UNITED STATES
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 April 29, 2006

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 0-23071

THE CHILDREN'S PLACE RETAIL STORES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**31-1241495**
(State or other jurisdiction of Incorporation or organization)	(I.R.S. employer identification number)
915 Secaucus Road Secaucus, New Jersey	**07094**
(Address of Principal Executive Offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of a "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one).

Large accelerated filer x Accelerated filer o Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

The number of shares outstanding of the registrant's common stock with a par value of $0.10 per share, as of June 2, 2006 was 28,803,317 shares.

THE CHILDREN'S PLACE RETAIL STORES, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD ENDED APRIL 29, 2006

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

THE CHILDREN'S PLACE RETAIL STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except per share amounts)

	April 29, 2006	January 28, 2006	April 30, 2005
ASSETS:			
Current assets:			
Cash and cash equivalents	$ 175,752	$ 173,323	$ 106,467
Investments	—	—	42,515
Cash and investments	175,752	173,323	148,982
Accounts receivable	35,301	28,971	21,248
Inventories	215,326	214,702	158,200
Prepaid expenses and other current assets	42,902	42,998	41,902
Total current assets	469,281	459,994	370,332
Long-term assets:			
Property and equipment, net	260,318	248,628	203,391
Deferred income taxes	48,711	43,492	16,683
Other assets	4,818	5,206	3,506
Total assets	$ 783,128	$ 757,320	$ 593,912
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Current liabilities:			
Accounts payable	$ 92,300	$ 82,826	$ 86,943
Income taxes payable	12,544	49,078	9,604
Accrued expenses, interest and other current liabilities	91,853	94,160	73,510
Total current liabilities	196,697	226,064	170,057
Long-term liabilities:			
Deferred rent liabilities	110,244	105,560	93,490
Other long-term liabilities	37,429	32,830	13,348
Total liabilities	344,370	364,454	276,895
COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' EQUITY:			
Common stock, $0.10 par value; 100,000,000 shares authorized; 28,721,213 shares, 27,954,386 shares and 27,457,722 shares issued and outstanding, at April 29, 2006, January 28, 2006 and April 30, 2005, respectively	2,872	2,796	2,746
Additional paid-in capital	164,154	134,372	118,514
Accumulated other comprehensive income	8,942	8,249	4,081
Retained earnings	262,790	247,449	191,676

Total stockholders' equity	438,758	392,866	317,017
Total liabilities and stockholders' equity	$ 783,128	$ 757,320	$ 593,912

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

THE CHILDREN'S PLACE RETAIL STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands, except per share amounts)

	Thirteen Weeks Ended	
	April 29, 2006	April 30, 2005
Net sales	$ 426,509	$ 369,217
Cost of sales	258,926	227,687
Gross profit	167,583	141,530
Selling, general and administrative expenses	129,430	113,424
Depreciation and amortization	14,207	12,124
Operating income	23,946	15,982
Interest income, net	877	95
Income before income taxes	24,823	16,077
Provision for income taxes	9,482	6,279
Net income	$ 15,341	$ 9,798
Basic net income per common share	$ 0.54	$ 0.36
Basic weighted average common shares outstanding	28,242	27,383
Diluted net income per common share	$ 0.52	$ 0.34
Diluted weighted average common shares and common share equivalents outstanding	29,410	28,611

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

THE CHILDREN'S PLACE RETAIL STORES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Thirteen Weeks Ended	
	April 29, 2006	April 30, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 15,341	$ 9,798
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,207	12,124
Deferred financing fee amortization	95	85
Amortization of lease buyouts	32	—
Loss on disposals of property and equipment	200	26
Equity compensation expense	2,950	—
Deferred taxes	(5,219)	(383)
Deferred rent and lease incentives	(2,767)	(1,655)
Deferred royalty, net	4,052	3,292
Changes in operating assets and liabilities:		
Accounts receivable	(6,271)	2,714
Inventories	(70)	3,595
Prepaid expenses and other current assets	212	(782)
Other assets	275	(473)
Accounts payable	6,454	9,117
Income taxes payable	(36,534)	(5,174)

Accrued expenses, interest and other current liabilities	(2,974)	(9,881)
Deferred rent liabilities	7,451	4,504
Other liabilities	547	514
Total adjustments	(17,360)	17,623
Net cash (used) provided by operating activities	(2,019)	27,421
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(22,202)	(11,543)
Purchase of investments	—	(52,515)
Sale of investments	—	10,000
Other investing activities	(11)	—
Net cash used in investing activities	(22,213)	(54,058)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Exercise of stock options and employee stock purchases	17,148	5,808
Excess tax benefit for stock option exercises	9,760	—
Borrowings under revolving credit facility	49,114	157,302
Repayments under revolving credit facility	(49,114)	(194,570)
Net cash provided (used) by financing activities	26,908	(31,460)
Effect of exchange rate changes on cash	(247)	(632)
Net decrease in cash and cash equivalents	2,429	(58,729)
Cash and cash equivalents, beginning of period	173,323	165,196
Cash and cash equivalents, end of period	$ 175,752	$ 106,467
OTHER CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 11	$ 187
Cash paid during the period for income taxes	41,796	11,893
Non-cash investing activity	3,020	—

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

THE CHILDREN'S PLACE RETAIL STORES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP") for interim financial information. Certain information and footnote disclosures required by US GAAP for complete financial statements have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the accompanying unaudited financial statements contain all material adjustments, consisting of normal recurring accruals, necessary to present fairly the Company's financial position, results of operations and cash flows for the periods indicated, and have been prepared in a manner consistent with the audited financial statements as of January 28, 2006. These financial statements should be read in conjunction with the audited financial statements and footnotes for the fiscal year ended January 28, 2006 included in the Company's Annual Report on Form 10-K for the year ended January 28, 2006 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 April 29, 2006 and April 30, 2005 are not necessarily indicative of operating results for a full fiscal year.

