

**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): **July 29, 2009**

**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 1.01. Entry into a Material Definitive Agreement**

Securities Purchase Agreement

On July 29, 2009, The Children's Place Retail Stores, Inc. (the "Company") entered into a securities purchase agreement (the "Securities Purchase Agreement") with Ezra Dabah, Renee Dabah and certain related trusts (collectively, the "Sellers") pursuant to which the Company agreed to purchase from the Sellers an aggregate of approximately 2.45 million shares of common stock of the Company at a price of \$28.88 per share, which represented a discount of 5% to the average closing prices of the Company's common stock of the three days ending July 28, 2009 (the "Sale"). The Sale has been consummated.

Pursuant to the Securities Purchase Agreement, the Company has also agreed to file a Registration Statement on Form S-3 ASR (or other appropriate form for which the Company is eligible) to effect the registration of the remaining approximately 2.45 million shares held by the Sellers, after giving effect to the Sale, in a firm commitment underwritten offering (the "Offering") in the event the Sellers elect to sell such additional shares. The Company has agreed to pay all expenses incident to the Offering except for (i) underwriting discounts, commissions or fees attributable to the Offering or any counsel, accountants or other persons retained by the Sellers and (ii) any taxes incident to the sale and delivery of the securities in connection with the Offering, each of which will be the sole responsibility of the Sellers.

In connection with the Company's agreement to purchase the shares and facilitate the Offering, Ezra Dabah and Stanley Silverstein have tendered their resignations from the board of directors of the Company (the "Board"), effective as of the closing of the Sale. Pursuant to the Securities Purchase Agreement, the Sellers agreed to either abstain from voting or to vote all of their shares of common stock of the Company (i) in favor of the election of the Board's nominees for directors Sally Frame Kasaks, Malcolm Elvey and Norman Matthews at the 2009 Meeting and (ii) in opposition to any proposal that is not recommended by the Board at the 2009 Meeting and any meeting of stockholders up to and including the Company's 2010 Annual Meeting of Stockholders. For a period of 12 months from the date of the Securities Purchase Agreement, the Sellers have agreed to customary standstill provisions.

The full text of the Securities Purchase Agreement is attached as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference. This summary of the Securities Purchase Agreement is qualified in its entirety by the Purchase Agreement. The press releases announcing entry into the Securities Purchase Agreement is attached as Exhibit 99.1 hereto.

## Amendment to Credit Agreement

On July 29, 2009, the Credit Agreement (the "Credit Agreement"), dated July 31, 2008, among the Company, as borrower, and The Children's Place Services Company, LLC, The Children's Place (Virginia), LLC, The Children's Place Canada Holdings, Inc., thechildrensplace.com, inc. and Twin Brook Insurance Company, Inc., as guarantors, on the one hand, and Wells Fargo Retail Finance, LLC ("Wells Fargo"), Bank of America, N.A., HSBC Business Credit (USA) Inc., and JPMorgan Chase Bank, N.A. as lenders (collectively, the "Lenders"), and Wells Fargo, as administrative agent, collateral agent and swing line lender, on the other hand, was amended (the "Amendment to Credit Agreement") to permit the transactions contemplated by the Securities Purchase Agreement and to permit the prepayment of the amounts outstanding under the Note Purchase Agreement (as defined below) in connection therewith (as discussed in Item 1.02 of this Current Report on Form 8-K). In connection with the Amendment to Credit Agreement, the Company paid an amendment fee in the aggregate amount of \$1,000,000, representing 0.5% of the total amount of the commitment of the Lenders.

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The description of the Amendment to Credit Agreement set forth herein is qualified in its entirety by reference to the full text thereof, a copy of which will be filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 1, 2009.

### **Item 1.02 Termination of a Material Definitive Agreement.**

On August 3, 2009, the Company prepaid (the "Prepayment") in full the principal amount of \$38,000,000 outstanding under the Note Purchase Agreement, dated July 31, 2008, among the Company and The Children's Place Services Company, LLC, as borrowers, The Children's Place (Virginia), LLC, The Children's Place Canada Holdings, Inc., thechildrensplace.com, inc. and Twin Brook Insurance Company, Inc., as the guarantors (collectively, the "Guarantors"), on the one hand, and Sankaty Advisors, LLC, as collateral agent, Crystal Capital Fund Management, L.P., as syndication agent, and Sankaty Credit Opportunities III, L.P., Sankaty Credit Opportunities IV, L.P., RGIP, LLC, Crystal Capital Fund, L.P., Crystal Capital Onshore Warehouse LLC, 1903 Onshore Funding, LLC, and Bank of America, N.A., as the note purchasers, on the other hand (the "Note Purchase Agreement"), plus accrued and unpaid interest in the amount of approximately \$413,000. In connection with the Prepayment, the Note Purchase Agreement and the guarantees of the Company's obligations under the Note Purchase Agreement provided by the Guarantors were terminated.

The notes issued under the Note Purchase Agreement (collectively, the "Notes") were set to mature on July 31, 2013, and the amounts outstanding under the Note Purchase Agreement bore interest at the greater of (i) the London Interest Bank Offered Rate, for an interest period of one, two, three or six months, as selected by the Company, and (ii) 3.00%, plus, in each case, a margin of between 8.50% and 9.75% depending on the Company's leverage ratio. As of July 31, 2009, the interest rate applicable to the outstanding principal amount of the Notes was 11.50%.

In accordance with the terms of the Note Purchase Agreement, the Company was required to make a prepayment premium in the amount of \$570,000, which was equal to 1.5% of the principal amount outstanding under the Note Purchase Agreement. The principal amount, accrued and unpaid interest and penalties were paid out of the Company's cash on hand.

The Company's obligations under the Note Purchase Agreement were secured by a first or second priority security interest in substantially all of the Company's domestic assets. All of the security interests that secured the Company's obligations under the Note Purchase Agreement were released in connection with the Prepayment.

The Note Purchase Agreement contained covenants that restricted the Company's ability to repurchase shares of its common stock. Accordingly, the Company determined to prepay the amounts payable under the Note Purchase Agreement in connection with the transactions contemplated by the Securities Purchase Agreement discussed in Item 1.01 of this Current Report on Form 8-K.

As discussed in Item 1.01 of this Current Report on Form 8-K, the Company entered into the Amendment to Credit Agreement, pursuant to which, among other things, Wells Fargo, as administrative agent, and the Lenders under the Credit Agreement consented to the Prepayment. Bank of America, NA, a note purchaser under the Note Purchase Agreement, also is a Lender under the Credit Agreement.

### **Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

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#### Director Resignations

Pursuant to the terms of the Securities Purchase Agreement, Messrs. Dabah and Silverstein have each resigned from the Board, effective as of August 3, 2009.

#### Crovitz Employment Agreement

In accordance with Section 2.01 of the Employment Agreement, dated September 26, 2007, between the Company and Charles K. Crovitz, as amended (the "Employment Agreement"), on July 31, 2009, the Compensation Committee of the Board of Directors of the Company extended the term of Mr. Crovitz's employment with the Company as Interim Chief Executive Officer under the Employment Agreement from August 31, 2009 until the earlier of (i) November 30, 2009 or (ii) such other time as a permanent Chief Executive Officer of the Company has been appointed by the Board of Directors of the Company and commenced employment with the Company, unless sooner terminated in accordance with the provisions of Section 5 of the Employment Agreement. In connection with the extension of Mr. Crovitz's term of employment, a restricted stock award of 13,850 shares of the Company's common stock previously granted to Mr. Crovitz under the Company's Amended and Restated 2005 Equity Incentive Plan, as amended, shall vest as to 7/36ths of the restricted shares immediately on September 1, 2009 and as to 1/36th of the restricted shares on the last day of each calendar month, commencing with September 2009, subject to other terms of a restricted stock award agreement.

