shall be delivered to the Awardee on the Delivery Date (or, if earlier, upon a Change in Control).

Fiscal Year 2010: [to come]. To the extent this goal is achieved for such fiscal year, the number of Performance Shares that are earned and vest with respect to Fiscal Year 2010 shall be delivered to the Awardee on the Delivery Date (or, if earlier, upon a Change in Control).

## CHANGE IN CONTROL SEVERANCE AGREEMENT

THIS CHANGE IN CONTROL SEVERANCE AGREEMENT (this "Agreement") is made and entered into as of the \_\_\_ day of December, 2007 by and between The Children's Place Retail Stores, Inc., a Delaware corporation (the "Company") and \_\_\_\_\_ (the "Executive").

WHEREAS, Executive has made or is expected to make a major contribution to the profitability, growth and financial strength of the Company;

WHEREAS, the Company considers the continued availability of Executive's services, managerial skills and business experience to be in the best interest of the Company and its stockholders and desires to assure the continued services of Executive on behalf of the Company without the distraction of Executive occasioned by the possibility of an abrupt change in control of the Company; and

WHEREAS, Executive is willing to remain in the employ of the Employer upon the understanding that the Employer will provide him with income security and health benefits in accordance with the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Definitions. Whenever the following terms are used in this Agreement, they shall have the meaning specified below unless the context clearly indicates to the contrary:

1.01 "Board" shall mean the Board of Directors of the Company.

1.02 "Base Salary" means Executive's annual rate of base salary in effect on the date of Executive's termination of employment (or, if higher, on the date of the Change in Control), determined in each case prior to reduction for any employee-elected salary reduction contributions made to an Employer-sponsored non-qualified deferred compensation plan or an Employer-sponsored plan pursuant to Section 401(k) or 125 of the Internal Revenue Code, and excluding bonuses, overtime, allowances, commissions, deferred compensation payments and any other extraordinary remuneration.

1.03 "Bonus" means the average of actual annual bonuses payable to Executive with respect to the three fiscal years preceding the Change in Control or, if Executive was an employee for less than three full fiscal years preceding the Change in Control, Executive's target bonus as in effect immediately before the Change in Control.

1.04 "Cause" shall mean the occurrence or existence of any of the following with respect to Executive: (a) Executive's failure to perform material duties that is not cured within ten (10) business days after notice to Executive; (b) any conduct, action or behavior by Executive that has or may reasonably be viewed to have a material adverse effect on the reputation or interests of the Company or its Affiliates; (c) Executive's commission of an act involving moral turpitude, dishonesty, fraud or the engagement in any other willful or intentional misconduct, whether or not in connection with Executive's employment, or (d) Executive's commission of an act constituting a felony.

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1.05 "Change in Control" shall mean, and shall be deemed to have occurred:

(a) upon the complete liquidation of the Company, other than a liquidation of the Company into a wholly-owned subsidiary, or the sale to any purchaser of (A) all or substantially all of the assets of Company or (B) capital stock representing more than 50% of the stock of Company entitled to vote generally in the election of directors of Company; or

(b) upon the merger or consolidation of the Company with another corporation if, immediately after such merger or consolidation, less than a majority of the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors of the surviving or resulting corporation in such merger or consolidation is held, directly or indirectly, in the aggregate by the holders immediately prior to such transaction of the outstanding securities of the Company; or

(c) if there is a report filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form, or report or item therein), each promulgated pursuant to the Exchange Act, disclosing that any person (as the term "person" is used in Section 13(d)(3) or Section 14(d) (2) of the Exchange Act) has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of securities representing 40% or more of the combined voting power of the voting stock of Employer entitled to vote generally in the election of directors; or

(d) if the Company files a report or proxy statement with the Securities and Exchange Commission pursuant to the Exchange Act disclosing in response to Form 8-K or Schedule 14A (or any successor schedule, form, or report or item therein) that a change in control of Employer has occurred.

1.06 "Code" shall mean the Internal Revenue Code of 1986, as amended.

1.07 "Company." shall mean The Children's Place Retail Stores, Inc., a Delaware corporation and, after a Change in Control, any successor or successors thereto.