2. EQUITY COMPENSATION

The Company maintains several equity compensation plans. The Company has granted stock options under its 1996 Stock Option Plan (the "1996 Plan"), its 1997 Stock Option Plan (the "1997 Plan") and its 2005 Equity Incentive Plan (the "2005 Plan"). The 2005 Plan, which was approved at the June 23, 2005 Annual Meeting of Stockholders, enabled the Compensation Committee (the "Compensation Committee") of the Company's Board of Directors to grant multiple forms of equity compensation such as stock options, stock appreciation rights, restricted stock awards, deferred stock awards and performance awards. In connection with the adoption of the 2005 Plan, the Compensation Committee agreed not to issue any additional stock options under the 1996 Plan or the 1997 Plan and to limit the aggregate grant of awards under the 2005 Plan during fiscal years 2005, 2006 and 2007 to less than 2.5% of the aggregate number of shares of the Company's common stock outstanding on the last day of the 2005, 2006, and 2007 fiscal years, respectively. The Company also has an Employee Stock Purchase Plan (the "ESPP"), in which participants purchase stock at 95% of fair market value, which is deemed to be non-compensatory.

On January 29, 2006, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 123 (Revised 2004) ("SFAS 123R"), "Accounting for Share-Based Payments," using the modified prospective method. Under this method, prior periods are not restated. The Company uses the Black-Scholes option model, which requires extensive use of accounting judgment and financial estimates, including estimates of how long an associate will hold their vested stock option before exercise, the estimated volatility of the Company's common stock over the expected term, and the number of options that will be forfeited prior to the completion of vesting requirements. Application of other assumptions could result in significantly different estimates of fair value of stock-based compensation and consequently, the related expense recognized in the Company's financial statements. The provisions of SFAS 123R apply to new stock options and stock options outstanding, but not yet vested, as of the effective date.

Prior to the adoption of SFAS 123R, the Company had accounted for its stock-based compensation in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123") and the disclosure requirements of SFAS No. 148, "Accounting for Stock-Based Compensation, Transition and Disclosure" ("SFAS 148") under the intrinsic value method described in the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related accounting interpretations. Accordingly, since stock options were granted at prices that equaled or exceeded their estimated fair market value at the date of the grant, no compensation expense was recognized at the date of the grant.

In the fourth quarter of fiscal 2005, the Company accelerated the vesting of approximately 2.1 million stock options, excluding approximately 348,000 options held by non-executive members of the Board of Directors and certain executives of the Company, in order to minimize the impact of past option grants on future operating results.

In prior years, equity compensation for key management consisted only of stock option awards. Upon consideration of several factors, including the anticipated impact of SFAS 123R, the Company began to award key management performance awards ("Performance Awards") in fiscal 2006.

During the thirteen weeks ended April 29, 2006, under the 2005 Plan, Performance Awards to be paid in the form of shares of common stock ("Performance Shares") were granted to key management (the "Participants"). The issuance of Performance Shares under each Performance Award is contingent upon, among other things, meeting certain consolidated earnings per share and cumulative earnings targets designated by the Compensation Committee for the Company's 2005, 2006 and 2007 fiscal years (the "Performance Period"). During the thirteen weeks ended April 29, 2006, the Company granted Performance Awards relating to a target number of 511,500 Performance Shares at 100%. If these targets are met or exceeded, the Participants may earn up to a maximum aggregate of approximately 1,023,000 Performance Shares at 200%. Participants vest in the first 50% of the earned shares (those shares issuable if the performance targets are met or exceeded) at the end of fiscal 2007 and vest the other 50% of the earned shares at the end of fiscal 2008. During the thirteen weeks ended April 29, 2006, the Company recorded equity compensation expense of approximately $2.3 million for its Performance Awards, assuming targets are met at 100%. The Performance Awards were valued at the fair value of the related Performance Shares on the date of the grant, have a weighted average grant date fair value of $45.18 and are being expensed on a straight-line basis over the vesting period described above, which ends in 2.8 years at the end of fiscal 2008. Total unrecognized equity compensation expense related to the Performance Awards approximated $20.8 million as of April 29, 2006.

As a result of the adoption of SFAS 123R, the Company recognized approximately $0.7 million in incremental equity compensation expense during the thirteen weeks ended April 29, 2006 related to stock options granted under the 1996 Plan and the 1997 Plan. Accordingly, net income was reduced by approximately $0.4 million, and basic and diluted net income per common share was reduced by approximately $0.01 per share. The deferred income tax related benefit approximated $1.2 million during the thirteen weeks ended April 29, 2006.

Prior to the adoption of SFAS 123R, the Company presented the tax savings resulting from tax deductions resulting from the exercise of stock options as an operating cash flow, in accordance with Emerging Issues Task Force ("EITF") Issue No. 00-15, "Classification in the Statement of Cash Flows of the Income Tax Benefit Received by a Company upon Exercise of a Nonqualified Stock Option." SFAS 123R now requires the Company to reflect the tax savings resulting from tax deductions in excess of expense in its financial statements as a financing cash flow. As a result, cash provided by operating activities decreased by approximately $9.8 million and cash flow provided by financing activities increased by $9.8 million related to excess tax benefits from the Company's equity compensation plans.

The following table details the effect on net income and earnings per share had equity compensation expense been recorded in the thirteen weeks ended April 30, 2005 based on the fair value method under SFAS 123 (in thousands):

	Thirteen Weeks Ended April 30, 2005
Net income:	
As reported	$ 9,798
Deduct:	
Total stock-based compensation expense determined under fair value method for all awards net of related tax effects	(1,773)
Proforma	$ 8,025
Earnings per common share:	
Basic — as reported	$ 0.36
Basic — proforma	$ 0.29
Diluted — as reported	$ 0.34
Diluted — proforma	$ 0.29

Options granted under the 1996 Plan, the 1997 Plan and the 2005 Plan ("the Plans") have exercise prices that may not be less than the fair market value of the underlying shares at the date of the grant. The Plans also contain certain provisions that require the exercise price of stock options granted to stockholders owning greater than 10% of the Company be at least 110% of the fair market value of the underlying shares. The maximum term of options granted is ten years. Unless otherwise specified by the Compensation Committee of the Board of Directors, options granted prior to April 2005, under the 1996 Plan and the 1997 Plan, vest at

20% a year over a five-year period and options granted under the 1997 Plan and the 2005 Plan subsequent to April 2005 vest at 25% a year over a four-year period. In accordance with SFAS 123R, the Company recognizes equity compensation expense for its stock options on a straight-line basis.