Mr. Crovitz will continue to serve as Interim Chief Executive Officer of the Company pursuant to the terms of the Employment Agreement, the terms of which have been previously disclosed in the Company's reports filed with the Securities and Exchange Commission, including the Company's definitive proxy statement filed with the Securities and Exchange Commission on June 16, 2009, as supplemented.

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**Item 9.01 Financial Statement and Exhibits.**

(d) Exhibits

Exhibit 10.1 Securities Purchase Agreement, dated July 29, 2009, between The Children's Place Retail Stores, Inc., Ezra Dabah, Renee Dabah and certain affiliated trusts.

Exhibit 99.1 Press Release, dated July 29, 2009.

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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: August 4, 2009

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

By: /s/ Susan J. Riley

Name: Susan J. Riley

Title: Executive Vice President, Finance and Administration

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## SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "Agreement") is entered into on July 29, 2009, by and among The Children's Place Retail Stores, Inc., a Delaware corporation (the "Company"), on the one hand, and Ezra Dabah ("Dabah") and each of the additional parties listed on Annex A attached hereto (each, a "Seller" and, together with Dabah, the "Sellers"), on the other hand. The Company and the Sellers are sometimes hereinafter referred to each individually as a "Party" and collectively as the "Parties."

WHEREAS, the Sellers own certain shares of the Common Stock, par value \$0.10 per share, of the Company ("Common Stock") as set forth on Annex A attached hereto under the column "Shares Owned as of the Date Hereof;"

WHEREAS, the Sellers desire to sell to the Company, and the Company is willing to purchase from the Sellers, an aggregate of 2,451,315 shares of Common Stock held by the Sellers as set forth on Annex A attached hereto under the column "Number of Shares to be Sold at Closing" (the "Shares"), upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the Sellers desire to have the option to have an aggregate of 2,452,258 shares of Common Stock held by the Sellers as set forth on Annex A attached hereto under the column "Registrable Shares," registered pursuant to the Securities Act of 1933, as amended, and the rules and regulations promulgated by the Securities and Exchange Commission thereunder (the "Securities Act"), for sale pursuant to an underwritten public offering; and

WHEREAS, the Company has received all the necessary consents and approvals of its lenders in order to execute this agreement and consummate the purchase of the Shares.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements herein contained, the Parties agree as follows:

### ARTICLE I

#### PURCHASE AND SALE OF SHARES

**Section 1.1 Purchase and Sale of Shares.** Upon the terms and subject to the conditions set forth in this Agreement, the Sellers agree to sell, grant, convey, assign, transfer and deliver to the Company, and the Company agrees to purchase and acquire from the Sellers (the "Sale"), at the Closing (as defined below), all right, title and interest in and to the Shares, free and clear of any Liens (as defined below). In consideration for the Sale, at the Closing, the Company shall pay each Seller an amount in cash equal to \$28.88 per share, multiplied by the number of Shares to be sold by such Seller at Closing (the "Purchase Price").

**Section 1.2 Closing.** Subject to the satisfaction of the conditions set forth in Article IV, the Company and the Sellers shall consummate the sale of the Shares at a closing (the "Closing") to take place at the offices of Weil, Gotshal & Manges LLP, located at 767 Fifth Avenue, New York, New York, on August 3, 2009, at 10:00 a.m., New York Time, or at such other time and place or on such other date as the Sellers and the Company may mutually agree to in writing (such date and time of Closing being herein collectively referred to as the "Closing Date"). At the Closing, (i) the Sellers will deliver or cause to be delivered to the Company the Shares (through book entry transfer or duly endorsed or accompanied by stock powers duly executed in blank to the extent the Shares are in certificated form) and (ii) the Company shall deliver the Purchase Price pursuant to Section 1.1 to the Sellers by wire transfer of

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immediately available funds to an account designated in writing by the Sellers one (1) Business Day (as defined below) prior to the Closing Date.

### ARTICLE II

#### REPRESENTATIONS AND WARRANTIES

**Section 2.1 Sellers' Representations and Warranties.** The Sellers represent and warrant to the Company, on a joint and several basis, that the statements contained in this Section 2.1 are true, correct and complete as of the date of this Agreement and will be true, correct and complete as of the Closing Date (as though made as of the Closing Date).

(a) **The Agreement.** This Agreement has been duly authorized, executed and delivered by the Sellers. This Agreement constitutes the legal, valid and binding obligation of the Sellers, enforceable against the Sellers in accordance with its terms and conditions. Except for filings and notices required under the Exchange Act and pursuant to customary margin accounts, the Sellers need not give any notice to, make any filing with, or obtain any authorization, consent or approval of any person or entity, including, without limitation, any government or governmental entity or agency, in order to execute and deliver this Agreement or consummate the transactions contemplated by this Agreement.

(b) **Ownership of Shares.** The Sellers hold of record and/or beneficially own the Shares as set forth on Annex A and, except for such shares which are pledged pursuant to customary margin accounts, such shares are free and clear of any mortgage, deed of trust, pledge, hypothecation, lien, charge, covenant, condition, easement, encumbrance, option, warrant, claim, demand, interest or any other title defect, charge or restriction of any kind (each, a "Lien"). The Sellers will hold of record and/or beneficially own the Shares as set forth on Annex A, and, as of the Closing, such shares shall be free and clear of any Liens. The Sellers are not a party to any option, warrant, purchase right or other contract or commitment (other than this Agreement) that could require the Sellers to sell, transfer, or otherwise dispose of any of the Shares.

(c) **All Authorizations Obtained.** The Sellers have the legal right and power, and all authorizations and approvals required by law to enter into this Agreement, to sell, transfer and deliver all of the Shares pursuant to this Agreement and to comply with his other obligations hereunder.

(d) **Non-Contravention; No Further Authorizations or Approvals Required.** The execution and delivery by the Sellers of, and the performance by the Sellers of their obligations under, this Agreement (i) will not conflict with or constitute a breach of, or default under, with or without notice or the passage of

time, any other agreement or instrument to which any of the Sellers is a party or by which any of the Sellers are or may be bound or under which any of the Sellers are or may be entitled to any right or benefit, (ii) will not result in any violation of any statute, law, regulation, order or decree applicable to the Sellers of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over any of the Sellers or their respective properties, except in the case of clauses (i) and (ii) as would not individually or in the aggregate be reasonably expected to impair in any material respect the ability of the Sellers to consummate the transactions contemplated by this Agreement, or (iii) will not result in the imposition or creation of any Lien upon or with respect to the Shares. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental authority or agency, is required for the consummation by any of the Sellers of the transactions contemplated in this Agreement, except such as (A) have been obtained or made in connection with the Sale and are in full force and effect and (B) will be obtained or made in connection with the underwritten offering contemplated in Section 5.2(a) hereof under the Securities Act, applicable state securities or blue sky laws and from FINRA and the Nasdaq Stock Market.

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(e) No Further Consents, etc. No consent, approval or waiver is required under any instrument or agreement to which any of the Sellers are a party or by which any of the Sellers are or may be bound or under which any of the Sellers are or may be entitled to any right or benefit, in connection with the offering, sale or purchase by the Company of any of the Shares which may be sold by the Sellers under this Agreement or the consummation by any of the Sellers of any of the other transactions contemplated hereby.

