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 2, 1998

/ / 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)

ONE DODGE DRIVE
WEST CALDWELL, NEW JERSEY 07006
(Address of Principal Executive Offices) (Zip Code)

(973) 227-8900
(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 June 1, 1998: 24, 768,083 shares

THE CHILDREN'S PLACE RETAIL STORES, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE PERIOD ENDED MAY 2, 1998

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE CHILDREN'S PLACE RETAIL STORES, INC.

BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

ASSETS	MAY 2, 1998 (UNAUDITED)	JANUARY 31, 1998
Current assets:		
Cash and cash equivalents	$3,570	$887
Accounts receivable	2,940	1,904
Inventories	17,977	20,334
Prepaid expenses and other current assets	5,262	4,612
Deferred income taxes	10,653	10,653
Total current assets	40,402	38,390
Property and equipment, net	35,407	32,121
Deferred income taxes	6,533	8,244
Other assets	680	598
Total assets	$83,022	$79,353
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Current liabilities:		
Revolving credit facility	$0	$1,089
Current maturities of obligations under capital leases	18	24
Accounts payable	9,186	9,471
Accrued expenses, interest and other current liabilities	9,522	7,568
Total current liabilities	18,726	18,152
Other long-term liabilities	2,835	2,734
Total liabilities	21,561	20,886
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, $.10 par value; 100,000,000 shares authorized; 24,712,195 shares and 24,622,103 shares issued and outstanding, at May 2, 1998 and January 31, 1998, respectively	2,471	2,462
Additional paid-in capital	82,832	82,589
Accumulated deficit	(23,842)	(26,584)
Total stockholders' equity	61,461	58,467
Total liabilities and stockholders' equity	$83,022	$79,353

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

THE CHILDREN'S PLACE RETAIL STORES, INC.

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

	THIRTEEN WEEKS ENDED	
	MAY 2, 1998	MAY 3, 1997
Net sales	$55,999	$39,203
Cost of sales	33,866	25,185
Gross profit	22,133	14,018
Selling, general and administrative expenses	14,678	9,695
Pre-opening costs	1,110	472
Depreciation and amortization	1,663	1,233
Operating income	4,682	2,618
Interest expense, net	59	828
Other expense, net	0	101
Income before income taxes	4,623	1,689
Provision for income taxes	1,881	678
Net income	$2,742	$1,011
Basic net income per common share	$0.11	$0.05
Basic weighted average common shares outstanding	24,660	20,421
Diluted net income per common share	$0.11	$0.04
Diluted weighted average common shares outstanding	25,605	23,804

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

THE CHILDREN'S PLACE RETAIL STORES, INC.

STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN THOUSANDS)

	THIRTEEN WEEKS ENDED	
	MAY 2, 1998	MAY 3, 1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$2,742	$1,011
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,663	1,233
Deferred financing fee amortization	6	152
Loss on disposals of property and equipment	216	10
Deferred taxes	1,711	578
Changes in operating assets and liabilities:		
Accounts receivable	(1,036)	(655)
Inventories	2,357	(404)
Prepaid expenses and other current assets	(650)	(441)
Other assets	(135)	(124)
Accounts payable	(285)	(155)
Accrued expenses, interest and other current liabilities	1,985	157
Total adjustments	5,832	351
Net cash provided by operating activities	8,574	1,362
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(5,048)	(4,343)
Net cash used in investing activities	(5,048)	(4,343)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Exercise of stock options and employee stock purchases	252	0
Borrowings under revolving credit facility	11,634	40,946
Repayments under revolving credit facility	(12,723)	(40,287)
Repayment of long-term debt	0	(150)
Payment of obligations under capital leases	(6)	(185)
Net cash (used in) provided by financing activities	(843)	324
Net increase (decrease) in cash and cash equivalents	2,683	(2,657)
Cash and cash equivalents, beginning of period	887	3,422
Cash and cash equivalents, end of period	$3,570	$765
OTHER CASH FLOW INFORMATION:		
Cash paid during the period for interest	$70	$669
Cash paid during the period for income taxes	172	450

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

THE CHILDREN'S PLACE RETAIL STORES, INC.

NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Certain information and footnote disclosures required by generally accepted accounting principles 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 January 31, 1998. These financial statements should be read in conjunction with the audited financial statements and footnotes for the fiscal year ended January 31, 1998 included in the Company's Form 10-K 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 2, 1998 are not necessarily indicative of operating results for a full fiscal year.

2. INITIAL PUBLIC OFFERING

On September 18, 1997, the Company sold 4,000,000 shares of Common Stock at $14.00 per share in an initial public offering (the "Offering") pursuant to a registration statement filed on Form S-1 (No. 333-31535) with the Securities and Exchange Commission and in its prospectus dated September 18, 1997 (the "Prospectus"). The Company used the net proceeds of $50.7 million, after deducting the underwriters' discount of $3.9 million and estimated transaction expenses of $1.4 million from the Offering, to (i) pay the principal amount of, and accrued interest on, the Senior Subordinated Notes (the "Senior Subordinated Notes") held by Nomura Holding America Inc., (the "Noteholder") of $20.6 million, (ii) repurchase a warrant held by Nomura Holding America Inc. (the "Noteholder Warrant") for $20.6 million, (iii) repurchase two-thirds of a warrant held by Legg Mason Wood Walker Inc. (the "Legg Mason Warrant") for $5.2 million, and (iv) reduce borrowings outstanding under the Company's revolving credit facility (the "Foothill Credit Facility") with the remainder of the net proceeds. The Senior Subordinated Notes, the Noteholder Warrant and the Legg Mason Warrant were issued in conjunction with a 1996 recapitalization of the Company.

Concurrent with the Offering, the Company effected a 120-for-one stock split of the Series A Common Stock (the "Stock Split"), converted all outstanding shares of the Series B Common Stock into 7,659,889 shares of Series A Common Stock (the "Series B Conversion") and redesignated the Series A Common Stock as Common Stock (the "Reclassification"). The Company also issued 201,414 shares of Common Stock upon the exercise of one-third of the Legg Mason Warrant.