Changes in the Company's stock options for the thirteen weeks ended April 29, 2006 were as follows:

	Number of Options (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value (in thousands)
Options outstanding, beginning of quarter	3,494	$ 28.34		
Granted (1)	3	46.24		
Exercised (2)	(760)	22.17		
Forfeited	(4)	33.52		
Options outstanding, end of quarter	2,733	$ 30.06	7.5	$ 82,032
Options exercisable, end of quarter	2,417	$ 29.81	7.4	$ 77,278

(1) The weighted average fair value of options granted was $19.06.

(2) The aggregate intrinsic value of exercised stock options was approximately $25.6 million.

Changes in the Company's unvested stock options for the thirteen weeks ended April 29, 2006 were as follows:

	Number of Options (in thousands)	Weighted Average Grant Date Fair Value
Unvested options, beginning of quarter	393	$ 15.12
Granted	3	19.06
Vested	(80)	15.50
Forfeited	0	—
Unvested options, end of quarter	316	$ 15.06

Total unrecognized equity compensation expense related to nonvested stock options approximated $4.2 million as of April 29, 2006, which will be recognized over a weighted average period of approximately 2.6 years. During the thirteen weeks ended April 29, 2006, the Company accelerated 10,000 options. The equity compensation expense associated with this acceleration approximated $0.2 million.

The fair value of stock options has been estimated at the date of grant using the Black-Scholes pricing model with the following assumptions:

	Thirteen Weeks Ended	
	April 29, 2006	April 30, 2005
Dividend yield	0%	0%
Risk-free interest rate	4.5%	3.9%
Expected volatility	41.4%	45.2%
Expected life, in years	4.8 years	4.8 years

The expected life of 4.8 years used in the Black-Scholes calculation is based on a Monte Carlo simulation incorporating a forward-looking stock price model and a historical model of employee exercise and post-vest forfeiture behavior. Expected volatility is based on a 50:50 blend of the historical and implied volatility with a two-year look back, on the date of each grant. The two-year look back is shorter than the expected term because of the Disney Store acquisition in fiscal 2004. The risk-free interest rate is based on the risk-free rate corresponding to the grant date and expected term.

3. LICENSE AGREEMENT WITH DISNEY

On November 22, 2004, the Company acquired 313 Disney Stores (the "DSNA Business"), consisting of all existing Disney Stores in the United States and Canada, other than "flagship" stores and certain stores located at Disney theme parks and other Disney properties, along with certain other assets used in the Disney Store business. Subsequently, the Company acquired two Disney Store flagship stores, one in Chicago, Illinois and the other in San Francisco, California. The Company's subsidiaries conducting the Disney Store business are referred to interchangeably and collectively as the "Hoop Operating Entities." For clarification, the DSNA Business refers to the business the Company acquired from Disney on November 21, 2004, whereas the "Disney Store business" refers to the Disney Store business the Company operated since the acquisition.

In conjunction with the acquisition of the DSNA Business, the Company entered into a Guaranty and Commitment (the "Guaranty and Commitment"), pursuant to which the Company invested $50 million in the Hoop Operating Entities concurrently with the acquisition and agreed to invest up to an additional $50 million to enable the Hoop Operating Entities to comply with their obligations under the license and conduct of business agreement with Disney (the "License Agreement") and otherwise fund the operations of the Hoop Operating Entities. To date, the Company has not been required to invest any of the additional $50 million in the Hoop Operating Entities. The Company also agreed to guarantee the payment and performance of the Hoop Operating Entities (for their royalty payment and other obligations to Disney), subject to a maximum guaranty liability of $25 million, plus expenses.

Under the License Agreement entered into in November 2004, the Hoop Operating Entities have the right to use certain Disney intellectual property, subject to Disney approval, in the DSNA Business in exchange for ongoing royalty payments. Pursuant to the terms of the License Agreement, the Hoop Operating Entities operate retail stores in North America using the "Disney Store" name and contract to manufacture, source, offer and sell merchandise featuring Disney-branded characters, past, present and future. The initial term of the License Agreement is 15 years and, if certain financial performance and other conditions are satisfied, the License Agreement may be extended at the Company's option for up to three additional ten-year terms. The Hoop Operating Entities will make royalty payments to Disney beginning in November 2006 equal to 5% of net sales at physical Disney Store retail locations, subject to an additional royalty holiday with respect to a limited number of stores. Beginning in April 2007, the Hoop Operating Entities plan to operate the www.disneystore.com Internet store, which will feature a select assortment of merchandise offered in the physical retail locations. The License Agreement provides for the Company to pay a 9% royalty on Internet sales, and in some instances, a 10% royalty.

Beginning in fiscal 2007, under the License Agreement, the royalty payments are also subject to minimum royalties. The minimum royalty payment is computed as the greater of:

- 60% of the royalty that would have been payable under the terms of the License Agreement for acquired stores in the base year, which was the year ended October 2, 2004, as if the License Agreement had been in effect in that year, increased at the rate of the Consumer Price Index, or

- 80% of the average of the royalty amount payable in the previous two years.

The License Agreement includes provisions regarding the manner in which the Hoop Operating Entities will operate the Disney Store business and requires that approvals be obtained from a Disney affiliate for certain matters, including all uses of the intellectual property of Disney and its affiliates and the opening or closing of Disney Stores beyond certain parameters set forth in the License Agreement. The License Agreement obligates the Hoop Operating Entities to remodel stores as new long-term leases are executed.

The License Agreement limits the ability of the Hoop Operating Entities to make cash dividends or other distributions. The Hoop Operating Entities' independent directors must approve payment of any dividends or other distributions, other than payments of:

- amounts due under the terms of the tax sharing and intercompany services agreements;

- approximately $61.9 million which represents a portion of the purchase price paid by the Company to Disney (limited to cumulative cash flows, as defined, since the date of the acquisition; and

- certain other dividend payments, subject to satisfaction of certain additional operating conditions, and limited to 50% of cumulative cash flows up to $90 million, and 90% of cumulative cash flows thereafter (provided that at least $90 million of cash and cash equivalents is maintained at the Hoop Operating Entities).

In the normal course of business, the Hoop Operating Entities have reimbursed the Company for intercompany services but have not paid any dividends or made other distributions. The License Agreement also restricts the incurrence of indebtedness in excess of certain permitted amounts.