(f) Brokers. Except as disclosed on Schedule 2.1(f), the Sellers have no liability to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

(g) Experience and Information. Each of the Sellers has experience as investors in securities of companies and have such knowledge and experience in financial or business matters to be capable of evaluating the merits and risks of the Sale pursuant to this Agreement and protecting his, her or its own interests in connection with such Sale. The Sellers have had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the Sale and the business, properties, prospects and financial condition of the Company and to obtain any additional information requested and has received and considered all information the Sellers deem relevant to make an informed decision regarding the Sale.

**Section 2.2 The Company's Representations and Warranties.** The Company represents and warrants to the Sellers that the statements contained in this Section 2.2 are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date (as though made as of the Closing Date).

(a) The Agreement. The Agreement has been duly authorized, executed and delivered by the Company. This Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms and conditions. The Company need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any person or entity, including, without limitation, any government or governmental entity or agency in order to execute and deliver this Agreement or consummate the transactions contemplated by this Agreement.

(b) All Authorizations Obtained. The Company has the legal right and power, and all authorizations and approvals required by law and under its charter or by-laws or other organizational documents to enter into this Agreement, to purchase all of the Shares pursuant to this Agreement and to comply with its other obligations hereunder.

(c) Non-Contravention; No Further Authorizations or Approvals Required. The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement (i) will not result in any default under, or require the consent of any other party to, the charter or by-laws or other organizational documents of the Company, (ii) will not conflict with or constitute a breach of, or default under, with or without notice or the passage of time, any other agreement or instrument to which the Company is or may be a party or by which it is or may be bound or under which it is entitled to any right or benefit and (iii) will not result in any violation of any statute, law, regulation, order or decree applicable to the Company of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Company or its properties, except in the case of clauses (ii) and (iii) as would not individually or in the aggregate be reasonably expected to impair in any material respect the ability of the Company to consummate the transactions contemplated by this Agreement. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental authority or agency, is required for the consummation by the

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Company of the transactions contemplated in this Agreement, except such as (A) have been obtained or made in connection with the Sale and are in full force and effect and (B) will be obtained or made in connection with the underwritten offering contemplated in Section 5.2(a) hereof, under the Securities Act, applicable state securities or blue sky laws and from FINRA (as defined below) and the Nasdaq stock market.

(d) Brokers' Fees. The Company has no liability to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Sellers could become liable or obligated.

### ARTICLE III

### COVENANTS

**Section 3.1 Further Assurances.** The Sellers and the Company hereby agree to execute and deliver such certificates, instruments and other documents, and to take all other actions, as may be reasonably requested by the other Party in order to carry out, evidence or give effect to the transactions contemplated by this Agreement, including, without limitation, the Sale.

**Section 3.2 Expenses.** Except as otherwise expressly provided herein, the Sellers and the Company shall each pay their own expenses (including, without limitation, legal expenses) incurred in connection with the transactions contemplated by this Agreement, including, without limitation, the Sale.

**Section 3.3 Standstill; Non-Disparagement; Voting.**

(a) During the Standstill Period, the Sellers agree that neither they nor any of their affiliates, agents, associates or representatives shall, unless specifically invited in writing by the Company, directly or indirectly, in any manner:

(i) acquire, offer or propose to acquire or agree to acquire, directly or indirectly, alone or in concert with others, by purchase or otherwise, any direct or indirect beneficial interest in any voting securities of the Company or direct or indirect rights, warrants or options to acquire, or securities convertible into or exchangeable for, any voting securities of the Company (other than the purchase of Common Stock in connection with the exercise of any outstanding stock options and the acquisition of Common Stock pursuant to deferred stock awards held by Dabah as of the date hereof, or by way of stock dividends or other distributions or offerings made available to holders of Common Stock generally on a pro rata basis, provided that any such securities so received will be subject to the provisions of this Section 3.3);

(ii) make, or in any way participate in, directly or indirectly, alone or in concert with others, any "solicitation" of "proxies" to vote (as such terms are used in the proxy rules of the Securities and Exchange Commission (the "SEC") promulgated pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), or seek to advise or influence in any manner whatsoever any Person with respect to the voting of, any voting securities of the Company;

(iii) form, join or in any way participate in a "group" within the meaning of Section 13(d)(3) of the Exchange Act with respect to any voting securities of the Company;

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(iv) acquire, offer to acquire or agree to acquire, directly or indirectly, alone or in concert with others, by purchase, exchange or otherwise, (i) any of the assets, tangible or intangible, of the Company or any of its affiliates or (ii) direct or indirect rights, warrants or options to acquire any assets of the Company or any of its affiliates;

(v) arrange, or in any way participate, directly or indirectly, in any financing for the purchase of any voting securities of the Company or any securities convertible into or exchangeable or exercisable for any voting securities or assets of the Company;

(vi) otherwise act, alone or in concert with others, to seek to propose to the Company or any of its stockholders any merger, business combination, restructuring, recapitalization or other transaction to or with the Company or otherwise seek, alone or in concert with others, to control, change or influence the management, board of directors or policies of the Company or nominate any person as a director who is not nominated by the then incumbent directors, or propose any matter to be voted upon by the stockholders of the Company;

(vii) take any action that might result in the Company having to make a public announcement regarding any of the matters referred to in clauses (i) through (vi) of this Section 3.3(a); or

(viii) request a waiver from the Company in connection with, or announce an intention to do, or enter into any arrangement or understanding or discussions with others to do, any of the actions restricted or prohibited under clauses (i) through (vi) of this Section 3.3(a).

(b) From and after the date hereof, neither the Sellers nor the Company nor any of its officers or directors shall make, or cause to be made, any statement or announcement that relates to and constitutes an ad hominem attack on or otherwise disparages, the other Party (and, in the case of the Company, its current or future officers or directors); provided, however, that this non-disparagement provision shall not in any way prevent the Company or the Sellers from disclosing any information to their attorneys or in response to a lawful subpoena or court order requiring disclosure of such information or otherwise disclosing any information as required by law; provided, further, that this non-disparagement provision shall not in any way restrict Dabah or his agents in their statements to other directors of the Company or at meetings of the Company's board of directors, during his membership on the board of directors.

(c) The Sellers shall abstain from voting all shares of Common Stock which they are entitled to vote at the 2009 Annual Meeting of Stockholders of the Company, or any adjournments thereof (the "2009 Meeting"), or vote all such shares in favor of the election of each of the directors nominated by the Company's board of directors at the 2009 Meeting; in any case, the Sellers shall be present at the 2009 Meeting, either in person or by proxy. The Sellers shall abstain from voting all shares of Common Stock which they are entitled to vote, or vote all such shares in opposition, with respect to any proposal (whether by proxy solicitation or otherwise) that is not recommended by the Board at the 2009 Meeting or any meeting of stockholders up to and including the 2010 Annual Meeting of Stockholders, provided the Standstill Period is then in effect.

(d) "Standstill Period" shall mean twelve (12) months from the date of this Agreement; provided that if the Offering is not consummated due to the failure of the Company to comply with any of its material obligations pursuant to this Agreement, then the Standstill Period shall terminate on the date specified by Dabah as the date of termination of the Offering.

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**Section 3.4 Director Resignations.** On the Closing Date, Dabah and Stanley Silverstein shall each deliver to the Company their resignations from the Board of Directors of the Company, effective as of the Closing Date, in form and substance reasonably acceptable to the Company.

**Section 3.5 SEC Filings.** The Sellers covenant to timely file a Form 4 and an amendment to Schedule 13D with the SEC reporting the execution of this Agreement and the consummation of the transactions hereby, each in accordance with the Exchange Act.