1.08 "Date of Termination" following a Change in Control shall mean the dates, as the case may be, for the following events: (a) if Executive's employment is terminated by his death, the date of his death, (b) if Executive's employment is terminated due to a Disability, thirty (30) days after the Notice of Termination is given (provided that Executive shall not have returned to the performance of his or her duties on a full-time basis during such period), (c) if Executive's employment is terminated pursuant to a termination for Cause, the date specified in the Notice of Termination, and (d) if Executive's employment is terminated for any other reason, fifteen (15) days after delivery of the Notice of Termination unless otherwise agreed by Executive and Company.

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1.09 "Disability" shall mean that, in the Company's reasonable judgment, either (a) Executive has been unable to perform Executive's duties because of a physical or mental impairment for 80% or more of the normal working days during six consecutive calendar months or 50% or more of the normal working days during twelve consecutive calendar months, or (b) Executive has become totally and permanently incapable of performing the usual duties of his employment with the Company on account of a physical or mental impairment.

1.10 "Effective Date" shall mean the date hereof.

1.11 "Employer" shall mean the Company or its subsidiary employing Executive.

1.12 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

1.13 "Good Reason" shall mean any of the following actions upon or after a Change in Control, without Executive's express prior written approval, other than due to Executive's Disability or death: (a) a material diminution in Executive's Base Salary or Target Bonus opportunity; (b) a material diminution in Executive's title, authority, duties, or responsibilities; (c) a required relocation of at least 60 miles; (d) a breach of this Agreement with respect to Executive not cured within ten (10) business days after written notice by Executive to Company; or (e) a successor's failure to assume this Agreement.

1.14 "Notice of Termination" shall mean a written notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

1.15 "Release" shall mean a release to be signed by Executive in such form as the Company shall reasonably determine, which shall, to the extent permitted by law, waive all claims and actions against the Employer and its affiliates and such other related parties and entities as the Company chooses to include in the release except for claims and actions for benefits provided under the terms of this Agreement (which Release is not revoked by Executive).

1.16 "Termination of Employment" shall mean the time when the employee-employer relationship between Executive and the Employer is terminated for any reason, voluntarily or involuntarily, with or without Cause, including, without limitation, a termination by reason of resignation, discharge (with or without Cause), Disability, death or retirement, but excluding terminations where there is a simultaneous re-employment by the Company or a subsidiary of the Company.

2. Term. This Agreement shall terminate, except to the extent that any obligation of the Company hereunder remains unpaid as of such time, upon the earliest of: (a) the Effective Date if a Change in Control of the Company has not occurred prior to such date; (b) the Termination of Employment of Executive with the Employer based on Death, Disability, or Cause or by Executive other than for Good Reason; or (c) two (2) years from the date of a Change in Control of the Company. Notwithstanding clause (a) hereof, on each anniversary of the Effective Date, the term of this Agreement automatically shall be extended for one additional year, unless not less than ninety (90) days prior to such anniversary the Company notifies Executive in writing that it does not wish to extend the term of the Agreement.

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3. Termination of Employment of Executive.

3.01 Payment of Severance Benefits Upon Change in Control. In the event of a Change in Control of the Company, Executive shall be entitled to the severance benefits set forth in Section 4 if Executive executes a Release, and only if during the term of this Agreement:

- (a) Executive's employment by the Employer is terminated by the Employer without Cause;
- (b) Executive terminates his or her employment with the Employer for Good Reason and complies with the procedures set forth in Section 3.02;
- (c) Executive's employment by the Employer is terminated by the Employer prior to the Change in Control and such termination arose in connection with or in anticipation of the Change in Control (for purposes of this Agreement, meaning that at the time of such termination the Company had entered into an agreement, the consummation of which would result in a Change in Control, or any person had publicly announced its intent to take or consider actions that would constitute a Change in Control, and in each case such Change in Control is consummated, or the Board adopts a resolution to the effect that a potential Change in Control for purposes of this Agreement has occurred); or
- (d) Executive terminates his or her employment with the Employer for Good Reason prior to the Change in Control, the event constituting Good Reason arose in connection with or in anticipation of the Change in Control and Executive complies with the procedures set forth in Section 3.02.

3.02 Good Reason.

(a) Notwithstanding anything contained in any employment agreement between Executive and the Employer to the contrary, during the term of this Agreement Executive may terminate his or her employment with the Employer for Good Reason as set forth in Section 3.01(b) or (d) and be entitled to the benefits set forth in Section 4, *provided that* Executive gives written notice to the Company of his or her election to terminate his or her employment for such reason within 180 days after the time he or she becomes aware of the existence of facts or circumstances constituting Good Reason or if later, within ten (10) days of the time the claim is resolved pursuant to Section 3.02(b).