The License Agreement also entitles Disney to designate a representative to attend meetings of the Board of Directors of the Company as an observer. Upon the occurrence of certain specified events, including an uncured royalty breach and other repeated material breaches by the Hoop Operating Entities of the terms of License Agreement, certain material breaches by the Company of the terms of the Guaranty and Commitment, and certain changes in ownership or control of the Company or the Hoop Operating Entities, Disney will have the right to terminate the License Agreement, in which event Disney may require the Company to sell the Disney Store business to Disney or one of its affiliates or to a third party at a price to be determined by appraisal or, in the absence of such sale, to wind down the Disney Store business in an orderly manner.

In addition, under the License Agreement, as amended, the Company is committed to remodel by January 1, 2009 a minimum of approximately 160 of the 313 stores acquired as of the Closing Date. As of April 29, 2006, 33 remodels have been completed. This remodel commitment is subject to revision depending upon what actions management takes regarding, among other things, the timing and nature of lease renewals for acquired stores. Due to the varying cost of each remodel and changes to the prototype that are being considered by the Company, the Company is unable to reasonably quantify the total commitment amount or timing of these remodels.

There were no royalty amounts due or paid under the License Agreement during the thirteen weeks ended April 29, 2006 and the thirteen weeks ended April 30, 2005. During the thirteen weeks ended April 29, 2006 and April 30, 2005, the Company accrued $4.1 million and $3.3 million, respectively, for royalty expense and had an accrued royalty liability on its balance sheet of $31.2 million and $10.4 million as of April 29, 2006 and April 30, 2005, respectively.

4. NET INCOME PER COMMON SHARE

In accordance with SFAS No. 128, "Earnings Per Share," the following table reconciles net income and share amounts utilized to calculate basic and diluted net income per common share (in thousands):

	Thirteen Weeks Ended	
	April 29, 2006	April 30, 2005
Net income	$ 15,341	$ 9,798
Basic shares	28,242	27,383
Dilutive effect of stock options	1,168	1,228
Dilutive shares	29,410	28,611

The calculation of diluted earnings per share for the thirteen weeks ended April 29, 2006 does not include options to purchase approximately 38,000 shares of common stock due to their antidilutive effect. The computations of diluted earnings per share for the thirteen weeks ended April 30, 2005 includes all common stock equivalents.

5. COMPREHENSIVE INCOME

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

	Thirteen Weeks Ended	
	April 29, 2006	April 30, 2005
Net income	$ 15,341	$ 9,798
Translation adjustments	693	(857)
Comprehensive income	$ 16,034	$ 8,941

6. INVESTMENTS

Investments at April 30, 2005 consisted of auction rate securities, which are securities earning income at a rate that is periodically reset, typically within 35 days. These securities are classified as "available-for-sale" securities under the provisions of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Accordingly, these investments are recorded at fair value, with any unrealized gains and losses included as a separate component of stockholders' equity, net of tax. Realized gains and losses and investment income are included in earnings. At April 30, 2005, the auction rate securities had contractual ultimate maturities ranging from 2015 through 2034. These investments were recorded in current assets since they were utilized in operations within a year of the balance sheet date.

7. CREDIT FACILITIES

Amended Loan Agreement

In October 2004, the Company amended and restated its credit facility ("the Amended Loan Agreement") with Wells Fargo Retail Finance, LLC ("Wells Fargo"), as syndicated agent, partly in connection with its acquisition of the Disney Store retail chain. The Amended Loan Agreement provides for borrowings up to $130 million (including a sublimit for letters of credit of $100 million). The term of the facility ends on November 1, 2007 with successive one-year renewal options. The amount that could be borrowed under the credit facility depends on the Company's level of inventory and accounts receivable.

The Amended Loan Agreement is secured by a first priority security interest in substantially all the assets of the Company and its subsidiaries, other than assets in Canada and assets owned by the Company's subsidiaries that were formed in connection with the acquisition of the DSNA Business. Amounts outstanding under the Amended Loan Agreement bear interest at a floating rate equal to the prime rate or, at the Company's option, a LIBOR rate plus a pre-determined margin. The LIBOR margin is 1.50% to 3.00%. The unused line fee under the Amended Loan Agreement is 0.38%.

The Company had no outstanding borrowings under its Amended Loan Agreement as of April 29, 2006 and had letters of credit outstanding of $64.6 million. The average loan balance during the thirteen weeks ended April 29, 2006 was approximately $469,000 and the average interest rate was 7.6%. The maximum outstanding letters of credit were $64.8 million during the thirteen weeks ended April 29, 2006. Availability under the Amended Loan Agreement as of April 29, 2006 was $58.8 million.

The Amended Loan Agreement also contains covenants, which include limitations on the Company's annual capital expenditures, the maintenance of certain levels of excess collateral, and a prohibition on the payment of dividends. Noncompliance with these covenants can result in additional fees, could affect the Company's ability to borrow, or could require the Company to repay the outstanding balance. As of April 29, 2006, the Company was not aware of any violations of its covenants under the Amended Loan Agreement.

Hoop Loan Agreement

As of November 21, 2004, the domestic Hoop Operating Entity entered into a Loan and Security Agreement (the "Hoop Loan Agreement") with certain financial institutions and Wells Fargo, as administrative agent, establishing a senior secured credit facility for the Hoop Operating Entities. The Hoop Loan Agreement provides for borrowings up to $100 million (including a sub-limit for letters of credit of $90 million). The term of the facility extends until November 21, 2007. Amounts outstanding under the Hoop Loan Agreement bear interest at a floating rate equal to the prime rate plus a pre-determined margin or, at the Hoop Operating Entities' option, the LIBOR rate plus a pre-determined margin. The prime rate margin is 0.25% and the LIBOR margin is 2.0% or 2.25%, depending on the United States Hoop Operating Entity's level of excess availability from time to time. The unused line fee is 0.30%.

The Hoop Loan Agreement contains various covenants, including limitations on indebtedness, maintenance of certain levels of excess collateral and restrictions on the payment of intercompany dividends and indebtedness. Credit extended under the Hoop Loan Agreement is secured by a first priority security interest in substantially all the assets of Hoop USA. Borrowings and letters of credit under the Hoop Loan Agreement are used by the Hoop Operating Entities for working capital purposes for the Disney Store business.