**Section 3.6 Transfer of Common Stock.** The Sellers shall select, in their sole discretion, the particular shares of Common Stock (including Common Stock received upon the exercise of stock options or the vesting of deferred stock awards (such stock, "Compensation Stock")) that will be transferred to the Company in the Sale and the shares that will constitute Registrable Shares, provided that all Compensation Stock shall constitute Registrable Shares. The Company shall treat the Sellers' identification of Common Stock as Shares or Registrable Shares consistently for all purposes.

#### ARTICLE IV

#### CONDITIONS TO OBLIGATION TO CLOSE

**Section 4.1 Conditions to Obligation to Close.** The obligation of each of the Company and the Sellers to consummate the Sale is subject to satisfaction of the following conditions at and as of the Closing: (i) with respect to the obligations of the Company, the representations and warranties set forth in Section 2.1 above, and with respect to the obligations of the Sellers, the representations and warranties set forth in Section 2.2 above, shall be true and correct in all material respects at and as of the Closing Date as if such representations and warranties had been made on and as of the Closing Date, (ii) there shall not be any injunction, judgment, order decree or ruling in effect prohibiting or otherwise preventing consummation of the transactions contemplated under this Agreement, and (iii) with respect to the obligations of the Company, Dabah and Stanley Silverstein shall have delivered the resignations described in Section 3.4 to the Company.

## ARTICLE V

### REGISTRATION OF COMMON STOCK

**Section 5.1 Certain Defined Terms.** For purposes of this Agreement, the following terms shall have the meanings specified in this Section 5.1.

“Affiliate” means, with respect to any Person, any Person who, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with any Person.

“Business Day” means a day other than a Saturday, Sunday or other day on which commercial banks are authorized or required to close under the laws of the United States or the State of New York.

“FINRA” means the Financial Industry Regulatory Authority.

“Person” or “person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or other agency or political subdivision thereof.

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“register,” “registered” and “registration” refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such registration statement.

“Registrable Shares” means, at any time, the Common Stock of the Company beneficially owned by the Sellers on the date hereof and shares underlying stock options held by Dabah, after giving effect to the Sale as provided herein.

#### **Section 5.2 Registration.**

(a) The Company shall file a Registration Statement on Form S-3 ASR (or other appropriate form for which the Company is eligible) to effect the registration under the Securities Act of the Registrable Shares in a firm commitment underwritten offering (together with related options granted to the underwriter of such offering, the “Offering”) no earlier than September 8, 2009 and no later than September 30, 2009 and shall use all commercially reasonable efforts to cause the same to be declared effective by the SEC as promptly as reasonably practicable after such filing; provided, however, that:

(i) the Company shall be permitted to defer the filing (but not the preparation) of the registration statement for a period of up to 30 days from September 30, 2009 if the Company or any of its Subsidiaries are engaged in confidential negotiations or other confidential business activities or are otherwise in possession of material non-public information of the Company, the disclosure of which would be required in such registration statement (but would not be required if such registration statement were not filed), and the Board of Directors of the Company determines in good faith that such disclosure would be detrimental to the Company and its stockholders (a “Significant Company Development”). A deferral of the filing of a registration statement pursuant to this Section 5.2(a)(i) shall be lifted, and the registration statement shall be filed forthwith, if, in the case of a deferral pursuant to the preceding sentence, the negotiations or other activities are disclosed or terminated or the information is no longer material or has been publicly disclosed. In order to defer the filing of the registration statement the Company shall promptly (but in any event within ten (10) days), upon determining to seek such deferral, deliver to the Sellers a certificate signed by an executive officer of the Company stating that the Company is deferring such filing pursuant to this Section 5.2(a)(i), and a general statement of the reason for such deferral and an approximation of the anticipated delay. The Company may defer the filing of the registration statement pursuant to this Section 5.2(a)(i) only once; and

(ii) the Sellers shall be permitted to require the Company to defer the filing (but not the preparation) of the registration statement for a period of up to 30 days from September 30, 2009 if the Sellers so determine in their sole discretion. In order to defer the filing of the registration statement the Sellers shall promptly (but in any event within ten (10) days), upon determining to seek such deferral, deliver to the Company a certificate signed by a representative of the Sellers stating that the Sellers are deferring such filing pursuant to this Section 5.2(a)(ii) and a general statement of the reason for such deferral and an approximation of the anticipated delay. The Sellers may defer the filing of the registration statement only once.

(b) The Company, the underwriters and the Sellers shall reasonably cooperate to determine the precise date of filing of the registration statement. The Company shall be entitled to select the underwriters for the Offering and shall offer Moelis & Company LLC (“Moelis”) the role of co-manager for the Offering. If Moelis elects to participate in the Offering, the Company will, and will cause the lead underwriter to, provide Moelis with full access to all information and data relating to the Offering, including the “selling book,” and shall allow Moelis to fully participate in the underwriting process and decision-making for the Offering.

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(c) No Seller may include securities in the registration statement filed pursuant to the terms of this Agreement unless such Seller (i) agrees to sell such Seller’s Registrable Shares on the basis provided in the underwriting arrangements described herein and (ii) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, custody agreements, and other documents reasonably required under the terms of such underwriting arrangements.

(d) No securities to be sold for the account of any Person other than the Sellers shall be included in the registration statement pursuant to the terms of this Agreement.

(e) Notwithstanding the foregoing, the Parties agree that nothing in this Agreement creates any obligation on the part of any Seller to sell shares in the Offering, and any and all of the Sellers shall have the right at any time to elect not to sell any Registrable Shares in the Offering or otherwise and shall have the right to sell any or all of the Registrable Shares outside of the Offering pursuant to Rule 144 under the Securities Act, in private transactions or otherwise.

**Section 5.3 Company “Lock-up”.** To the extent required by the managing underwriter of the Offering, the Company in connection with the Offering, to enter into a “lock-up” agreement on customary terms and for such duration as shall be agreed between the Company and the managing underwriter.

**Section 5.4 Registration Procedures.** To effect the registration and the sale of the Registrable Shares in the Offering in accordance with the terms hereof, and pursuant hereto, the Company will use commercially reasonable efforts to:

(a) prepare and file with the SEC such amendments, post-effective amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a sufficient period of time to consummate the Offering and comply with the provisions of the Securities Act with respect to the Offering; provided that the Company will not be required to keep such registration statement effective if the Offering is not consummated within forty-five (45) days after the initial effective date of such registration statement;

(b) furnish to the Sellers and the underwriter of the Offering such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus), any prospectus supplements, any preliminary prospectus supplements, any free-writing prospectus, any documents incorporated by reference therein and such other documents as the Sellers or such underwriter may reasonably request in order to consummate the Offering;

(c) use its commercially reasonable efforts to register or qualify the Registrable Shares under the other securities or blue sky laws of the jurisdictions as the managing underwriter reasonably requests, use its commercially reasonable efforts to keep each such registration or qualification (or exemption therefrom) effective for a sufficient period of time to consummate the Offering and do any and all other acts and things which may be reasonably necessary or advisable to consummate the Offering in such jurisdictions (provided, however, that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph or (ii) consent to general service of process or become subject to taxation in any such jurisdiction);