(b) If Executive believes that he or she is entitled to terminate his or her employment with the Employer for Good Reason, he or she may apply in writing to the Company for confirmation of such entitlement prior to Executive's actual separation from employment, by following the claims procedure set forth in Section 8. The submission of such a request by Executive shall not constitute "Cause" for the Company to terminate Executive's employment and Executive shall continue to receive all compensation and benefits he or she was receiving at the time of such submission throughout the resolution of the matter pursuant to the procedures set forth in Section 8. If Executive's request for a termination of employment for Good Reason is denied under both the request and appeal procedures set forth in Sections 8.02 and 8.03, then the parties shall use their best efforts to resolve the claim within ninety (90) days after the claim is submitted to binding arbitration pursuant to Section 8.04.

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3.03 Disability. In the event of a Disability of Executive, the Company may terminate this Agreement provided that the Company shall have provided Executive a Notice of Termination and Executive shall not have returned to the full-time performance of Executive's duties within thirty (30) days of such Notice of Termination.

3.04 Cause. The Employer may terminate the employment of Executive for Cause. Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive a Notice of Termination and a certified copy of a resolution of the Board adopted by the affirmative vote of not less than a majority of the entire membership of the Board (other than Executive if he or she is a member of the Board at such time) at a meeting called and held for that purpose and at which Executive was given an opportunity to be heard, finding that Executive was guilty of conduct constituting Cause based on reasonable evidence, specifying the particulars thereof in detail. For purposes of this Section 3.04, no act or failure to act on Executive's part shall be considered "willful" unless done or omitted to be done by him or her not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company.

3.05 Notice of Termination. Any termination of Executive's employment by the Employer or by Executive (other than termination based on Executive's death) following a Change in Control shall be communicated by the terminating party in a Notice of Termination to the other party hereto.

#### 4. Compensation and Benefits Upon Termination of Employment.

4.01 Severance Benefits. If Executive shall be terminated from employment with the Employer or shall terminate his or her employment with the Employer as described in Section 3.01, then Executive shall be entitled to receive the following:

(a) In lieu of any further payments to Executive (including, without limitation, in lieu of any annual bonus payments or pro-rata bonus payments) except as expressly contemplated under this Agreement, the Company shall pay as severance pay to Executive a cash amount equal to one and one-half (1.5) times the sum of Executive's Base Salary and Bonus. Such cash payment shall be payable in a single sum, within ten (10) business days following Executive's Date of Termination (or, if later, upon the expiration of the revocation period, if applicable, under the Release).

(b) In the event Employee elects to continue health benefit coverage through COBRA following Executive's Date of Termination, the Company agrees to waive the applicable premium cost that Executive would otherwise be required to pay for continued group health benefit coverage for a period of 18 months following Executive's Date of Termination or to the extent permissible under applicable law. The benefits to be provided under this Section 4.01(b) shall be reduced to the extent of the receipt of substantially equivalent coverage by Executive from any successor employer.

(c) Any time periods, conditions or contingencies relating to the exercise or realization of, or lapse of restrictions under, any outstanding equity incentive award then held by such Eligible Executive shall be automatically accelerated or waived effective as of the effective date of such Eligible Executive's termination of employment as follows: if the Change in Control occurred within one year of the applicable grant date, such acceleration or waiver will be with respect to 50% of such award; if the Change in Control occurred more than one year but no more than 18 months of the applicable grant date, such acceleration or waiver will be with respect to 75% of such award; and if the Change in Control occurred more than 18 months after the applicable grant date, such acceleration or waiver shall apply to the entire award. In addition, any vested stock options held by Executive (including, for the avoidance of doubt, any options that vest pursuant to this Section 4.01(c)) shall be exercisable until the end of the maximum term for such stock option.

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4.02 Termination Prior to a Change in Control. Notwithstanding anything contained in Section 4.01, in the case of a termination of employment prior to the occurrence of a Change in Control, the Company shall have no obligation to pay or provide any compensation or benefits hereunder prior to the occurrence of the Change in Control.