There were no borrowings under the Hoop Loan Agreement as of April 29, 2006. During the thirteen weeks ended April 29, 2006, there were no borrowings under the Hoop Loan Agreement other than letters of credit that cleared after business hours. The average balance during the thirteen weeks ended April 29, 2006 was approximately $287,000 and the average interest rate was 7.8%. The maximum outstanding letters of credit were $27.1 million during the thirteen weeks ended April 29, 2006. Letters of credit outstanding as of April 29, 2006 were $23.9 million and availability as of April 29, 2006 was $27.1 million. The interest rate charged under the Hoop Loan Agreement was 8.0% as of April 29, 2006. As of April 29, 2006, the Company was not aware of any violations of its covenants under the Hoop Loan Agreement.

Letter of Credit Fees

Letter of credit fees approximated $0.2 million and $0.2 million in the thirteen weeks ended April 29, 2006 and April 30, 2005, respectively. Letter of credit fees are included in cost of goods sold.

8. LITIGATION

The Company reserves litigation settlements when it can determine the probability of outcome and can estimate costs. Estimates are adjusted as facts and circumstances require. The Company is involved in various legal proceedings arising in the normal course of its business. In the opinion of management, any ultimate liability arising out of such proceedings will not have a material adverse effect on the Company's financial position or results of operations.

9. INCOME TAXES

The Company computes income taxes using the liability method. This method requires recognition of deferred tax assets and liabilities, measured by enacted rates, attributable to temporary differences between financial statement and income tax basis of assets and liabilities. Deferred tax assets and liabilities are comprised largely of book tax differences relating to depreciation, rent expense, inventory and various accruals and reserves. The income tax provision recorded for the thirteen weeks ended April 29, 2006 reflects the Company's estimated expected annual effective tax rate of 38.2%.

As of April 29, 2006, the Company has not made a U.S. tax provision on approximately $28 million of unremitted earnings of its international subsidiaries. These earnings are currently expected to be reinvested overseas to fund expansion in Asia and other foreign markets. Accordingly, the Company has not provided any provision for income tax in excess of foreign jurisdiction income tax requirements relative to such unremitted earnings in the accompanying financial statements.

10. SEGMENT INFORMATION

After the acquisition of the DSNA Business, the Company began to report segment data based on management responsibility: The Children's Place stores, Disney Stores and Shared Services. Direct administrative expenses are recorded by each segment. Shared services are not allocated and principally include executive management, finance, real estate, human resources, legal and information technology services. Certain centrally managed functions such as distribution center expenses are allocated based on management's estimate of usage or other contractual means. The Company periodically reviews these allocations and adjusts them based on changes in circumstances. Shared service assets principally represent capitalized software and computer equipment. All other administrative assets are allocated between the two operating segments.

Segment operating profit for the thirteen weeks ended April 30, 2005 has been adjusted from previous disclosure by increasing The Children's Place segment operating profit and increasing the Shared Services operating loss by $4.5 million to correct allocations of expense between the two segments. The following tables provide segment level financial information for the thirteen weeks ended April 29, 2006 and April 30, 2005 (dollars in millions):

	Thirteen Weeks Ended April 29, 2006			
	The Children's Place	Disney Store	Shared Services	Total Company
Net sales	$ 322.0	$ 104.5	—	$ 426.5
Segment operating profit (loss)	52.5	(6.5)	(22.1)	23.9
Operating income (loss) as a percent of net sales	16.3%	(6.2)%	N/A	5.6%
Total assets	550.7	214.9	17.5	783.1
Capital expenditures	8.1	11.0	3.1	22.2

	Thirteen Weeks Ended April 30, 2005			
	The Children's Place	Disney Store	Shared Services	Total Company
Net sales	$ 280.7	$ 88.5	—	$ 369.2
Segment operating profit (loss)	48.0	(14.0)	(18.0)	16.0
Operating income (loss) as a percent of net sales	17.1%	(15.8)%	N/A	4.3%
Total assets	388.1	195.9	9.9	$ 593.9
Capital expenditures	9.5	1.4	0.6	11.5

11. SUBSEQUENT EVENTS

Emerson Lane Space

On May 3, 2006, the Company entered into a lease agreement with Hartz Mountain Metropolitan ("Hartz") for 245,000 square feet of office space at 2 Emerson Lane, Secaucus, New Jersey (the "Emerson Lane Space") in a building about a mile away from the Company's current corporate headquarters. The Company plans to move its corporate headquarters into the Emerson Lane Space as soon as practicable after the completion of certain improvements. Accordingly, effective with the move into the Emerson Lane Space, the Company will terminate its current lease agreements with Hartz for offices located at 900 Secaucus Road, Secaucus, New Jersey and office and warehouse space located at 915 Secaucus Road, Secaucus, New Jersey, (the "Terminated Space"). This lease has an initial term of fifteen years, with an option to renew for an additional ten years with another option at the end of those ten years for an additional five years, at the then-prevailing market rental value for comparable rentable property in the same area. Under the lease, the Company is obligated to make monthly rent payments of approximately $154,000 for the first five years of the lease, beginning in March 2007. In the sixth year of the lease, the monthly rent payments will be reduced to approximately $118,000 and will gradually increase each year thereafter to a maximum of approximately $151,000 in the fifteenth year. In addition, if Hartz is able to lease the Terminated Space for greater than a specified amount for each year through 2012, the Company will receive a corresponding rent credit on the Emerson Lane Space. The Company also has a right of first refusal to occupy the remaining 37,299 square feet in the building. The Company estimates its obligation over the initial term to approximate $25.2 million. During the second quarter of fiscal 2006, the Company plans to re-assess the remaining useful lives of its assets in the Terminated Space in conjunction with the development of its plans to move to the Emerson Lane Space.

Executive Employment Agreements

On May 12, 2006, the Company entered into amended and restated employment agreements with Ezra Dabah, the Company's Chairman of the Board and Chief Executive Officer, and Neal Goldberg, the Company's President.

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 28, 2006. 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 28, 2006, filed with the Securities and Exchange Commission.

Critical Accounting Policies

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("US GAAP") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the reported period. Actual results could differ from our estimates. The accounting policies that we believe are the most critical to aid in fully understanding and evaluating reported financial results include the following:

Revenue Recognition — Sales are recognized upon purchase by customers at our retail stores or when received by the customer if the product was purchased via the Internet, net of coupon redemptions and anticipated sales returns. Actual sales return rates have historically been within our expectations and the allowance established. However, in the event that the actual rate of sales returns by customers increased significantly, our operational results could be adversely affected. Our net sales include the 7% commission we receive from a Disney subsidiary on the sale of Walt Disney World® Resort and Disneyland® Resort tickets.