(d) promptly notify the Sellers and the underwriter (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed and, with respect to the registration statement or any post-effective amendment, when the same has become effective, (ii) of the issuance by any state securities or other regulatory authority of any order suspending the qualification or exemption from qualification of any of the Registrable Shares under state securities or “blue sky” laws or the initiation of

any proceedings for that purpose and (iii) of the happening of any event which makes any statement made (A) in a registration statement untrue or which requires the making of any changes in such registration statement so that they will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and (B) in a prospectus, prospectus supplement or free-writing prospectus untrue or which requires the making of any changes in such prospectus, prospectus supplement or free-writing prospectus so that they will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading, and, as promptly as practicable thereafter, prepare and file with the SEC and furnish a supplement or amendment to such prospectus so that, as thereafter deliverable to the purchasers of such Registrable Shares, such prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(e) the Company shall cooperate with the Sellers, any underwriter, and any of their respective attorneys, accountants or other agents or representatives to enable them to perform reasonable and satisfactory due diligence on the Company and its operations in connection with the Offering;

(f) enter into an underwriting agreement containing representations, warranties, covenants and agreements (including, without limitation, indemnities), conditions and other terms and conditions as are reasonable and customary for public offerings of similar size and scope as the Offering;

(g) furnish to the Sellers a signed counterpart of (i) the opinion letter or opinion letters of counsel to the Company and (ii) the comfort letter or comfort letters from the Company’s independent public accountants, delivered to the underwriter of the Offering, or a letter entitling the Sellers to rely on such opinion letters or comfort letters as if they were addressed to the Sellers;

(h) cause the Registrable Shares to be listed on each securities exchange, if any, on which the Company Stock sold in the Offering is then listed;

(j) reasonably cooperate with the Sellers and each underwriter participating in the disposition of such Registrable Shares and their respective counsel in connection with any filings required to be made with the FINRA;

(k) during the period when the prospectus is required to be delivered under the Securities Act, promptly file all documents required to be filed with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act;

(l) notify the Sellers promptly of any request by the SEC for the amending or supplementing of such registration statement or prospectus or for additional information;

(m) prepare and file with the SEC promptly any amendments or supplements to such registration statement or prospectus which, in the opinion of counsel for the Company or the managing underwriter, is required in connection with the Offering;



(n) enter into such agreements as are customary in connection with the Offering; and

(o) advise the Sellers, promptly after it shall receive notice or obtain knowledge thereof, of the issuance of any stop order by the SEC suspending the effectiveness of such registration statement or the initiation or threatening of any proceeding for such purpose and promptly use its best efforts to prevent

the issuance of any stop order or to obtain its withdrawal at the earliest possible moment if such stop order should be issued.

**Section 5.5 Registration Expenses.** All expenses incident to the Company's performance of or compliance with this Article V, including, without limitation, all registration and filing fees, all fees and expenses associated with filings required to be made with the FINRA, as may be required by the rules and regulations of the FINRA, fees and expenses of compliance with securities or "blue sky" laws, printing expenses (including expenses of printing certificates for the Registrable Shares in a form eligible for deposit with Depository Trust Company and of printing prospectuses if the printing of prospectuses is requested by the underwriter), messenger and delivery expenses, the Company's internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), listing fees, fees and expenses of counsel for the Company and its independent certified public accountants (including the expenses of any special audit or "cold comfort" letters required by or incident to such performance) (all such expenses being herein called "Registration Expenses") will be borne by the Company whether or not any registration statement becomes effective; provided, however, that in no event shall Registration Expenses include any underwriting discounts, commissions or fees attributable to the sale of the Registrable Shares or any counsel, accountants or other persons retained or employed by the Sellers or any taxes imposed on the Sellers under applicable law with respect to the sale and delivery of the Registrable Securities in connection with an underwritten offering, all of which fees and expenses will be the sole responsibility of the Sellers.

## ARTICLE VI

### INDEMNIFICATION

#### Section 6.1 Indemnification.

(a) From and after the Closing Date, the Company shall indemnify and hold harmless each of the Sellers and their respective attorneys, advisors, agents, trustees and representatives (each, a "Seller Indemnified Party," and together the "Seller Indemnified Parties") from and against all losses, liabilities, claims, demands, judgments, damages, fines, suits, actions, costs and expenses, including reasonable attorney's fees actually imposed on, sustained, incurred or suffered by, or asserted against the Seller Indemnified Parties ("Losses") by any third-party (including through derivative actions and claims against the Seller Indemnified Parties by the persons identified by Dabah and the Committee of Concerned Shareholders of The Childrens' Place (the "Committee") as nominees for election to the Company's Board of Directors at the Company's 2009 Annual Meeting (the "Nominees"), each member of the Committee and each of the participants in the Committee's solicitation of proxies in connection with the Company's 2009 Annual Meeting, and each of their respective affiliates, heirs, executors, administrators, trustees, attorneys, agents, representatives and advisors, including without limitation, legal, financial, and public relations advisors and proxy solicitors) arising out of (i) the execution and delivery of this Agreement or consummation of the transactions contemplated by this Agreement, except to the extent that such Loss results, directly or indirectly, from Dabah's intentional or willful misconduct, (ii) the proxy solicitation (and all matters related thereto) conducted by the Sellers in connection with the Company's 2009 Annual Meeting, or (iii) based upon, arising out of, related to or resulting from (A) any untrue or alleged untrue statement of a material fact contained in any registration statement or any amendment thereof or supplement thereto, or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading or (B) any untrue or alleged untrue statement of a material fact contained in any prospectus, preliminary prospectus, free-writing prospectus or any amendment thereof or supplement thereto, or any omission or alleged omission of a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except insofar as any such statements are

made in reliance upon and in conformity with information furnished in writing to the Company by the Sellers for use therein, unless, in the case of clause (iii), to the extent that indemnification is prohibited as a matter of law.

(b) From and after the Closing Date, the Sellers shall indemnify the Company and its employees, advisors, agents, representatives, directors and officers and each Person who controls the Company (within the meaning of the Securities Act or the Exchange Act), on a joint and several basis, against any and all Losses resulting from (x) any untrue statement or alleged untrue statement of a material fact contained in the registration statement or any amendment thereof or supplement thereto, or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading or (y) any untrue or alleged untrue statement of a material fact contained in any prospectus, preliminary prospectus, free-writing prospectus or any amendment thereof or supplement thereto, or any omission or alleged omission of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, but only to the extent that such untrue statements or alleged untrue statement or omission or alleged omission is contained in any information or affidavit so furnished in writing by any of the Sellers specifically for inclusion in the registration statement, except to the extent that indemnification is not permitted as a matter of law; provided, that such liability will be limited to the net amount received by the Sellers from the sale of Registrable Shares pursuant to such registration statement.

(c) In connection with any indemnification provided for in this Section 6.1, the Party seeking indemnification (the "Indemnitee") will give the other Party (for purposes of this section, the "Indemnitor") prompt written notice that the Indemnitee has suffered or incurred, or may suffer or incur, any Losses for which it may be entitled to indemnification under this Section 6.1, and the facts constituting the basis for, or relating to, such claim and the projected amount of such Losses (in each case, in reasonable detail) and with respect to any action made or commenced by a third party for which indemnification is being sought (a "Third-Party Claim"), such notice will be given no later than thirty (30) calendar days following receipt by the Indemnitee of written notice of such Third-Party Claim. The failure by any Indemnitee to so notify the applicable Indemnitor will not relieve such Indemnitor of any Liability under this Agreement except to the extent that such failure prejudices such Indemnitor in any material respect. The Indemnitee will deliver to the Indemnitor as promptly as practicable, and in any event within five (5) business days after Indemnitee's receipt, copies of all notices, court papers and other documents received by the Indemnitee relating to any Third-Party Claim.