3. NET INCOME PER COMMON SHARE

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

	THIRTEEN WEEKS ENDED MAY 2, 1998	THIRTEEN WEEKS ENDED MAY 3, 1997
Net income	$2,742	$1,011
Weighted average common shares outstanding - Basic	24,660,493	20,420,689
Incremental shares from assumed conversions of options	944,322	3,383,496
Weighted average common shares outstanding - Diluted	25,604,815	23,804,185

4. LITIGATION

CLASS ACTION SUITS

On October 16, 1997, Stephen Brosious and Rudy Pallastrone, who allegedly purchased shares of the Company's common stock in or after an initial public offering on or about September 19, 1997 (the "IPO"), filed a lawsuit against the Company, several of the Company's directors and officers, and the underwriters of the IPO (the "Defendants") in the United States District Court for the District of New Jersey (the "Court"). The named plaintiffs purport to maintain a class action on behalf of all persons, other than the Defendants, who purchased the Company's common stock issued in connection with the IPO on or about September 19, 1997 through October 13, 1997. The complaint alleges that the Defendants violated federal securities laws by making materially false or misleading statements and/or omissions in connection with the IPO. The plaintiffs seek monetary damages of an unspecified amount, rescission or rescissory damages and fees and costs. Since October 16, 1997, fifteen additional putative class actions making substantially similar allegations and seeking substantially similar relief have been filed against some or all of the Defendants. On January 13, 1998, the sixteen putative class actions were consolidated in the Court and on February 26, 1998 the plaintiffs served and filed their amended consolidated complaint. No discovery has been taken. The Company has filed a motion to dismiss this complaint which is currently pending before the Court. The Company believes that the allegations made in this complaint are untrue and totally without merit and intends to defend this action vigorously.

On October 27, 1997, Bulldog Capital Management, L.P., a limited partnership that serves as a general partner for a series of investment funds which allegedly purchased shares of the Company's common stock issued in connection with the IPO, also filed a lawsuit against the Company and several of the Company's directors and officers in the Superior Court of New Jersey, Essex County Division. The complaint alleges that by making materially false or misleading statements and/or omissions in connection with the IPO, the Company and several of the Company's directors and officers violated provisions of federal and state law. The plaintiff seeks monetary damages of an unspecified amount, rescission or rescissory damages and fees and costs. On November 20, 1997, the plaintiff filed its first request for production of documents from the defendants. No discovery has been taken. This action is presently stayed, pending resolution of the defendant's motion to dismiss in the federal lawsuit described above. The Company believes that the allegations made in this complaint are untrue and totally without merit and intends to defend this action vigorously.

OTHER LITIGATION

The Company is also 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 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 JANUARY 31, 1998. 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 JANUARY 31,1998 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 2, 1998	MAY 3, 1997
Net sales	100.0%	100.0%
Cost of sales	60.5	64.2
Gross profit	39.5	35.8
Selling, general and administrative expenses	26.2	24.7
Pre-opening costs	2.0	1.2
Depreciation and amortization	3.0	3.2
Operating income	8.3	6.7
Interest expense, net	0.1	2.1
Other expense, net	--	0.3
Income before income taxes	8.2	4.3
Provision for income taxes	3.3	1.7
Net income	4.9%	2.6%
Number of stores, end of period	178	119

THIRTEEN WEEKS ENDED MAY 2, 1998 COMPARED TO THIRTEEN WEEKS ENDED MAY 3, 1997

Net sales increased by $16.8 million, or 43%, to $56.0 million during the thirteen weeks ended May 2, 1998 (the "First Quarter 1998") from $39.2 million during the thirteen weeks ended May 3, 1997 (the "First Quarter 1997"). Net sales for the 23 new stores opened during the First Quarter 1998, as well as the stores opened and remodeled during fiscal 1997 and fiscal 1998 that did not qualify as comparable stores, contributed $14.5 million of the sales increase. During the First Quarter 1998, the Company opened stores in several new markets, including its first stores in Atlanta, St. Louis and Kansas City. As of May 2, 1998, the Company operated 178 stores in 24 states, primarily located in regional shopping malls in the eastern half of the United States. During the remainder of fiscal 1998, the Company plans to open approximately 27 new stores in its existing markets and in adjacent states.

The Company's comparable store sales increased 7% and contributed $2.3 million of the net sales increase during the First Quarter 1998. Comparable store sales increased 5% during the First Quarter 1997. The Company's First Quarter 1998 comparable store sales increase was attributable to strong customer acceptance of the merchandise, led by the growth of the newborn department.

Gross profit increased by $8.1 million to $22.1 million during the First Quarter 1998 from $14.0 million during the First Quarter 1997. As a percentage of net sales, gross profit increased to 39.5% during the First Quarter 1998 from 35.8% during the First Quarter 1997. The increase in gross profit as a percentage of net sales was principally due to higher initial markups achieved through more effective product sourcing and lower markdowns due to the strong customer acceptance of the Company's merchandise. As a percentage of net sales, gross profit was also favorably impacted by the leveraging of buying and distribution expenses partially offset by increased store occupancy costs from new stores with higher rents that have not been open long enough to leverage their rent through an established sales base.

Selling, general and administrative expenses increased $5.0 million to $14.7 million during the First Quarter 1998 from $9.7 million during the First Quarter 1997. As a percentage of net sales, selling, general and administrative expenses increased to 26.2% during the First Quarter 1998 from 24.7% during the First Quarter 1997. The increase as a percentage of net sales was primarily due to an increase in the executive and store operations management personnel of the Company and increased marketing and legal fees, partially offset by the leveraging of other corporate administrative functions. In addition, store expenses as a percentage of net sales were also unfavorably impacted by new stores which have not been open long enough to leverage their expenses through an established sales base.

During the First Quarter 1998, pre-opening costs were $1.1 million, or 2.0% of net sales, as compared to $0.5 million, or 1.2% of net sales, during the First Quarter 1997. The increase in pre-opening costs in the First Quarter 1998 reflected the opening of 23 stores and costs incurred for future store openings as compared to the opening of 11 stores during the First Quarter 1997.

Depreciation and amortization amounted to $1.7 million, or 3.0% of net sales, during the First Quarter 1998 as compared to $1.2 million, or 3.2% of net sales, during the First Quarter 1997. The increase in depreciation and amortization primarily was a result of the increase in the store base.

Interest expense, net, for the First Quarter 1998 was $0.1 million, or 0.1% of net sales, as compared to $0.8 million, or 2.1% of net sales, during the First Quarter 1997. The decrease in interest expense was primarily due to the elimination of interest expense on the Senior Subordinated Notes which were repaid with a portion of the proceeds from the Company's initial public offering in September 1997.

The Company had no other expense, net, during the First Quarter 1998. Other expense, net, for the First Quarter 1997 amounted to $0.1 million, or 0.3% of net sales, and represented anniversary fees under the Foothill Credit Facility.

The Company recorded income before income taxes of $4.6 million during the First Quarter 1998 as compared with $1.7 million in the comparable prior year period. As a percentage of net sales, the Company's income before income taxes increased to 8.2% during the First Quarter 1998 from 4.3% during the First Quarter 1997 due to the factors discussed above.