4.03 Accrued Benefits. Upon termination of the employment of Executive for any reason, Executive shall be entitled to receive any unpaid Base Salary through the date of such Eligible Executive's termination and any bonus earned but unpaid as of the date of such termination for any previously completed fiscal year of the Company. In addition, Executive shall be entitled to prompt reimbursement of any unreimbursed expenses properly incurred by Executive in accordance with Company policies prior to the date of Executive's termination. Executive shall also receive such other compensation (including any stock options or other equity-related payments) and benefits, if any, to which Executive may be entitled from time to time pursuant to the terms and conditions of the employee compensation, incentive, equity, benefit or fringe benefit plans, policies or programs of the Company.

4.04 Section 409A. Notwithstanding any provision of this Agreement to the contrary, if, at the time of Executive's termination of employment with the Company, he is a "specified employee" as defined in Section 409A of the Code, and one or more of the payments or benefits received or to be received by Executive pursuant to this Agreement would constitute deferred compensation subject to Section 409A, no such payment or benefit will be provided under this Agreement until the earliest of (A) the date which is six (6) months after his "separation from service" for any reason, or (B) the date of his death. The provisions of this Section 4.04 shall only apply to the extent required to avoid Executive's incurrence of any penalty tax or interest under Section 409A of the Code or any regulations or Treasury guidance promulgated thereunder. In addition, if any provision of this Agreement would cause Executive to incur any penalty tax or interest under Section 409A of the Code or any regulations or Treasury guidance promulgated thereunder, the Company may reform such provision to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Section 409A of the Code.

5. Golden Parachute Excise Tax.

5.01 Subject to Section 5.07, if there is a Change in Control and any payment (other than the Gross-Up payments provided for in this Section 5.01) or distribution by the Company to or for the benefit of Executive, whether pursuant to the terms of this Agreement or otherwise, including without limitation any lapse or termination of any restriction on, deferral period or the vesting or exercisability of any payment, distribution, or benefit (a "Payment"), is subject to the excise tax imposed by Section 4999 of the Code (such tax, together with any interest and penalties thereon, other than any criminal or fraud penalties, being hereafter referred to as the "Excise Tax"), then Executive will be entitled to receive an additional payment (a "Gross-Up Payment"). The Gross-Up Payment will be in an amount such that, after payment by Executive of all taxes thereon (including any interest or penalties, other than any criminal or fraud penalties, imposed with respect to such taxes), including any Excise Tax and any income tax imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payment.

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5.02 Subject to the provisions of Section 5.05, all determinations required to be made under this Section 5, including whether a Gross-Up Payment is required to be paid by the Company and the amount of such Gross-Up Payment, if any, will be made by a nationally recognized accounting firm (the "Accounting Firm") selected by the Company. The Company will direct the Accounting Firm to submit its determination and detailed supporting calculations to both the Company and Executive within thirty (30) calendar days after the Change in Control, the Date of Termination, if applicable, and any such other time or times as may be reasonably requested by the Company or Executive. If the Accounting Firm determines that any Excise Tax is payable by Executive, the Company will pay the required Gross-Up Payment, less any applicable withholding, to Executive, as soon as reasonably practicable after receipt of such determination and calculations with respect to any Payment to Executive. If the Accounting Firm determines that no Excise Tax is payable by Executive, it will, at the same time as it makes such determination, furnish the Company and Executive an opinion that Executive has substantial authority not to report any Excise Tax on his tax return. As a result of the uncertainty in the application of Section 4999 of the Code, it is possible that Gross-Up Payments which will not have been made by the Company should have been made hereunder (an "Underpayment"). In the event that the Company exhausts or fails to pursue its remedies pursuant to Section 5.05 and Executive thereafter is required to make a payment of any Excise Tax, Executive will direct the Accounting Firm to determine the amount of the Underpayment and to submit its determination and detailed supporting calculations to both the Company and Executive as promptly as possible. The Company will promptly pay any such Underpayment to, or for the benefit of, Executive as soon as reasonably practicable after receipt of such determination and calculations (and, in all events, no later than the last day of the taxable year following the taxable year in which the applicable amount is submitted to the Internal Revenue Service or other taxing authority).

5.03 Any determination by the Accounting Firm as to the amount of the Gross-Up Payment will be binding upon the Company and Executive.