Our policy with respect to gift cards is to record revenue as gift cards are redeemed for merchandise. Prior to their redemption, unredeemed gift cards for The Children's Place business are recorded as a liability, included within accrued expenses and other current liabilities. We record breakage on our gift card liability using the assessment of an administration fee to determine gift card expiration, where permitted by state. The breakage is recorded as a credit to selling, general and

administrative expenses. For Disney Store, we act as an agent on behalf of a subsidiary of The Walt Disney Company for gift cards sold to customers. Therefore, we do not record a customer gift card liability for the Disney Store. However, we recognize a trade payable to Disney for the net purchases of Disney gift cards.

We offer a private label credit card to our Children's Place customers that provides a discount on future purchases once a minimum annual purchase threshold has been exceeded. We estimate the future discounts to be provided based on prior year history, the number of customers who have earned or are likely to earn the discount and current year sales trends on the private label credit card. We defer a proportionate amount of revenue from customers based on an estimated value of future discounts. We recognize such deferred revenue as future discounts are taken on sales above the annual minimum. This is done by utilizing estimates based upon sales trends and the number of customers who have earned the discount privilege. All deferred revenue is recognized by the end of the fiscal year, as our private label customers must earn the discount privilege on an annual basis, and such privilege expires prior to our fiscal year end. As of April 29, 2006, approximately $708,000 in revenue has been deferred and will be recognized over the remainder of fiscal 2006.

We have also offered certain non-private label customers a $10 coupon off every $75 they spend. As of April 29, 2006, we have deferred approximately $204,000 in revenue for coupons earned and partially earned, less an estimate for breakage.

Inventory Valuation — Merchandise inventories are stated at the lower of average cost or market, using the retail inventory method. Under the retail inventory method, the valuation of inventories at cost and the resulting gross margins are calculated by applying a cost-to-retail ratio by merchandise department to the retail value of inventories. At any one time, inventories include items that have been marked down to our best estimate of their fair market value and an estimate of our inventory shrinkage.

We base our decision to mark down merchandise upon its current rate of sale, the season, and the age and sell-through of the item. To the extent that our markdown estimates are not adequate, additional markdowns may have to be recorded, which could reduce our gross profit and operating results. Our success is largely dependent upon our ability to gauge the fashion taste of our customers, including the popularity and relevancy of the Disney characters, and provide a well-balanced merchandise assortment that satisfies customer demand. Any inability to provide the proper quantity of appropriate merchandise in a timely manner could increase future markdown rates.

We adjust our inventory balance sheet based on an annual physical inventory and we estimate our shrinkage rate based on the historical results of our physical inventories in consideration of current year facts and circumstances. To the extent our shrinkage is not adequate, we would be required to reduce our gross profits and operating results.

Accounting for Royalties — In exchange for the right to use certain Disney intellectual property, we are required to pay a Disney subsidiary royalty payments pursuant to a License and Conduct of Business Agreement (the "License Agreement"). Minimum royalty commitments are recorded on a straight-line basis over the life of the initial 15 year term of the License Agreement. During each period, amounts due in excess of the minimum royalty commitment are recorded as an expense if we expect to surpass the minimum royalty commitment on an annual basis, even if the contingency threshold has not been surpassed in that particular period.

We were granted a royalty holiday for all stores until November 2006. In addition, depending on the specific store location, certain stores have an extension of the royalty holiday for up to eight years from the date of the License Agreement. The actual value of the royalty holiday is not determinable until the completion of the royalty holiday period, and may differ materially from our current estimate. Estimates for the royalty holiday are adjusted on a periodic basis, and the cumulative adjustment is recorded in such period. The amortization of the estimated value of the royalty holiday is recognized on a straight-line basis as a reduction of royalty expense over the term of the License Agreement. Royalty expense, and the associated amortization of the royalty holiday, is recorded in selling, general and administrative expenses.

The royalty percentage does not increase over the initial 15 year term of the License Agreement. The License Agreement provides for us to pay a 9% royalty on Internet sales, and in certain instances, 10%. In fiscal 2006, we expect net royalty expense to approximate 4.3% of Disney Store net sales.

Insurance and Self-Insurance Liabilities — Based on our assessment of risk and cost efficiency, we self-insure and purchase insurance policies to provide for workers' compensation, general liability, and property losses, as well as director's and officer's liability, vehicle liability and employee medical benefits. We estimate risks and record a liability based upon historical claim experience, insurance deductibles, severity factors and other actuarial assumptions. While we believe that our risk assessments are appropriate, to the extent that future occurrences and claims differ from our historical experience, additional charges for insurance may be recorded in future periods.

Stock Options — On January 29, 2006, we adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 123 (Revised 2004) ("SFAS 123R"), "Accounting for Share-Based Payments," using the modified prospective method. Under this method, prior periods are not restated. We use the Black-Scholes option model, which requires extensive use of accounting judgment and financial estimates, including estimates of how long an associate will hold their vested stock option before exercise, the estimated volatility of the Company's common stock over the expected term, and the number of options that will be forfeited prior to the completion of vesting requirements. Application of other assumptions could result in significantly different estimates of fair value of stock-based compensation and consequently, the related expense recognized in our financial statements. The provisions of SFAS 123R apply to new stock options and stock options outstanding, but not yet vested, as of the effective date.

Prior to the adoption of SFAS 123R, we had accounted for our stock-based compensation in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123") and the disclosure requirements of SFAS No. 148, "Accounting for Stock-Based Compensation, Transition and Disclosure" ("SFAS 148") under the intrinsic value method described in the provisions of Accounting Principles Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related accounting interpretations.

Accordingly, since stock options were granted at prices that equaled or exceeded their estimated fair market value at the date of the grant, no compensation expense was recognized at the date of the grant.

As a result of the adoption of SFAS 123R, we recognized approximately $0.7 million in incremental equity compensation expense related to our stock option plans. Accordingly, net income was reduced by approximately $0.4 million, and basic and diluted net income per common share was reduced by approximately $0.01 per share. The deferred income tax related benefit from our equity compensation plans approximated $1.2 million during the thirteen weeks ended April 29, 2006.