The Company's provision for income taxes for the First Quarter 1998 was $1.9 million, or 3.3% of net sales, as compared with a provision for income taxes for the First Quarter 1997 of $0.7 million or 1.7% of net sales. Due to the Company's utilization of its net operating loss ("NOL") carry forwards, the majority of the Company's tax provision will not be paid in cash, but will reduce the deferred tax asset on the balance sheet. However, the Company expects to make cash tax payments for the federal alternative minimum tax, state minimum taxes and state taxes where the Company is not in an NOL status.

The Company had net income of $2.7 million, or 4.9% of net sales, and $1.0 million, or 2.6% of net sales, in the First Quarter 1998 and the First Quarter 1997, respectively.

LIQUIDITY AND CAPITAL RESOURCES

DEBT SERVICE/LIQUIDITY

The Company's primary uses of cash are to finance new store openings and provide for working capital, which primarily represents the purchase of inventory. Since the Offering, the Company has had no long-term debt obligations other than obligations under capital leases. During the First Quarter 1998, the Company has been able to meet its cash needs primarily through cash flows from operations.

As of May 2, 1998, the Company had no borrowings under the Foothill Credit Facility and had outstanding letters of credit of $6.5 million. Availability under the Foothill Credit Facility as of May 2, 1998 was $17.2 million. During the First Quarter 1998, the interest rates charged under the Foothill Credit Facility for reference rate borrowings were 8.5% per annum and LIBOR borrowings bore interest at 7.188% per annum.

As of May 2, 1998, the Company was in compliance with all of its covenants under the Foothill Credit Facility. Management believes that the Company will be able to comply with the financial covenants contained in the facility and does not believe that compliance with these covenants will interfere with its business or the implementation of its growth strategy.

CASH FLOWS/CAPITAL EXPENDITURES

Cash flows provided by operating activities were $8.6 million and $1.4 million during the First Quarter 1998 and First Quarter 1997, respectively. In the First Quarter 1998, cash flows from operating activities increased as a result of an increase in operating earnings, the sell through of inventory, the utilization of the Company's net operating loss carry forwards and increases in current liabilities.

Cash flows used in investing activities were $5.0 million and $4.3 million in the First Quarter 1998 and the First Quarter 1997, respectively. During the First Quarter 1998 and the First Quarter 1997, cash flows used in investing activities related primarily to new store openings and remodelings. In the First Quarter 1998 and the First Quarter 1997, the Company opened 23 and 11 stores and remodeled 2 and 3 stores, respectively. Management anticipates that total capital expenditures during fiscal 1998 will approximate $22 million. These expenditures, which primarily relate to the opening of approximately 50 stores and store remodelings, also include ongoing store maintenance programs, computer and warehouse equipment and capital expenditures related to the relocation of the distribution center and corporate headquarters facility. Management plans to fund these capital expenditures primarily from cash flow from operations.

Cash flows (used in) provided by financing activities were $(0.8) and $0.3 million in the First Quarter 1998 and the First Quarter 1997, respectively. During the First Quarter 1998, cash flows used in financing activities reflected the repayment of borrowings outstanding under the Foothill Credit Facility, partially offset by funds received from the exercise of employee stock options and employee stock purchases. During the First Quarter 1997, cash flows provided by financing activities reflected net borrowings under the Foothill Credit Facility partially offset by the payment of debt obligations.

The Company's lease for its current distribution center and corporate headquarters facility is scheduled to expire in March 1999. The Company has located a site in northern New Jersey for its distribution center and corporate headquarters facility and is currently in lease negotiations. The Company anticipates entering into a lease during the second quarter of fiscal 1998 and expects to move its distribution and corporate headquarters facility during the first quarter of fiscal 1999.

The Company believes that its current financing arrangements under the Foothill Credit Facility and its anticipated level of internally generated funds will be adequate to fund its capital requirements for at least the next 18 to 24 months. The Company's ability to meet these capital requirements, will depend on its ability to generate cash from operations and successfully implement its store expansion plans.

YEAR 2000 COMPLIANCE

Although the Company has upgraded certain computer software for Year 2000 compliance, the Company continues to assess the impact of the Year 2000 on its systems and operations and the costs and programming efforts required to fully address this issue. Any disruptions of its operations, whether caused by the Company's computer systems or those of its manufacturers, suppliers and financial institutions, could have a material adverse effect on the Company's financial position or results of operation.

The Company continues to utilize its existing management information systems staff to modify existing computer systems and applications to ensure its systems are Year 2000 compliant. Management expects its computer systems to be Year 2000 compliant by the second quarter of 1999. However, there can be no assurances that the Company will not experience significant cost overruns in connection with upgrading software or the program changes required to address this issue.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

(Not applicable)

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to Part I, Item 3 in the Company's Annual Report on Form 10-K for certain class action suit information.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) EXHIBITS

EXHIBIT NO.	DESCRIPTION OF DOCUMENT
10.1	Service Agreement, between the Company and AST StockPlan, Inc. dated June 8, 1998.
11.1	Statement re: computation of per share earnings.
27.1	Financial Data Schedule

(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: June 12, 1998

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

Date: June 12, 1998

By: /s/ Seth L. Udasin
Seth L. Udasin
Vice President &
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit No.	Description
10.1	Service Agreement, between the Company and AST StockPlan, Inc. dated June 8, 1998.
11.1	Statement re: computation of per share earnings.
27	Financial Data Schedule.

EXHIBIT 10.1

THE CHILDREN'S PLACE RETAIL STORES, INC.

SERVICE AGREEMENT, BETWEEN THE

COMPANY AND AST STOCKPLAN, INC.

JUNE 8, 1998

SERVICE AGREEMENT

This SERVICE AGREEMENT ("Agreement") is entered into, as of June 8, 1998, between The Children's Place Retail Stores, Inc. ("the Company") a corporation, having its principal place of business at One Dodge Drive, West Caldwell, New Jersey 07006, and AST StockPlan, Inc., ("StockPlan"), a Delaware corporation, having its principal place of business at 250 Broadway, New York, New York, 10007. This Agreement is subject to the Company successfully terminating the Employee Stock Purchase Plan Servicing Agreement and Corporate Stock Ownership Agreement with Merrill Lynch.

1. STOCKPLAN SERVICE OBLIGATION

A. Stock Administration Services. StockPlan agrees to perform, on behalf of the Company, the stock administration services described in Exhibit A hereto ("Services") and such other services as mutually agreed upon from time to time by StockPlan and the Company.

B. Employee Stock Purchase Plan Services. StockPlan agrees to perform, on behalf of the Company, the employee stock purchase plan administration services described in Exhibit B hereto ("Services") and such other services as mutually agreed upon from time to time by StockPlan and the Company.