(d) After receipt of a notice pursuant to Section 6.1(c) with respect to any Third-Party Claim, the Indemnitor will be entitled, if it so elects, to take control of the defense and investigation with respect to such Third-Party Claim and to employ and engage attorneys reasonably satisfactory to the Indemnitee to handle and defend such claim, at the Indemnitor's cost, risk and expense, upon written notice to the Indemnitee of such election. The Indemnitor will not settle any Third-Party Claim that is the subject of indemnification without the written consent of the Indemnitee, which consent will not be unreasonably withheld, conditioned or delayed; provided, however, that, after reasonable notice, the Indemnitor may settle a claim without the Indemnitee's consent if such settlement (i) makes no admission or acknowledgment of liability or culpability with respect to the Indemnitee and (ii) includes a complete release of the Indemnitee. The Indemnitee will cooperate in all reasonable respects with the Indemnitor and its attorneys in the investigation, defense, trial and settlement of any lawsuit or action with respect to such claim and any appeal arising therefrom (including the filing in the Indemnitee's name of appropriate cross-claims and counterclaims). The Indemnitee may, at its own cost, participate in any investigation, trial and defense of any Third-Party Claim controlled by the Indemnitor and any appeal arising therefrom, including participating in the process with respect to the potential settlement or compromise thereof. If the Indemnitee has been advised by counsel that there may be one or more legal defenses available to the Indemnitee that conflict with those available to, or that are not available to, the Indemnitor ("Separate Legal Defenses"), or that there may be actual or potential differing or conflicting interests between the Indemnitor and the Indemnitee in the conduct of the defense of such Third-Party Claim, the Indemnitee

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will have the right, at the expense of the Indemnitor, to engage separate counsel reasonably acceptable to the Indemnitor, and the Indemnitor will not have the right to control the defense or investigation of such Separate Legal Defenses available to such Indemnitee. If, pursuant to the preceding sentence, the Indemnitee is entitled to separate legal counsel at the expense of the Company, the Company shall advance all expenses incurred by the Indemnitee in defense of or settlement of any claim that may be subject to a right of indemnification hereunder within 30 days after the receipt by the Company of a statement or statements by the Indemnitee requesting such advance or advances from time to time, whether prior to or after the final disposition of the claim. If the Company is the Indemnitor, the Company shall not be required to advance or pay the fees and expenses of more than one counsel (plus appropriate local counsel) for the Sellers. If the Sellers are the Indemnitor, the Sellers shall not be required to advance or pay the fees and expenses of more than one counsel (plus appropriate local counsel) for all Indemnitees.

(e) If, after receipt of a notice pursuant to Section 6.1(c), the Indemnitor does not undertake to defend any such claim within thirty (30) days of receipt of such notice, the Indemnitee may, but will have no obligation to, contest any lawsuit or action with respect to such claim, and the Indemnitor will be bound by the result obtained with respect thereto by the Indemnitee. The Indemnitee may not settle any lawsuit or action with respect to which the Indemnitee is entitled to indemnification hereunder without the consent of the Indemnitor, which consent will not be unreasonably withheld, conditioned or delayed.

(f) The indemnification provided for under this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of the Indemnitee or any officer, director or controlling Person of such Indemnitee and will survive the transfer of securities.

(g) The right of the Sellers to the indemnification provided herein shall be cumulative of, and in addition to, any and all rights to which the Sellers may otherwise be entitled by contract or as a matter of law or equity and shall extend to such Sellers' successors, assigns and legal representatives. The Company hereby covenants and agrees that it will not amend, modify or terminate or seek to amend, modify or terminate any of the provisions of any of the organizational documents or agreements of the Company in effect as of the date hereof in any manner that limits the right to indemnification to which the Sellers would otherwise be entitled thereunder, including, without limitation, under Article Twelve of the Amended and Restated Certificate of Incorporation of the Company, dated July 29, 2008 (the "Certificate of Incorporation") and Article VI of the Fourth Amended and Restated Bylaws of the Company (the "Bylaws").

## ARTICLE VII

### MISCELLANEOUS

#### Section 7.1 Mutual Releases.

(a) Each Seller does hereby expressly fully release and forever discharge the Company, its subsidiaries, affiliates, successors and assigns, its and their respective current and former officers, directors, employees and agents and each of its and their respective successors and assigns (each individually, a "Company Released Party") from any and all rights, claims, causes of action, warranties, demands, debts, obligations, liabilities, costs, attorneys' fees, expenses, suits, losses, and causes of action ("Claims") of any kind or nature whatsoever whether asserted or unasserted, that such Seller has had, could have had or may have had against a Company Released Party from the beginning of time to the date of this Agreement. The Sellers hereby irrevocably covenant to refrain from asserting any claim or demand, or commencing, instituting or causing to be commenced, any proceeding of any kind against any Company Released Party based upon any such Claim. Notwithstanding the foregoing, Dabah is not releasing the Company from any of the Company's obligations owed to Mr. Dabah under the Amended

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and Restated Employment Agreement between the Company and Dabah, dated as of May 12, 2006 (the "Employment Agreement"), the Letter Agreement between the Company and Dabah, dated April 8, 2008, the Indemnity Agreement between Dabah and the Company, dated as of June 27, 2008, any of the Company's employee benefit plans in which Dabah participates or is a beneficiary, any directors' and officers' insurance maintained by the Company, the Certificate of Incorporation or the Bylaws, and nothing herein shall limit the Sellers' right to enforce the terms of this Agreement.

(b) The Company, for itself and on behalf of each Company Released Party, does hereby expressly fully release and forever discharge each of the Sellers (each individually, a "Seller Released Party") from any and all Claims of any kind or nature whatsoever whether asserted or unasserted, that each Company Released Party has had, could have had or may have had against each Seller Released Party from the beginning of time to the date of this Agreement. The Company, on behalf of itself and the Company Released Parties, hereby irrevocably covenants to refrain from asserting any claim or demand, or commencing, instituting or causing to be commenced, any proceeding of any kind against the Sellers based upon any such Claim.

(c) The parties hereto hereby acknowledge and agree that the Company Released Parties and the Seller Released Parties are intended third party beneficiaries of the provisions of this Section 7.1 and may take any and all action to enforce the obligations and agreements of the releasing parties set forth herein.

(d) The Company agrees that it will exchange a mutual release in the form annexed hereto as Schedule 7.1(d) with each Nominee, each member of the Committee and each participant in the Committee's solicitation of proxies in connection with the Company's 2009 Annual Meeting who provides such a release to the Company within twenty-one (21) days of the date hereof.

**Section 7.2 Public Announcements.** Each Party shall consult with the other before issuing any press release or making any public announcement or statement with respect to this Agreement or the other Party and shall not issue any such press release or make any such public announcement or statement without the prior written consent of the other Party with respect to the substance (but not the exact language) of such press release, announcement or statement, which consent shall not be unreasonably withheld, delayed or conditioned; provided, however, that the Company may, without the prior consent of the other Party hereto, issue any such press release or make any such public announcement or statement as may be required by law or the rules and regulations of the Nasdaq if the Company first notifies and (if practicable) consults with the Sellers regarding the timing and substance of such press release or public announcement or statement, and the Sellers may, without the prior consent of the other Parties hereto, make any filings as may be required by the federal securities laws if the Sellers first notify and (if practicable) consults with the Company regarding the timing and substance of such filing.

**Section 7.3 Entire Agreement; Amendment.** This Agreement constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, to the extent they relate in any way to the subject matter hereof; provided, that nothing set forth herein shall have any effect on the outstanding obligations of the Parties set forth in that certain Amended and Restated Employment Agreement, dated as of May 12, 2006, between the Parties. Neither this Agreement nor any provision hereof may be amended, changed or waived other than by a written instrument signed by the Party against who enforcement of any such amendment, change or waiver is sought.