Impairment of Assets — We periodically evaluate each store's performance and measure the carrying value of each location's fixed assets, principally leasehold improvements and fixtures, versus its projected cash flows. Due to the seasonality of our business, we evaluate our store's performance for impairment primarily after the third and fourth quarters. An impairment loss is recorded if the projected future cash flows are insufficient to recapture the net book value of their assets. To the extent our estimates of future cash flows are incorrect, additional impairment charges may be recorded in future periods.

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	
	April 29, 2006	April 30, 2005
Net sales	100.0%	100.0%
Cost of sales	60.7	61.7
Gross profit	39.3	38.3
Selling, general and administrative expenses	30.3	30.7
Depreciation and amortization	3.3	3.3
Operating income	5.6	4.3
Interest income, net	0.2	—
Income before income taxes	5.8	4.4
Provision for income taxes	2.2	1.7
Net income	3.6%	2.7%
Number of stores, end of period	1,125	1,059

Table may not add due to rounding.

Thirteen Weeks Ended April 29, 2006 (the "First Quarter 2006") Compared to Thirteen Weeks Ended April 30, 2005 (the "First Quarter 2005")

Net sales increased by $57.3 million, or 16%, to $426.5 million during the First Quarter 2006 from $369.2 million during the First Quarter 2005. Net sales include $322.0 million in net sales from The Children's Place business, which represented a 15% increase over the $280.7 million in net sales reported in the First Quarter 2006, and $104.5 million in net sales from the Disney Store business, which represented an 18% increase over the $88.5 million in net sales reported in First Quarter 2005. Consolidated comparable store sales increased 9% and contributed $31.6 million of our net sales increase in the First Quarter 2006. Net sales for our new stores, as well as other stores that did not qualify as comparable stores, increased our net sales by $25.7 million. Comparable store sales increased 8% for the Children's Place business as compared to a 13% comparable store

sales increase in the First Quarter 2005. Disney Stores reported a 14% comparable store sales increase. First Quarter 2006 is the first full quarter in which the Disney Stores are included in our comparable store sales.

During the First Quarter 2006, we opened eight The Children's Place stores. In addition, we closed two stores (one The Children's Place and one Disney Store) during the First Quarter 2006.

Our 8% comparable store sales increase for The Children's Place business was primarily the result of a 6% increase in the number of comparable store sales transactions and a 2% increase in our average dollar transaction size. Our increased dollar transaction size was driven by an increase in the number of items sold in each transaction. Retail prices were approximately equal to last year. During the First Quarter 2006, we achieved comparable store sales increases in The Children's Place business across all geographical regions, departments and store types. Our Southwest, Canada, Rocky Mountain and West regions reported the strongest comparable store sales increases.

For the Disney Store, our 14% comparable store sales increase was primarily the result of a 10% increase in our average dollar transaction size and a 4% increase in the number of comparable store sales transactions. Our increase in dollar transaction size was primarily driven by an increase in the number of items sold in each transaction, partially offset by lower prices in the First Quarter 2006 as compared with the First Quarter 2005. All geographical regions and store types experienced comparable store sales increases. By department, hardlines and softlines experienced comparable store sales increases, partially offset by a comparable store sales decline in media which primarily reflects the strong consumer response to "The Incredibles" DVD release during the First Quarter 2005.

Gross profit increased by $26.1 million to $167.6 million during the First Quarter 2006 from $141.5 million during the First Quarter 2005. As a percentage of net sales, gross profit increased 1.0% to 39.3% during the First Quarter 2006 from 38.3% during the First Quarter 2005. The increase in consolidated gross profit, as a percentage of net sales, resulted from the leveraging of occupancy and buying costs of 1.1%, and a higher initial markup of 0.9%, partially offset by higher markdowns of 1.0%. Higher markdowns in The Children's Place business were partially offset by lower markdowns at the Disney Stores. We also experienced higher distribution costs primarily associated with our new distribution facility. During Fiscal 2005, the sell through of Disney

Store inventory that was acquired from The Walt Disney Company unfavorably impacted gross margin by $1.2 million, or 0.3% of net sales. In accounting for the acquisition of the Disney Stores, we were required to write-up acquired inventory to fair value from the value determined under the retail inventory method.

Selling, general and administrative expenses increased $16.0 million to $129.4 million during the First Quarter 2006 from $113.4 million during the First Quarter 2005. As a percentage of net sales, selling, general and administrative expenses decreased 0.4% to 30.3% of net sales during the First Quarter 2006 from 30.7% of net sales during the First Quarter 2005. This decrease, as a percentage of net sales, was due primarily to the leveraging of store payroll and expenses of approximately 0.7% and Disney Store transition expenses incurred last year which we did not incur in the current year of approximately 0.7%, partially offset by our new Performance Awards and the expensing of stock options required under SFAS 123R, which represented approximately 0.7% of net sales. During the First Quarter 2006, we reduced our accrual for personal property tax liabilities by approximately $0.9 million, or 0.2% of net sales. This adjustment related to fiscal 2004 and prior years and we did not restate prior years' financial statements due to immateriality. The remainder of our unfavorable selling, general and administrative expenses, as a percentage of net sales, were due to higher marketing costs and store incentive bonuses during the First Quarter 2006.

Depreciation and amortization amounted to $14.2 million, or 3.3% of net sales, during the First Quarter 2006, as compared to $12.1 million, or 3.3% of net sales, during the First Quarter 2005.

Our provision for income taxes was $9.5 million and $6.3 million during the First Quarter 2006 and the First Quarter 2005, respectively. Our provision for income taxes increased during the First Quarter 2006 as a result of our increased profitability, partially offset by a decrease in our effective tax rate. Our effective tax rate was 38.2% during the First Quarter 2006 as compared to 39.0% during the First Quarter 2005. The decrease in our effective rate was due to increased tax efficiencies that were identified in the course of our global operations review.

Our net income in the First Quarter 2006 was $15.3 million as compared with $9.8 million during the First Quarter 2005, due to the factors discussed above.