C. StockPlan Software. In providing the Services, StockPlan shall utilize StockPlan proprietary computer software, ("StockPlan Software"), including any enhancements, modifications or customizations made specifically for or at the request of the Company.

D. Reports. StockPlan shall produce and deliver to the Company such reports as are described in Exhibits A and B hereto.

2. FEES FOR SERVICES

The Company shall pay StockPlan for the Services in accordance with the fees agreed to and described in Exhibit C hereto. Payments shall be due and payable thirty (30) days following receipt of an invoice from StockPlan. The fee shall remain fixed for the initial term of this Agreement. Thereafter, StockPlan may, but not more frequently than once in each twelve (12) month period, amend or alter the fee schedule, upon consultation with the Company, at least ninety (90) days prior to the proposed effective date of the fee change.

3. SUPPORT FROM THE COMPANY

At no cost to StockPlan, the Company shall provide StockPlan on a timely basis with copies of its Plans, stock option grants, vesting schedules and such other information as may be required by StockPlan to provide the Services ("Stock Information").

4. INDEMNIFICATION AND INSURANCE

A. StockPlan Indemnity.

(a) Subject to Section 5 below, StockPlan shall indemnify and hold harmless the Company, its employees, officers, directors and agents from any and all costs, liabilities and damages (including reasonable attorneys' fees), finally awarded to any third party by a court of competent jurisdiction, caused by or arising out of (i) the performance of the Services, or (ii) the conduct of StockPlan's agents or employees in relation thereto. The foregoing shall not apply to the extent such claim or cause of action arises out of an event or occurrence resulting from StockPlan complying with instructions from the Company or any error, omission, fault or defect in the Stock Information.

(b) StockPlan shall defend or, at its option, settle, any such claim, suit, or proceeding and have sole control of any such action or settlement proceeding insofar as it relates to StockPlans' performance of the Services or the conduct of its employees or agents in relation thereto. The Company shall notify StockPlan promptly of any such claim, suit, or proceeding and shall cooperate reasonably with StockPlan in the defense or settlement thereof.

(c) StockPlan will maintain appropriate business insurance at all times during the term of this Agreement.

B. Company Indemnity.

(a) The Company shall indemnify and hold harmless StockPlan, its employees, officers, directors and agents from any and all costs, liabilities and damages (including reasonable attorneys' fees), finally awarded to any third party by a court of competent jurisdiction, relating to any claim or cause of action which arises from or relates to the performance of the Services and which claim or cause of action results from StockPlan complying with instructions from the Company or any person acting on its behalf or any error, omission, fault or defect in the Stock Information.

(b) The Company shall defend or, at its option, settle, any such claim, suit, or proceeding and have sole control of any such action or settlement proceeding insofar as it relates to the Company's procedures or Stock Information. StockPlan shall notify the Company in a timely manner of any such claim, suit, or proceeding and shall cooperate reasonably with the Company in the defense or settlement thereof.

5. LIMITATION OF LIABILITY

A. Subject to the provisions of this Section, StockPlan shall only be liable to the Company, to the extent the Company may be entitled to indemnification pursuant to Section 4 hereof and for personal injury, damages to real property or tangible personal property caused by StockPlan's gross negligence or intentional wrongdoing.

B. Waiver of Consequential Damages. IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER OR TO ANY THIRD PARTY FOR ANY LOST PROFIT, LOST TAX BENEFIT, LOST SAVING, OR OTHER INDIRECT, INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGE RELATED TO OR ARISING OUT OF THIS AGREEMENT OR, EXCEPT PURSUANT TO INDEMNIFICATION OBLIGATIONS SET FORTH IN SECTION 4 HEREOF, FOR ANY CLAIM BY ANY OTHER PARTY, WHETHER IN AN ACTION IN CONTRACT OR TORT OR BASED ON A WARRANTY, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE, ARISING OUT OF OR IN CONNECTION WITH THE SERVICES PROVIDED HEREUNDER.

C. Limitation of Liability. The Company agrees that regardless of the claim or the form in which any legal or equitable action may be brought by the Company, or by any other party, against StockPlan as a result of this Agreement or any work performed or services rendered by StockPlan, hereunder, including any machine or human error except as to gross negligence, StockPlan's liability hereunder shall be limited to compensatory damages only in an amount not to exceed the amount paid to StockPlan by the Company for the service which gave rise to the claim asserted.

Should StockPlan fail to furnish the Company with any report or document pursuant to this Agreement within the time period required, the exclusive liability or responsibility of StockPlan shall be to furnish such report or document to the Company as soon as reasonably practicable. StockPlan shall not be liable or responsible to the Company or any other party for any loss or damage which any of them may suffer or incur by reason of StockPlan's failure to furnish such report or document within the time period required.

6. PROPERTY RIGHTS AND CONFIDENTIALITY

A. Property Rights. The Company acknowledges that the StockPlan Software, and any modification thereto, and all documentation therefore, are proprietary to StockPlan and StockPlan retains all right, title and interest in and to such StockPlan Software and documentation. Except as specified in this Agreement, StockPlan does not grant to the Company any right in or to any intellectual property related to the StockPlan Software or to any materials furnished hereunder.

B. Confidential Information. StockPlan acknowledges that by reason of its relationship to the Company hereunder it may have access to certain proprietary information concerning the Company business and employment matters, whether in oral, written, graphic or electronic form ("Confidential Information"), which is confidential. StockPlan agrees that it will not use in any way for its own account, except as contemplated in this Agreement, or the account of any third party, nor disclose to any third party, any such Confidential Information revealed to it by the Company. StockPlan shall use its best efforts to protect the confidentiality of such information. In the event of termination of this Agreement, StockPlan shall not use or disclose any Confidential Information of the Company and StockPlan shall not market or sell to a third party any products, algorithm or computer program or software utilizing any of the Company's Confidential Information. The term "Confidential Information" shall not be deemed to include information which StockPlan can demonstrate: (a) is now, or hereafter becomes, through no act or failure to act on the part of StockPlan, generally known or available; (b) is known by StockPlan at the time of receiving such information; (c) is hereafter furnished to StockPlan by a third party, as a matter of right and without restriction on disclosure; or (d) is the subject of a written permission to disclose provided by the Company.

7. TERM AND TERMINATION

A. Term. The initial term of this Agreement shall commence on the signing of this Agreement and end one year one (1) year following the date hereof, unless terminated earlier under the provisions of this Section. At the end of the initial term, this Agreement shall be renewed automatically for successive terms of one (1) year each, unless at least ninety (90) days prior to the expiration of the initial term or any renewal term, the Agreement is terminated in writing by either party.