5.04 The fees and expenses of the Accounting Firm for its services hereunder will be borne by the Company.

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5.05 Executive will notify the Company in writing within five (5) days of any claim by any taxing authority that, if successful, would require the payment by the Company of a Gross-Up Payment or any additional Gross-Up Payment. Executive will not pay such claim prior to the earlier of (x) the expiration of the thirty (30) calendar-day period following the date on which he gives such notice to the Company and (y) the date that any payment of amount with respect to such claim is due. If the Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive will:

- (a) provide the Company with any written records or documents in his possession relating to such claim reasonably requested by the Company;
- (b) take such action in connection with contesting such claim as the Company may reasonably request in writing from time to time, including without limitation accepting legal representation with respect to such claim by an attorney selected by the Company;
- (c) cooperate with the Company in good faith in order effectively to contest such claim; and
- (d) permit the Company to participate in and control any proceedings relating to such claim; except that the Company will bear and pay directly all costs and expenses (including interest and penalties) incurred in connection with such contest and will indemnify and hold harmless Executive, on an after-tax basis, for and against any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such contest and payment of costs and expenses.

5.06 If, after the receipt by Executive of an amount advanced by the Company pursuant to this Section 5, Executive receives any refund with respect to such claim, Executive will (subject to the Company's complying with the requirements of Section 5.05 above) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after any taxes applicable thereto).

5.07 Notwithstanding any provision of this Section 5 to the contrary, if the aggregate "present value" of the "parachute payments" to be paid or provided to Executive under this Agreement or otherwise does not exceed 1.15 multiplied by three times Executive's "base amount," then, in lieu of such Gross-Up Payment, the payments and benefits to be paid or provided under this Agreement will be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any payment or benefit to Executive, as so reduced, constitutes an "excess parachute payment." For purposes of this Section 5.07, the terms "excess parachute payment," "present value," "parachute payment," and "base amount" will have the meanings assigned to them by Section 280G of the Code. The determination of whether any reduction in such payments or benefits to be provided under this Agreement is required pursuant to the preceding sentence will be made at the expense of the Company by the Accounting Firm.

6. No Mitigation. Executive shall not be required to mitigate the amount of any payments provided for by this Agreement by seeking employment or otherwise, nor shall the amount of any cash payments or benefit provided under this Agreement be reduced by any compensation or benefit earned by Executive after his Date of Termination (except as provided in the last sentence of Section 4.01(b) above). Notwithstanding the foregoing, if Executive is entitled, by operation of any applicable law, to unemployment compensation benefits or benefits under the Worker Adjustment and Retraining Act of 1988 (known as the "WARN" Act) in connection with the termination of his or her employment in addition to those required to be paid to him or her under this Agreement, then to the extent permitted by applicable statutory law governing severance payments or notice of termination of employment, the Company shall be entitled to offset the amounts payable hereunder by the amounts of any such statutorily mandated payments.

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7. Limitation on Rights.

7.01 No Employment Contract. This Agreement, including the recitals hereto, shall not be deemed to create a contract of employment between the Employer and Executive and shall create no right in Executive to continue in the Employer's employment for any specific period of time, or to create any other rights in Executive or obligations on the part of the Company or its subsidiaries, except as expressly set forth herein. Except as expressly set forth herein, this Agreement shall not restrict the right of the Employer to terminate Executive's employment at any time for any reason or no reason, or restrict the right of Executive to terminate his or her employment.

7.02 No Other Exclusions. This Agreement shall not be construed to exclude Executive from participation in any other compensation or benefit programs in which he or she is specifically eligible to participate either prior to or following the execution of this Agreement, or any such programs that generally are available to other executive personnel of the Company, nor shall it affect the kind and amount of other compensation to which Executive is entitled.

8. Administrator and Claims Procedure.

8.01 Administrator. Except as set forth herein, the administrator (the "Administrator") for purposes of this Agreement shall be the Company. The Company shall have the right to designate one or more of the Company's employees as the Administrator at any time. The Company shall give Executive written notice of any change in the Administrator, or in the address or telephone number of the Administrator.