**Section 7.4 Notices.** All demands, notices, requests, consents, and communications hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or by courier service, messenger, facsimile or, if duly deposited in the mails, by certified or registered mail, postage prepaid-return receipt requested, and shall be deemed to have been duly given or made: (a) upon delivery,

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if delivered personally or by courier service or messenger, in each case with record of receipt; (b) upon transmission with confirmed delivery, if sent by facsimile or telecopy; or (c) when received after being sent by certified or registered mail, postage pre-paid, return receipt requested, to the following addresses or such other addresses as may be furnished hereafter by notice in writing, to the following parties:

If to the Company:

The Children's Place Retail Stores, Inc.  
915 Secaucus Road  
Secaucus, New Jersey 07094  
Attn: Chuck Crovitz, Chief Executive Officer

With a copy (which shall not constitute notice) to:

Weil, Gotshal and Manges LLP  
767 Fifth Ave.  
New York, New York 10153  
Fax: 212-310-8007  
Attn: Michael J. Aiello, Esq.

If to the Sellers:

Ezra Dabah  
120 Central Park South  
New York, New York 10019

With a copy (which shall not constitute notice) to:

Cadwalader, Wickersham & Taft LLP  
One World Financial Center  
New York, New York 10281  
Fax: 212-504-6666  
Attn: Dennis J. Block, Esq.

**Section 7.5 Succession and Assignment.** This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors (including heirs, executors and administrators) and permitted assigns. No Party may assign either this Agreement or any of his, her, or its rights, interests, or obligations hereunder without the prior written approval of the other Party; provided, however, that the Company may (i) assign any or all of its rights and interests hereunder to one or more of its wholly-owned subsidiaries and (ii) designate one or more of its wholly-owned subsidiaries to perform its obligations hereunder (in any or all of which cases the Company nonetheless shall remain responsible for the performance of all of its obligations hereunder). This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors (including heirs, executors and administrators) and permitted assigns, except as specifically provided in Article VI and Article VII hereof.

**Section 7.6 Counterparts.** This Agreement may be executed in one or more counterparts (including by means of facsimile), each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

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**Section 7.7 Governing Law.** This Agreement shall be governed by and construed in accordance with the domestic laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

**Section 7.8 Additional Sales.** It is understood and agreed that Yaacov Dabah, Eva Yagoda or Renee Dabah & Eva Yagoda co-ttee Trust fbo Moshe, Chana, Yaacov Dabah u/a dtd 11/01/1998 will be entitled to sell 17,280 shares of Common Stock held by them in the Offering, in which case they will execute joinders to this Agreement.

\* \* \* \*

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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

THE CHILDREN'S PLACE RETAIL STORES, INC.



Name: Charles Crovitz  
Title: Interim Chief Executive Officer

EZRA DABAH



RENEE DABAH



R SILVERSTEIN & R DABAH CO-TTEE EVA DABAH TRUST U/A DTD  
02/02/1997

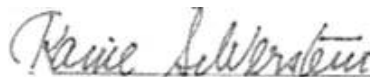


Name: Raine Silverstein  
Title: Co-Trustee



Name: Renee Dabah  
Title: Co-Trustee

R SILVERSTEIN & R DABAH CO-TTEE JOIA DABAH TRUST U/A DTD  
02/02/1997

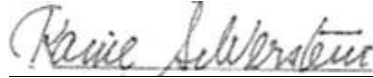


Name: Raine Silverstein  
Title: Co-Trustee



Name: Renee Dabah  
Title: Co-Trustee

R SILVERSTEIN & R DABAH CO-TTEE MOSHE DABAH TRUST U/A  
DTD 02/02/1997

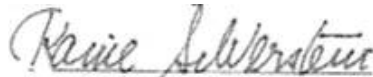


Name: Raine Silverstein  
Title: Co-Trustee



Name: Renee Dabah  
Title: Co-Trustee

R SILVERSTEIN & R DABAH CO-TTEE CHANA DABAH TRUST U/A  
DTD 02/02/1997

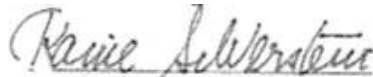


Name: Raine Silverstein  
Title: Co-Trustee



Name: Renee Dabah  
Title: Co-Trustee

R SILVERSTEIN & R DABAH CO-TTEE YAACOV DABAH TRUST U/A  
DTD 02/02/1997



Name: Raine Silverstein  
Title: Co-Trustee

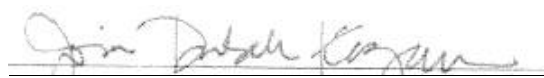


Name: Raine Dabah  
Title: Co-Trustee

RENEE DABAH & JOIA DABAH CO-TTEE MORDECHAI YAACOV  
YAGODA TRUST U/A DTD 08/06/2002

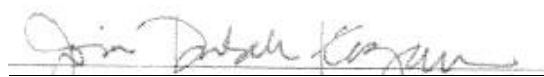


Name: Renee Dabah  
Title: Co-Trustee



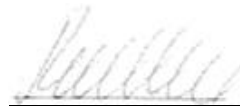
Name: Joia Dabah Kazam  
Title: Co-Trustee

JOIA KAZAM & RENEE DABAH CO-TTEE RACHEL CHANA YAGODA  
TRUST U/A DTD 08/06/2002



Name: Joia Dabah Kazam

Title: Co-Trustee



Name: Renee Dabah

Title: Co-Trustee


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RENEE DABAH & JOIA DABAH CO-TTEE YAEL BRACHA YAGODA  
TRUST U/A DTD 9/12/2003



Name: Renee Dabah

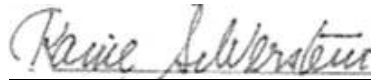
Title: Co-Trustee



Name: Joia Dabah Kazam

Title: Co-Trustee

RAINE SILVERSTEIN TTEE RENEE DABAH TTEE FBO EVA DABAH  
U/A DTD 02/02/1997



Name: Raine Silverstein

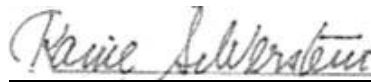
Title: Co-Trustee



Name: Renee Dabah

Title: Co-Trustee

RAINE SILVERSTEIN TTEE RENEE DABAH TTEE FBO JOIA DABAH  
U/A DTD 02/02/1997



Name: Raine Silverstein

Title: Co-Trustee

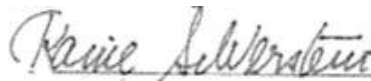


Name: Renee Dabah

Title: Co-Trustee

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RAINE SILVERSTEIN TTEE RENEE DABAH TTEE FBO MOSHE  
DABAH U/A DTD 02/02/1997



Name: Raine Silverstein

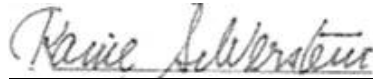
Title: Co-Trustee



Name: Renee Dabah

Title: Co-Trustee

RAINE SILVERSTEIN TTEE RENEE DABAH TTEE FBO CHANA  
DABAH U/A DTD 02/02/1997



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Name: Raine Silverstein

Title: Co-Trustee

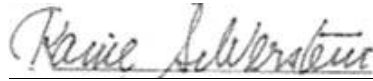


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Name: Renee Dabah

Title: Co-Trustee

RAINE SILVERSTEIN TTEE RENEE DABAH TTEE FBO YAACOV  
DABAH U/A DTD 02/02/1997



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Name: Raine Silverstein

Title: Co-Trustee



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Name: Renee Dabah

Title: Co-Trustee

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# THE CHILDREN'S PLACE

## THE CHILDREN'S PLACE REACHES AGREEMENT WITH EZRA DABAH

### Provides Preliminary Estimated Ranges for Second Quarter EPS and Comparable Store Sales

**Secaucus, New Jersey — July 29, 2009** — The Children's Place Retail Stores, Inc. (Nasdaq: PLCE) today announced that it has entered into an agreement (the "Securities Purchase Agreement") with former Chairman and CEO Ezra Dabah, who together with certain family trusts owns approximately 16.6% of the Company's outstanding common shares, to acquire approximately 2.45 million shares, 50% of the approximately 4.9 million shares owned by Mr. Dabah and his family, for \$28.88 per share, a discount of 5% to the average of the closing prices of the three days ending July 28, 2009.