B. Termination for Cause. If either party defaults in the performance of any material provision of this Agreement, then the non-defaulting party may give written notice to the defaulting party that if the default is not cured within thirty (30) days, the Agreement may be terminated. If the non-defaulting party gives such notice and the default is not cured during the thirty (30) day period, then the Agreement shall terminate at the option of the non-defaulting party at the end of that period, provided that any amount owing to StockPlan shall not be affected by any such termination.

C. Termination for Insolvency. This Agreement shall terminate, without notice, (i) upon the institution by or against either party of any insolvency, receivership, or bankruptcy proceeding, (ii) upon the insolvent party's making an assignment for the benefit of creditors, or (iii) upon insolvent party's dissolution or ceasing to do business.

D. Return of Information. All of the Company's Confidential Information of every kind including, without limitation, the Stock Information, shall remain the property of the Company, subject to the Company not being in default of any payment obligation hereunder. Within thirty (30) days after the termination of this Agreement, StockPlan shall return all the Company property in its possession to the Company. StockPlan shall not make or retain any copies of any Confidential Information entrusted to it.

E. Survival of Certain Terms. The provisions of Sections 4, 5, 6, 7, 8 and 9 shall survive the termination of this Agreement for any reason. All other rights and obligations of the parties shall cease upon termination of this Agreement.

F. Right to Terminate. Upon thirty days written notice.

8. COOPERATION AND GOOD FAITH

Notwithstanding the remedies available under this Agreement to either party against the other party for any failure or claim as specified in Section 4 and prior to any notice given by the parties pursuant to Section 7.B, the Company and StockPlan shall cooperate and negotiate in good faith to resolve any situation giving rise to such failure or claim. However, failure of the parties to resolve such situation shall not preclude either party from then exercising its rights and remedies under this Agreement.

StockPlan may rely on written or oral instructions received from any person it believes in good faith to be an officer, authorized agent or employee of the Company, unless prior thereto the Company shall have advised StockPlan in writing of designated officers, authorized agents or employees of the Company. StockPlan may also rely on advice, opinions, or instructions received from the Company's legal counsel. StockPlan may also rely on any writing believed by it to have been furnished by or on behalf of the Company as having actual authority to the extent of such apparent authority; on the authenticity of any signature (manual or facsimile) appearing on any writing; and on the conformity to original of any copy.

9. GENERAL PROVISIONS

A. Governing Law and Jurisdiction. This Agreement shall be governed by and construed under the laws of the State of New York, without regard to its conflict of law provisions.

B. Entire Agreement. This Agreement and the exhibits hereto set forth the entire agreement and understanding of the parties relating to the subject matter herein and merges all prior discussions between them. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the party to be charged.

C. Notices. Any notice required or permitted by this Agreement shall be in writing and shall be sent by prepaid registered or certified mail, return receipt requested, addressed to the other party at the address shown at the beginning of this Agreement or at such other address for which such party gives notice hereunder. Such notice shall be deemed to have been given three (3) days after deposit in the mail.

D. Force Majeure. Nonperformance of either party shall be excused to the extent that performance is rendered impossible by strike, fire, flood, governmental act or order or restriction, failure of suppliers, or any other reason where failure to perform is beyond the reasonable control of the non-performing party.

E. Assignment. Neither party may assign this Agreement or any of its rights, duties or obligations under this Agreement to any third party without the other party's prior written consent, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, either party may assign its rights and delegate its obligations under this Agreement without the consent of the other party to a purchaser of all or substantially all of its voting stock or capital assets or to an entity with which such party merges or is consolidated.

F. Taxes. Each party is solely responsible for all taxes, duties, tariffs, including, but not limited to, sales, use, transfer or similar tax or other charges by any governmental authority levied upon the party.

G. Independent Contractors. The relationship of the Company and StockPlan established by this Agreement is that of independent contractors, and nothing contained in this Agreement shall be construed to (i) give either party the power to direct and control the day-to-day activities of the other, (ii) constitute the parties as partners, joint venturers, co-owners, or other participants in a joint or common undertaking, or (iii) allow either party to create or assume any obligation on behalf of the other for any purpose whatsoever. All financial obligations associated with each party's business are the sole responsibility of that party.

H. No Third Party Beneficiaries. This Agreement is intended solely for the benefit of the parties hereto and shall not be construed to create any benefit for any other person or firm.

I. Severability. Whenever possible, each provision of the Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of the Agreement.

J. Headings. The section headings appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of any such section nor in any way affect this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, including the Exhibits attached hereto and incorporated herein by reference.

THE CHILDREN'S PLACE RETAIL STORES, INC.	AST STOCKPLAN, INC.
Name: STEVEN BALASIANO	Name: SHAI STERN
Title: VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY	Title: SENIOR ACCOUNT EXECUTIVE
Signature: /S/ STEVEN BALASIANO	Signature: /S/ SHAI STERN

EXHIBIT A

STOCK OPTION PLAN MANAGEMENT SERVICES

The Stock Option Plan Management Services AST StockPlan can provide to your company cover three major areas:

1) DATA CONVERSION
2) INFORMATION MANAGEMENT
3) PROFESSIONAL CONSULTING

1) DATA CONVERSION

- READ, REVIEW AND UNDERSTAND YOUR PLAN AST StockPlan starts by reading, reviewing and understanding your plan.

- MEET WITH PROPER CONSTITUENCIES
  After reading and reviewing the plan, questions will arise. By seeking answers from the proper constituencies within your company, AST StockPlan can tailor its services to meet the specific needs of your employees, plan and company.

- DATA CONVERSION
  Once we have a clear understanding of your plan, AST StockPlan will enter into its proprietary software each plan's parameters, optionee information and historical activity.

- BALANCING SHARES
  AST StockPlan will reconcile shares outstanding between our records, your records and the records of the transfer agent. This initial reconciliation of shares outstanding is crucial to continued accurate tracking of fully diluted shares outstanding by AST StockPlan.

- COMPANY CONTACT
  After you designate a contact person within your company, AST StockPlan will work with the liaison to establish procedures for communicating necessary optionee information regarding new grants, terminations, address changes, etc. AST StockPlan will also provide training so the liaison can access your company's plan information through our on-line computer capability.

- EMPLOYEE "WELCOME" PACKAGES
  Once the data conversion process is completed, we will work with your company to develop a "Welcome" package to introduce AST StockPlan to your employees, explain the services we will be providing to them, distribute reports showing the status of their grants and explain any new forms or procedures.