8.02 Claims Procedure. Executive, or other person claiming through Executive, must file a written claim for benefits with the Administrator as a prerequisite to the payment of benefits under this Agreement. The Administrator shall make all determinations as to the right of any person to receive benefits under Sections 8.02 and 8.03. Any denial by the Administrator of a claim for benefits by Executive, his or her heirs or personal representative (the "claimant") shall be stated in writing by the Administrator and delivered or mailed to the claimant with ten (10) days after receipt of the claim, unless special circumstances require an extension of time for processing the claim. If such an extension is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial ten-day period. In no event shall such extension exceed a period of (10) days from the end of the initial period. Any notice of denial shall set forth the specific reasons for the denial, specific reference to pertinent provisions of this Agreement upon which the denial is based, a description of any additional material or information necessary for the claimant to perfect his or her claim, with an explanation of why such material or information is necessary, and any explanation of claim review procedures, written to the best of the Administrator's ability in a manner that may be understood without legal or actuarial counsel.

8.03 Appeals. A claimant whose claim for benefits has been wholly or partially denied by the Administrator may request, within ten (10) days following the date of such denial, in a writing addressed to the Administrator, a review of such denial. The claimant shall be entitled to submit such issues or comments in writing or otherwise as he or she shall consider relevant to a determination of his or her claim, and he or she may include a request for a hearing in person before the Administrator. Prior to submitting his or her request, the claimant shall be entitled to review such documents as the Administrator shall reasonably agree are pertinent to his or her claim. The claimant may, at all stages of the review, be represented by counsel, legal or otherwise, of his or her choice, provided that the fees and expenses of such counsel shall be borne by the claimant, unless the claimant is successful, in which case, such costs shall be borne by the Company. All requests for review shall be promptly resolved. The Administrator's decision with respect to any such review shall be set forth in writing and shall be mailed to the claimant not later than ten (10) days following receipt by the Administrator of the claimant's request unless special circumstances, such as the need to hold a hearing, require an extension of time for processing, in which case the Administrator's decision shall be so mailed not later than twenty (20) days after receipt of such request or if later, ten (10) days after the hearing. The time and place of any hearing shall be as mutually agreed by the parties.

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8.04 Arbitration. A claimant who has followed the procedure in Sections 8.02 and 8.03, but who has not obtained full relief on his or her claim for benefits, may, within sixty (60) days following his or her receipt of the Administrator's written decision on review, apply in writing to the Administrator for expedited and binding arbitration of his or her claim before an arbitrator in New York, New York in accordance with the commercial arbitration rules of the American Arbitration Association, as then in effect, or pursuant to such other form of alternative dispute resolution as the parties may agree (collectively, the "arbitration"). Subject to Section 10, the Company shall pay filing fees and other costs required to initiate the arbitration. The arbitrator's sole authority shall be to interpret and apply the provisions of this Agreement; and except as set forth herein he or she shall not change, add to, or subtract from, any of its provisions. The arbitrator shall have the power to compel attendance of witnesses at the hearing. Any court having jurisdiction may enter a judgment based upon such arbitration. The arbitrator shall be appointed by mutual agreement of the Company and the claimant pursuant to the applicable commercial arbitration rules. The arbitrator shall be a professional person with a reputation in the community for expertise in employee benefit matters and who is unrelated to the claimant, the Company or its subsidiaries or any employees of the Company or its subsidiaries. All decisions of the arbitrator shall be final and binding on the claimant and the Company.

9. Executive Covenants.

(a) Executive agrees that during the course of his or her employment with the Employer and for a period of twelve (12) months following the termination of his or her employment with the Employer (for any reason or no reason) (the "Restricted Period"), he or she 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 company 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 Executive has knowledge. Notwithstanding the foregoing, nothing herein shall be deemed to prohibit Executive's ownership of less than 1% of the outstanding shares of any publicly traded corporation that conducts a business competitive with that of the Company.

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(b) Executive further agrees that, during the Restricted Period, he or she 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 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 twelve (12) months immediately preceding the termination of his or her employment 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 Agreement, nothing in this Section 9(b) shall be deemed to prohibit Executive from, after the termination of his or her 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) Executive acknowledges and agrees that the restrictions on the activities in which he or she may engage that are set forth in Sections 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 and shall survive the termination of his or her employment. Executive understands that the Company's business is global and, accordingly, the restrictions cannot be limited to any particular geographic area. Executive further acknowledges that the restrictions contained in this Agreement will not prevent him or her from earning a livelihood.

10. Legal Fees and Expenses. If any dispute arises between the parties with respect to the interpretation or performance of this Agreement, the prevailing party in any arbitration or proceeding shall be entitled to recover from the other party its attorneys fees, arbitration or court costs and other expenses incurred in connection with any such proceeding. Amounts, if any, paid to Executive under this Section 10 shall be in addition to all other amounts due to Executive pursuant to this Agreement.