In connection with the transaction, Mr. Dabah and his father-in-law, Stanley Silverstein, have agreed to resign from the Company's Board of Directors, effective upon the closing of the Company's repurchase of Mr. Dabah's shares which is expected to occur on or about August 3, 2009. The Company has agreed to file a registration statement to facilitate a one-time marketed secondary offering of Mr. Dabah and his family's remaining 2.45 million shares in the event they elect to sell these additional shares. As part of the Securities Purchase Agreement, Mr. Dabah has agreed to certain customary standstill provisions.

Mr. Dabah has advised the Company that the Committee of Concerned Shareholders (the "Committee") will withdraw its slate of three nominees for election at the Company's 2009 Annual Meeting of Stockholders to be held July 31, 2009, and will not vote or present any proxies received from stockholders at the Annual Meeting. Any stockholders of record who submitted GOLD proxy cards and wish to have their shares represented at the meeting may submit a WHITE proxy card, vote on the internet or by telephone, or attend the annual meeting and vote in person. Stockholders who need assistance in voting should contact MacKenzie Partners at 800-322-2885.

The Company expects the purchase of the 2.45 million shares from Mr. Dabah to be approximately 8—12% accretive to 2009 earnings per share including one-time benefits, and approximately 4—6% accretive excluding such benefits. In 2010 and beyond, the Company expects this transaction to be approximately 7—10% accretive to earnings per share annually. The Children's Place will fund the purchase with approximately \$75 million in cash repatriated from Company subsidiaries in Hong Kong and Canada, which is expected to result in a non-cash benefit after tax of approximately \$4.8 million.

The Company also announced that it is pre-paying the \$38 million balance on its term loan concurrently with the closing of the share repurchase and expects to incur a one-time charge of \$1.6 million pre-tax in connection with that pre-payment, of which \$1.0 million will be non-cash.

Chuck Crovitz, a director and interim Chief Executive Officer, said, "We are very pleased to have reached this agreement with Mr. Dabah to buy back half of his shares, which will be accretive to earnings, and we believe is in the best interests of The Children's Place stockholders. The agreement will also allow the Board to provide unified leadership going forward as we continue to execute on our balanced growth strategy to create long-term value for our stockholders."

Sally Frame Kasaks, Acting Chair and Lead Director of the Company, said, "The Company is committed to naming a permanent CEO this year and believes this development will create positive momentum in naming a highly qualified successor. On behalf of the entire Company and Board of Directors, we want to thank Ezra for his many contributions to the Company's growth and development over the years. We wish him and Stanley the best in their future endeavors."

### Outlook

- The Company expects second quarter 2009 comparable retail sales, which include online sales, to decline in the range of 8-9% compared to a 10% increase during the same period last year.
- The Company estimates that its loss per share from continuing operations for the second quarter of 2009 will be in the range of \$(0.25)-\$(0.30), including a net gain of approximately \$0.18 per share for items which the Company deems to be unusual or one-time in nature.
- Excluding these unusual or one-time items, the Company estimates its adjusted loss per share from continuing operations for the second quarter of 2009 will be in the range of \$(0.43)-\$(0.48). Adjusted loss per share is a non-GAAP measure which the Company believes will facilitate comparisons of the past and future performance of its core business. Items which the Company considers to be unusual or one time in nature are the favorable settlement of an IRS employment tax audit related to stock options of \$4.7 million pre-tax and income generated by the repatriation of foreign cash of approximately \$4.8 million after tax, partially offset by \$2.0 million pre-tax for expenses incurred in connection with the proxy contest, \$1.6 million pre-tax for expenses associated with the pre-payment of its term loan, and \$0.3 million pre-tax of expense for previously announced restructuring programs.

Mr. Crovitz added, "As we expected, our second quarter results have been negatively impacted by the difficult economic environment as well as unfavorable foreign currency moves. In addition, our second quarter 2009 results are being compared to the best second quarter performance in the Company's history in 2008. Looking ahead, we remain confident that the strategic initiatives we are pursuing, combined with our trend-right fashion and great value pricing, position us to achieve our longer-term growth targets."

The Children's Place also announced that in conjunction with its July sales release, it will host a pre-recorded monthly sales call on Thursday, August 6, 2009, beginning at 7:30 a.m. Eastern Time. To access the call, please visit the Investor Relations section of the Company's website at: <http://www.childrensplace.com>. An online archive of the broadcast will be available through Thursday, August 13, 2009.

### **About The Children's Place Retail Stores, Inc.**

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" brand name. As of July 4, 2009, the Company owned and operated 936 The Children's Place stores and an online store at [www.childrensplace.com](http://www.childrensplace.com).

### **Forward-Looking Statements**



This press release 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. Some of these risks and uncertainties are described in the Company's filings with the Securities and Exchange Commission, including in the "Risk Factors" section of its annual report on Form 10-K for the fiscal year ended January 31, 2009. Included among the risks and uncertainties that could cause actual results, events and performance to differ materially are the risk that the Company will be unsuccessful in gauging fashion trends and changing consumer preferences, and the risks resulting from the highly competitive nature of the Company's business and its dependence on consumer spending patterns, which may be affected by the downturn in the economy. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they were made. 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.

### **Important Information**

The Company filed a definitive proxy statement and other relevant documents concerning the 2009 Annual Meeting of Stockholders with the United States Securities and Exchange Commission ("SEC") on June 16, 2009, further supplemented on July 14, 2009. The Company has provided stockholders with the definitive proxy statement. The Company advises stockholders to read the definitive proxy statement because it contains important information about the election of directors and any other matters to be presented at the 2009 Annual Meeting of Stockholders. Stockholders may obtain free copies of the definitive proxy statement and other documents the Company files with the SEC at the SEC's website at [www.sec.gov](http://www.sec.gov). They may also access a copy of the company's definitive proxy statement by accessing [www.viewourmaterial.com/plce](http://www.viewourmaterial.com/plce). In addition, stockholders may obtain a free copy of the definitive proxy statement and other related documents by contacting MacKenzie Partners toll-free at (800) 322-2885 or call collect at (212) 929-5500.

The Company, its directors, some of its executive officers and certain other of its employees are participants in the solicitation of proxies in respect of the matters to be considered at the 2009 Annual Meeting of Stockholders. Information about the participants is set forth in the definitive proxy statement. Information about the participants' direct or indirect interests in the matters to be considered at the Annual Meeting is also contained in the proxy statement referred to above.

This press release does not constitute an offer to sell or the solicitation of an offer to buy the securities described herein. No registration statement relating to the securities described above has yet been filed with the Securities and Exchange Commission. These securities, if registered, may not be sold nor may offers to buy be accepted prior to the time the proposed registration statement becomes effective.

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