2) INFORMATION MANAGEMENT

- PROVIDE INFORMATION TO AN IVR SYSTEM ("IVRS") Using upload files, AST StockPlan supplies the IVRS with current stock option data on a daily basis (e.g., grants with shares vested and exercisable, grant dates, exercise cost, etc.) so that employees have 24-hour access to their grant information.

- PROVIDE PROMPT, FRIENDLY, PROFESSIONAL SERVICE TO YOUR PARTICIPANTS
  Our Client Services Department is open between 9:00 a.m. and 7:00 p.m. Eastern Time, every day the stock market is open. Optionees who call will speak with an AST StockPlan Client Services Representative who will have instant on-line access to the optionee's stock option information.

- PROCESS GRANTS
  AST StockPlan can enter grant information from hard copy or through an electronic file. We will send a report to you showing options granted for final approval and then prepare new grant packages, either for delivery to your company or for mailing. Once the grant packages are delivered, we will track the return of completed agreements.

- MAINTAIN OPTIONEE UPDATES
  Using an upload file created by the company, AST StockPlan will maintain data on all optionees including: name, address, taxpayer identification number, department, location and tax withholding to date. Maintaining up-to-date tax withholding information eliminates over-withholding on an exercise.

- PROCESS EXERCISES (cash, cashless, shares withheld from exercise)
  AST StockPlan will work in conjunction with brokers selected by your company to facilitate a cashless, same-day-sale exercise program. In order to facilitate the entire exercise process, we recommend that your company do the following:
  - Enter into a formal relationship to establish a cashless, same-day-sale program with from one to three brokers.
  - Implement either AST StockPlan's Standing Letter of Authorization (SLOA) or the broker's SLOA, thus eliminating the need for employees to submit an original signed exercise notice each time they do a cashless, same-day-sale exercise.

- TRACK AND REPORT DISQUALIFYING DISPOSITIONS For ISO grants, AST StockPlan will track both qualifying and disqualifying dispositions of cash exercises, as well as calculate and report disqualifying dispositions resulting from a same-day-sale. The process for tracking dispositions of cash exercises will involve:
  - Your transfer agent or broker reporting to AST StockPlan the first transfer of the shares;
  - AST StockPlan surveying the optionee to determine whether the transfer was a disqualifying disposition; and
  - If the transfer was not a disqualifying disposition, at your request, AST StockPlan will continue to survey the optionee until the optionee has disposed of the shares.

2) INFORMATION MANAGEMENT (CONTINUED)

- PROCESS TERMINATIONS
  Your company will send to AST StockPlan a terminations upload file on a regular basis. This file will list all plan terminations and the reason for termination. AST StockPlan should be notified separately in writing of any special circumstances. We will prepare, for optionees with shares vested and exercisable, a termination package which shows the shares exercisable and the last date to exercise.

- PREPARE CALENDAR YEAR-END REPORTS FOR EMPLOYEES Calendar year-end can be a confusing time for optionees. As a result, this is a good time to summarize their activity during the past year and to advise them of actions they may want to take in the upcoming year, based on future vestings and expirations. This is also the time when they receive W2s from the company and any 1099s from their brokers. AST StockPlan has designed year-end reports to assist optionees with their tax preparation. Each calendar year-end, your company can choose to have optionees receive any or all of the following standard reports from AST StockPlan:
  - Income and Tax Reconciliation. Period Activity.
  - Personal Activity Forecast.
  - Option Valuation Statement.

- PROVIDE SECURE, 24-HOUR, ON-LINE ACCESS FOR MANAGEMENT Your data will be securely stored on our system with 24-hour, password-protected access available to authorized personnel at your company. This allows your management unlimited access to any reports it might need. Information can be downloaded for use in spreadsheet preparation, or reports can easily be printed on your local printer.

- PREPARE MONTH-END REPORTS
  Each month, AST StockPlan prepares a set of reports for your company liaison. In addition to reporting activity during the month, these reports can assist various departments within your company with their internal audit and reconciliation procedures. Our standard month-end package includes the following reports:
  - Directors and Officers Period Activity.
  - Plan Activity Detail (Grants, Exercises, Cancellations/ Expirations, Repurchases).
  - Terminations.
  - Tax Withholding.
  - Accounts Receivable.
  - Fair Market Valuation.

- PREPARE QUARTER-END REPORTS
  The process at quarter-end includes the full month-end process with the addition of the following standard reports:
  - Common Stock Equivalent.
  - Disqualifying Dispositions.
  - Optionee Activity Summary.

2) INFORMATION MANAGEMENT (CONTINUED)

- PREPARE FISCAL YEAR-END REPORTS
  For the company's fiscal year-end, AST StockPlan prepares all usual quarter-end reports, with the addition of standard proxy reports designed to the SEC's specifications.

- MANAGEMENT REQUESTS AND TROUBLESHOOTING
  AST StockPlan will provide the following services on an on-going basis:
  - Audit and reconciliation of monthly, quarterly, and fiscal and calendar year-end reports.
  - Meet with your company liaison.
  - Answer inquiries from company personnel.
  - Audit of period transactions.
  - Reconcile common shares outstanding with your transfer agent.
  - Reconcile with your company's accounting, legal and payroll departments.
  - Report stock activity to your company's legal department for directors and officers subject to Section 16 for Forms 3, 4 & 5 filings.
  - Assist your company's outside accounting firm during the annual audit.
  - Assist your company with annual proxy reporting requirements.

3) PROFESSIONAL CONSULTING

- RELEASE OF SHARES EXERCISED PRIOR TO VESTING On the day of the election, AST StockPlan calculates the taxes due for each participant and processes each participant's released stock in accordance with that participant's election. When any early-exercise stock vests, AST StockPlan verifies that any tax withholding requirement is met and instructs the transfer agent to remove the restriction and deliver the participant's vested stock.

- RESTRICTED STOCK PLAN MANAGEMENT

  - PROCESS RESTRICTED STOCK AWARDS
    AST StockPlan will enter award information manually or through an electronic file. We will send your company a report showing restricted stock awarded for final approval and then prepare new award packages, either for delivery to the company or for mailing. Once the award packages are delivered, we will track the return of completed agreements and any payment for the stock that might be required. AST StockPlan can, if desired, collect a check from the participant for forwarding to the company.

  - PRE-RELEASE OR ELECTION NOTICE Prior to a vesting date, AST StockPlan sends participants a pre-release or election notice alerting them of the upcoming vesting and setting out the available choices to pay for the taxes that will be due. If the plan is structured so that no election is needed (e.g., if taxes are automatically withheld from salary), then this pre-release notice is for "information purposes only" and is strictly optional. The election notice or pre-release notification will contain an estimate (based on the current stock price) of the taxes that will be due on vesting.