11. Non-Alienation of Benefits. Except in so far as this provision may be contrary to applicable law, no sale, transfer, alienation, assignment, pledge, collateralization or attachment of any benefits under this Agreement shall be valid or recognized by the Company.

12. ERISA. This Agreement is an unfunded compensation arrangement for a member of a select group of the Company's management or that of its subsidiaries and any exemptions under the Employee Retirement Income Security Act of 1974, as amended, as applicable to such an arrangement shall be applicable to this Agreement.

13. Executive Acknowledgment. Executive acknowledges that he or she has consulted with or has had the opportunity to consult with independent counsel of his or her choice concerning this Agreement, that he or she has read and understands this Agreement and is fully aware of its legal effect.

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14. Miscellaneous.

14.01 Duties on Termination. Upon Termination of Employment of Executive for any reason, Executive or his or her personal representative shall deliver promptly to the Company all equipment, notebooks, documents, memoranda, reports, files, books, keys, correspondence, lists or other written or graphic records, and the like, relating to the business of the Company or its subsidiaries, and all other property of the Company or its subsidiaries, which are then in Executive's possession or his or her personal representative or under his or her control.

14.02 Entire Agreement.

(a) This Agreement constitutes the entire understanding and sole and entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, negotiations and discussions between the parties hereto and/or their respective counsel and representatives with respect to the subject matter covered hereby. For the avoidance of doubt, this Agreement supersedes any employment or similar agreement between Executive and the Company to the extent such agreement includes any severance-type provisions.

(b) The severance payment hereunder is in lieu of any payment that Executive might otherwise be entitled to from the Company (including, without limitation, in lieu of any annual bonus payments or pro-rata bonus payments that would otherwise be due and any other payments due Executive in the event of a Change in Control or termination of employment under the Company's applicable severance pay policies, if any, or under any other oral or written agreement including, without limitation, any employment agreement); *provided, however* that Executive shall continue to be entitled to receive the applicable severance pay benefits, if any, under the Company's applicable policies, if any, or under another written agreement if Executive's termination is not a termination providing benefits under this Agreement.

14.03 Amendments. This Agreement may be changed, amended or modified only by a written instrument executed by both of the parties hereto.

14.04 Assignment and Binding Effect.

(a) Neither this Agreement nor the rights or obligations hereunder shall be assignable by Executive or the Company except that this Agreement shall be assignable to, binding upon and inure to the benefit of any successor of the Company, and any successor shall be deemed substituted for the Company upon the terms and subject to the conditions hereof.

(b) The Company will require any successor (whether by purchase of assets, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform all of the obligations of the Company under this Agreement (including the obligation to cause any subsequent successor to also assume the obligations of this Agreement) unless such assumption occurs by operation of law.

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14.05 No Waiver. No waiver of any term, provision or condition of this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed or be construed as a further or continuing waiver of any such term, provision or condition or as a waiver of any other term, provision or condition of this Agreement.

14.06 Rules of Construction.

(a) This Agreement has been negotiated and executed in, and shall be governed by and construed in accordance with the laws of, the State of New Jersey. Captions contained in this Agreement are for convenience of reference only and shall not be considered or referred to in resolving questions of interpretation with respect to this Agreement.

(b) If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (i) such provision will be fully severable, (ii) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (iii) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (iv) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

14.07 Notices. Any notice required or permitted by this Agreement shall be in writing, delivered by hand, or sent by registered or certified mail, return receipt requested, or by recognized courier service (regularly providing proof of delivery), addressed to the Board and the Company and where applicable, the Administrator, at the Company's then principal office, or to Executive at the address set forth under Executive's signature below, as the case may be, or to such other address or addresses as any party hereto may from time to time specify in writing. Notices shall be deemed given when received.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto as of the date first above written.

THE CHILDREN'S PLACE RETAIL STORES, INC.

EXECUTIVE

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

\_\_\_\_\_

Name: \_\_\_\_\_

\_\_\_\_\_

Title: \_\_\_\_\_

Street Address

City, State

Zip Code

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THE CHILDREN'S  
PLACE

**FOR IMMEDIATE RELEASE**

**THE CHILDREN'S PLACE RETAIL STORES, INC. REPORTS NOVEMBER SALES**

**Secaucus, New Jersey - December 6, 2007 - The Children's Place Retail Stores, Inc. (Nasdaq: PLCE)** today announced sales results for the four-week period ended December 1, 2007.