  - VESTING RELEASE
    Whenever restricted stock vests, AST StockPlan is responsible for making sure that any tax withholding requirement is met and that the transfer agent is instructed where to send each participant's vested stock. On the day of the election, we will calculate the exact taxes due for each participant and process each participant's released stock in accordance with the participant's election.

- SPECIAL REQUESTS
  AST StockPlan will provide your management with ad hoc reports that meet your specifications. If you want to evaluate an anticipated event, we will work with you to prepare a "what if" analysis and reporting. If necessary, we will prepare special timelines or procedures to your specifications.

- FAS 123 ANALYSIS AND REPORTING
  - Provide consulting to determine parameters for the options' fair value calculation.
  - Provide FAS 123 reporting regarding the fair value calculation.

- SPECIAL PROJECTS
  - Prepare and deliver employee education seminars.
  - Process stock splits.
  - Process grant repricings.
  - Convert data for mergers or spin-offs.

- TECHNICAL INFORMATION SYSTEMS SUPPORT
  AST StockPlan will provide technical assistance to various departments within your company (such as human resources, payroll, accounting, etc.) and/or to outside vendors (such as brokers, transfer agents, payroll vendors) in the following areas:
  - Customize our software to provide you with unique functions and reports.
  - Produce electronic files to feed IVRS and for participant updates, terminations, tax withholdings and sales of stock.
  - Assist your company in preparing upload files to AST StockPlan specifications and/or correcting files not received to our specifications.
  - Set up an electronic interface to facilitate on-line access for your management.

- PLAN DESIGN AND REVIEW
  Our in-house consultants will assist you in designing new option, restricted stock or employee stock purchase plans. We can also review existing plans and make suggestions for improvements and updates which will help ensure that each plan achieves the goals set by your company.

EXHIBIT B

AST STOCKPLAN, INC.

EMPLOYEE STOCK PURCHASE PLAN
ADMINISTRATION SERVICES

250 BROADWAY
NEW YORK, NEW YORK 10007
TEL: (718) 921-8100

EMPLOYEE STOCK PURCHASE PLAN
ADMINISTRATION SERVICES

The Employee Stock Purchase Plan Administration Services AST StockPlan can provide to your company cover three major areas:

1) INITIAL SET-UP
2) TRANSACTIONAL SERVICES
3) PROFESSIONAL SERVICES

1) INITIAL SET-UP

* READ, REVIEW AND UNDERSTAND YOUR PLAN
AST StockPlan, Inc., starts by reading, reviewing and understanding your Employee Stock Purchase Plan.

* MEET WITH PROPER CONSTITUENCIES
After reading and reviewing the plan, questions will arise. By seeking the answers from the proper constituencies within your company, AST StockPlan can tailor its services to meet the specific needs both of your employees and your plan. In particular, the company must decide whether to stress high participation (which means allowing a quick-sale and encouraging direct deposit) or stock retention.

* DATA CONVERSION
Once we have a clear understanding of your plan, AST StockPlan will enter into its proprietary software the plan's parameters, participant information and historical activity.

* COMPANY LIAISON TRAINING
After you designate a contact person within your company, AST StockPlan will train the liaison to access information through our on-line system and to communicate necessary optionee information regarding new enrollments, withdrawals, address changes and other data which we will need to properly administer the plan.

* CONTACTING AND EDUCATING PARTICIPANTS
AST StockPlan will work with you to develop information pamphlets and enrollment material for each eligible participant.

2) TRANSACTIONAL SERVICES

* PRE-PURCHASE PREPARATION
Approximately 8 WEEKS before a purchase, if your plan is set up to allow direct-deposit and/or quick-sale, AST StockPlan will send out Deposit Election Forms to participants who do not yet have a form on file. This will allow participants to choose whether to receive certificates, have shares deposited in book form with the transfer agent, or have their shares deposited directly with their brokers. We will track the receipt of these forms and record the participants' choices.

  Approximately 4 WEEKS before the purchase, we will process the file provided by you and return a report showing current participants for your company to verify.

  Approximately 2 WEEKS before the purchase, we will process another file provided by you and return a report to your company confirming the planned contributions for final verification. We will perform any necessary currency conversions for foreign contributions and run a preliminary purchase report for audit purposes.

  AST StockPlan will then enter any corrections or last-minute changes and send a complete set of preliminary reports to your company.

* PROCESS PURCHASE TRANSACTION
On the day of the purchase, as soon as the market closes, AST StockPlan determines the purchase price. The price is confirmed with an approved broker, an on-line database and your company. We then validate the purchase and fax share issuance instructions to the transfer agent and share deposit/quick-sale instructions to the approved broker(s). Overnight packages with original documents are sent to the company, the transfer agent and the broker(s).

  On the following day, we will mail to each participant an individual Purchase Confirmation Statement.

* DISQUALIFYING DISPOSITION TRACKING
AST StockPlan tracks disqualifying dispositions in the following ways:

  REPORT FROM BROKER OF SALE OR TRANSFER.
  We can receive this information in file format or hard copy, and can either apply the disposition on a first-in, first-out (FIFO) basis or survey the participant.

REPORT FROM TRANSFER AGENT OF CERTIFICATE CANCELLATION.
Since AST StockPlan can't be certain whether this is a disposition, as it may simply be a transfer to a brokerage account or trust, AST StockPlan will survey the participant for clarification.

PERIODIC SURVEY OF PARTICIPANTS.
We can also send surveys on a periodic basis to all participants, if your company desires.

* PROVIDE PROMPT, FRIENDLY, PROFESSIONAL SERVICE TO YOUR PARTICIPANTS
  Our Client Services Department is open between 8:00 a.m. and 8:00 p.m., Eastern Time, every day the stock market is open. Participants who call will speak with an AST StockPlan Client Services Representative who will have instant on-line access to participant stock purchase information.

* PROVIDE SECURE, 24-HOUR, ON-LINE ACCESS FOR MANAGEMENT
  Your data will be securely stored on our system with 24-hour, password- protected access available to authorized personnel at your company. This allows your management unlimited access to any reports it might need. Reports can easily be printed in your office.

* PREPARE PURCHASE REPORTS
  ESP Plan Activity.
  Contribution/Purchase Report.
  Payroll Contribution Reconciliation Report.
  Employee Stock Purchase Plan Statements.
  Transfer Agent Instructions.
  Broker Deposit and Quick-sale Elections.
  Quarterly Disqualifying Disposition Report.

* PREPARE CALENDAR YEAR-END REPORTS FOR PARTICIPANTS
  Year-end can be a confusing time for participants. They are receiving W2s from the company as well as 1099s from their brokers. AST StockPlan has designed reports to assist participants with their tax preparation. Calendar year-end is also a good time to summarize participants' activity during the year. Each calendar year-end, participants receive the following reports from AST StockPlan:
    Income and Tax Reconciliation.
    Period Activity.
    ESPP Historical Summary.

3) PROFESSIONAL SERVICES

* PROVIDE RECONCILING, AUDITING AND INQUIRY SERVICES
  AST StockPlan will provide the following services on an on-going basis:

    Audit and reconcile purchase reports.
    Meet with your company's liaison.
    Answer inquiries from company personnel.
    Reconcile with your company's accounting, legal and payroll departments.
    Report stock activity to your company's legal department for directors and officers subject to Section 16 for Forms 3, 4 & 5 filings.
    Assist your company's outside accounting firm during the annual audit.
    Assist your company with annual proxy reporting requirements.

* TECHNICAL INFORMATION SYSTEMS SUPPORT
  AST StockPlan will provide technical assistance to various departments within your company (such as human resources, payroll, accounting, etc.) and/or to outside vendors (such as brokers, transfer agents, payroll vendors) in the following areas:
    Produce electronic files for participant updates, terminations, payroll contributions and sales of stock by brokers, etc.
    Assist your company in preparing upload files to AST StockPlan specifications and/or correcting files to AST StockPlan specifications.
    Set up an electronic interface to facilitate on-line access for your management.

* CUSTOM REPORTING
  Customize our software to provide you with the unique functions and reports you require.
  Provide ad-hoc reports to your specifications.

* FAS 123 CONSULTING/REPORTING
  Provide consulting to determine volatility numbers for the ESPP fair value calculation.
  Provide FAS 123 reporting regarding the ESPP fair value calculation.

* PLAN DESIGN AND REVIEW
  Our in-house consultants will assist you in designing new option, restricted stock or employee stock purchase plans. We can also

review existing plans and make suggestions for improvements and updates which will help ensure that each plan achieves the goals set by your company.

EXHIBIT C

SCHEDULE OF FEES

$1,500.00 per month

PLUS

$2,000.00 Set-up Fee

NOTE: "Special Projects" shown on page five (5) of Exhibit A are to be priced upon appraisal and are not included in services provided under the flat rate monthly fees shown above.

EXHIBIT 11.1
THE CHILDREN'S PLACE RETAIL STORES, INC.
STATEMENT RE COMPUTATION OF PER SHARE EARNINGS

(In thousands, except for per share data)

	THIRTEEN WEEKS ENDED	
	MAY 2, 1998	MAY 3, 1998
Net income..	$2,742	$1,011
Basic weighted average common shares outstanding (1)....	24,660	20,421
Basic net income per common share......................	$0.11	$0.05
Diluted weighted average common shares outstanding (2)..	25,605	23,804
Diluted net income per common share....................	$0.11	$0.04

(1) Basic weighted average common shares outstanding for the thirteen weeks ended May 2, 1998 includes 24,622 shares outstanding as of January 31, 1998 and 38 weighted average shares outstanding issued upon exercise of employee stock options and employee stock purchases during the thirteen weeks ended May 2, 1998. Basic net income per common share for the thirteen weeks ended May 3, 1997 was calculated by dividing net income by the basic weighted average common shares outstanding as if the Stock Split, the Series B Conversion and the Reclassification occurred on the first day of fiscal 1997.

(2) Diluted net income per common share for the thirteen weeks ended May 3, 1997 was calculated by dividing net income by the diluted weighted average common shares and common share equivalents outstanding as if the Stock Split, the Series B Conversion and the Reclassification occurred on the first day of fiscal 1997. For the thirteen weeks ended May 3, 1997, common share equivalents included the Noteholder Warrant and Legg Mason Warrant and management options to purchase common stock under the 1996 Plan using the treasury stock method. The Offering price was utilized for the treasury stock calculations due to the lack of a public market.

EXHIBIT 11.1
THE CHILDREN'S PLACE RETAIL STORES, INC.
STATEMENT RE COMPUTATION OF PER SHARE EARNINGS

CALCULATION OF DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING

Thirteen Weeks Ended May 2, 1998	# of Shares	# of Months	Weighted Average
Outstanding common stock (a)...............	24,660,493	3	24,660,493
1996 Management Options (b)................	1,407,488	3	929,018
1997 Management Options (c)................	434,380	3	--
Options issued to a 10% owner (d)..........	99,660	3	--
Management options issued during 1998 (e)..	200,000	3	15,304
			25,604,815

(a) Outstanding common stock includes 24,622,103 shares outstanding as of January 31, 1998 and 38,390 weighted average shares issued upon the exercise of employee stock options and employee stock purchases during the thirteen weeks ended May 2, 1998.

(b) Represents the treasury stock calculation of options issued in conjunction with a 1996 recapitalization of the Company at their exercise price of $2.677 and the average market price of $8.16 for the thirteen weeks ended May 2, 1998.

(c) The Company re-priced certain options issued in conjunction with the Offering to the average market price on March 27, 1998 of $8.70. Options granted to officers were not re-priced. As of May 2, 1998, these options were anti-dilutive as their exercise price was greater than the average market price of $8.16 for the thirteen weeks ended May 2, 1998.

(d) Options issued to a 10% owner have an exercise price of $15.40 and are anti-dilutive for the thirteen weeks ended May 2, 1998.

(e) Represents the treasury stock calculation of 200,000 shares issued during fiscal 1998 at an exercise price of $7.3125, and the average market price of $8.16 for the thirteen weeks ended May 2, 1998.

THIRTEEN WEEKS ENDED MAY 3, 1997	# of Shares	# of Months	Weighted Average
Outstanding common stock...............	12,760,800	3	12,760,800
Series B conversion to common stock....	7,659,889	3	7,659,889
Legg Mason Warrant (f).................	747,096	3	604,240
Noteholder Warrant (f).................	1,992,252	3	1,611,305
1996 Management Options (f)............	1,444,080	3	1,167,951
			23,804,185

(f) Represents the treasury stock calculation of warrants/options issued in conjunction with a 1996 recapitalization of the Company at their exercise price of $2.677 and the Offering price of $14.00.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF THE CHILDREN'S PLACE RETAIL STORES, INC. AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS
JAN-30-1999
FEB-01-1998
MAY-02-1998
3,570
0
2,940
0
17,977
40,402
49,492
14,085
83,022
18,726
0
0
0
2,471
58,990
83,022
55,999
55,999
33,866
15,788
0
0
59
4,623
1,881
2,742
0
0
0
2,742
0.11
0.11