Total sales for the four-week period ended December 1, 2007, increased 18% to \$234.6 million compared to sales of \$199.3 million for the four week period ended November 25, 2006. Consolidated comparable store sales increased 3% on top of last year's 8% comparable store sales increase. During fiscal November, the Company opened four The Children's Place stores and two Disney Stores.

Total Sales (millions):

	November 2007	November 2006	% Increase	Year-to-Date 2007	Year-to-Date 2006	% Increase
The Children's Place brand	\$ 160.9	\$ 132.6	21%	\$ 1,238.1	\$ 1,121.3	10%
Disney Store	\$ 73.7	\$ 66.7	11%	\$ 488.4	\$ 450.6	8%
Total Company	\$ 234.6	\$ 199.3	18%	\$ 1,726.5	\$ 1,571.9	10%

Comparable Store Sales<sup>1</sup>:

	November 2007	November 2006	Year-to-Date 2007	Year-to-Date 2006
The Children's Place brand	8%	5%	2%	12%
Disney Store	(7)%	16%	1%	14%
Total Company	3%	8%	1%	13%

As previously announced in a press release issued yesterday, the Company has filed its delayed Annual Report on Form 10-K for fiscal year ended February 3, 2007 and its Quarterly Reports on Form 10-Qs for the second quarter ended July 29, 2006, the third quarter ended October 28, 2006, as well as the first quarter ended May 5, 2007, and second quarter ended August 4, 2007 with the Securities and Exchange Commission. Further, as expected, the Company noted that the factors causing the delays in the above filings were not a result of any material change to its previously reported results of operations.

- more -

915 Secaucus Road • Secaucus • NJ 07094 • 201 558 2400

In conjunction with today's November sales release, you are invited to listen to the Company's pre-recorded monthly sales call, which will be available beginning at 7:30 a.m. Eastern Time today through Thursday, December 13, 2007. To access the call, please dial (402) 220-2650 or you may listen through the Investor Relations section of the Company's website, [www.childrensplace.com](http://www.childrensplace.com).

The Children's Place Retail Stores, Inc. is a leading specialty retailer of children's merchandise. The Company designs, contracts to manufacture and sells high-quality, value-priced merchandise under the proprietary "The Children's Place" and licensed "Disney Store" brand names. As of December 1, 2007, the Company owned and operated 911 The Children's Place stores and 330 Disney Stores in North America and its online stores at [www.childrensplace.com](http://www.childrensplace.com) and [www.disneystore.com](http://www.disneystore.com).

<sup>1</sup> As previously announced, due to the extra week in fiscal 2006, the Company's fiscal 2007 comparable store sales have shifted by one week as compared to the corresponding period of fiscal 2006. References made today and going forward regarding last year's comparable store sales results, in view of the shift, will be on the "adjusted" basis. For a breakdown of the Company's fiscal 2006 comparable store sales on an "as reported" and "as adjusted" basis, please refer to the Company's March 8, 2007, press release.

*This press release (and above referenced call) may contain certain forward-looking statements regarding future circumstances. These forward-looking statements are based upon the Company's current expectations and assumptions and are subject to various risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements including, in particular, the risks and uncertainties described in the Company's filings with the Securities and Exchange Commission, as well as the risks and uncertainties relating to the restatement of the Company's historical financial information, the Company's historical stock option granting practices and other historical practices identified as material weaknesses as described in the Company's filings on December 5, 2007, the delays in filing the Company's periodic reports with the Securities and Exchange Commission, the delays in scheduling of the Company's 2007 shareholder meeting, the outcome of the informal investigation of the Company being conducted by the Securities and Exchange Commission, potential other governmental proceedings, the shareholder litigation commenced against the Company and certain of its officers and directors, and the potential impact of each of these matters on the Company. Actual results, events, and performance may differ. Readers (or listeners on the call) are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. 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 inclusion of any statement in this release does not constitute an admission by the Company or any other person that the events or circumstances described in such statement are material.*

CONTACT: The Children's Place Retail Stores, Inc.

Investors: Jane Singer, Investor Relations, (201) 453-6955

Media: Cara O'Brien/Leigh Parrish, FD, (212) 850-5600

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