Liquidity and Capital Resources

Debt Service/Liquidity

Our working capital needs follow a seasonal pattern, peaking during the second and third quarters when inventory is purchased for the back-to-school and holiday selling seasons. Our primary uses of cash are financing new store openings and providing for working capital, which principally represent the purchase of inventory. We have been able to meet our cash needs principally by using cash on hand, cash flows from operations and seasonal borrowings under our credit facilities. As of April 29, 2006, our inventory balance was $215.3 million, up 28% per square foot as compared to the First Quarter 2005 due primarily to the timing of inventory flow this year and a relatively low inventory position last year. As of April 29, 2006, we had no long-term debt obligations or short-term borrowings.

We manage liquidity for The Children's Place and Disney Stores separately, including cash receipts and disbursements, investments, and credit facility borrowings and letter of credit activity. The terms of the License Agreement, the Hoop Loan Agreement (as defined below) and the Amended Loan Agreement (as defined below), among other things, restrict the commingling of funds between The Children's Place and the Hoop Operating Entities, and borrowings and certain distributions from the Hoop Operating Entities to The Children's Place. Therefore, we have maintained segregation of all cash receipts and disbursements, investments, and credit facility borrowings and letter of credit activity. This segregation could lead to a liquidity need in one business while there is adequate liquidity in the other business. We believe that cash flow from operations and availability and borrowings under their respective credit facilities will be adequate to fund the growth needs and operations of each division. At this time, we do not foresee a need for The Children's Place business to provide additional capital to the Disney Store business for that business to meet its growth objectives or operating commitments, nor do we foresee a need for the Disney Store business to make a distribution to its parent, other than normal payment of intercompany operating obligations, in order for The Children's Place business to meet its growth objectives or operating commitments.

We entered into a Guaranty and Commitment (the "Guaranty and Commitment") dated as of November 21, 2004, in favor of the Hoop Operating Entities and Disney. As required by the Guaranty and Commitment, we invested $50 million in the Hoop Operating Entities concurrently with the acquisition, and agreed to invest up to an additional $50 million to enable the Hoop Operating Entities to comply with their obligations under the License Agreement and otherwise fund the operations of the Hoop Operating Entities. To date, we have not been required to invest any of this additional $50 million in the Hoop Operating Entities in order to comply with the terms of the License Agreement. We also agreed to guarantee the payment and performance of the Hoop Operating Entities (for their royalty payment and other obligations to Disney), subject to a maximum guaranty liability of $25 million, plus expenses.

In connection with the acquisition of the DSNA Business, we entered into a License Agreement under which the Hoop Operating Entities have the right to use certain Disney intellectual property in the DSNA Business in exchange for ongoing royalty payments. The License Agreement limits the ability of the Hoop Operating Entities to make cash dividends or other distributions. The Hoop Operating Entitites' independent directors must approve payment of any dividends or other distributions, other than payments of:

- amounts due under terms of the tax sharing and intercompany services agreements;
- approximately $61.9 million which represents a portion of the purchase price paid by the Company to Disney (limited to cumulative cash flows since the date of the acquisition); and
- certain other dividend payments, subject to satisfaction of certain additional operating conditions and limited to 50% of cumulative cash flows up to $90 million, and 90% of cumulative cash flows thereafter (provided that at least $90 million of cash and cash equivalents is maintained at the Hoop Operating Entities).

In the normal course of business, the Hoop Operating Entities have reimbursed intercompany services but have not paid any dividends or made other distributions. During the fourth quarter of fiscal 2006, we plan to evaluate the Hoop Operating Entities' ability to reimburse the Company for all or a portion of the $61.9 million described above. We do not expect the Hoop Operating Entities to pay dividends to the Company during the next 12 months. The Hoop Operating

Entities cash on hand and cash generated from operations will be utilized to finance store remodels and provide working capital. The License Agreement also restricts the incurrence of indebtedness in excess of certain permitted amounts.

In October 2004, we amended and restated our credit facility (the "Amended Loan Agreement") with Wells Fargo Retail Finance, LLC ("Wells Fargo"), partly in connection with our acquisition of the DSNA Business. The Amended Loan Agreement

provides for borrowings up to $130 million (including a sublimit for letters of credit of $100 million). The term of the facility ends on November 1, 2007 with successive one-year renewal options. The amount that could be borrowed under the Amended Loan Agreement depends on our level of inventory and accounts receivable relating to The Children's Place business.

The Amended Loan Agreement is secured by a first priority security interest in substantially all of our assets, other than assets in Canada and assets owned by our subsidiaries that were formed in connection with the acquisition of the DSNA Business. Amounts outstanding under the Amended Loan Agreement bear interest at a floating rate equal to the prime rate or, at our option, a LIBOR rate plus a pre-determined margin. The LIBOR margin is 1.50% to 3.00%, and the unused line fee under the Amended Loan Agreement is 0.38%. The Amended Loan Agreement also contains covenants, which include limitations on our annual capital expenditures, maintenance of certain levels of excess collateral and a prohibition on the payment of dividends.

As of April 29, 2006, we had no borrowings under our Amended Loan Agreement and had outstanding letters of credit of $64.6 million. Availability as of April 29, 2006 under the Amended Loan Agreement was $58.8 million. The maximum outstanding letters of credit during the thirteen weeks ended April 29, 2006 were $64.8 million.

In connection with our acquisition of the DSNA Business, the domestic Hoop Operating Entity entered into a Loan and Security Agreement (the "Hoop Loan Agreement") with certain financial institutions and Wells Fargo, as administrative agent, establishing a senior secured credit facility for the Hoop Operating Entities. The Hoop Loan Agreement provides for borrowings up to $100 million (including a sublimit for letters of credit of $90 million), subject to the amount of eligible inventory and accounts receivable of the domestic Hoop Operating Entity. The term of the facility extends until November 1, 2007.

The Hoop Loan Agreement contains various covenants, including limitations on indebtedness, maintenance of certain levels of excess collateral and restrictions on the payment of dividends and payment of any indebtedness. Credit extended under the Hoop Loan Agreement is secured by a first priority security interest in substantially all the assets of Hoop USA. Borrowings and letters of credit under the Hoop Loan Agreement are used by Hoop USA and its subsidiary Hoop Canada for working capital purposes for the DSNA Business. Amounts outstanding under the Hoop Loan Agreement bear interest at a floating rate equal to the prime rate plus a pre-determined margin or, at Hoop Operating Entity's option, the LIBOR rate plus a pre-determined margin. The prime rate margin is 0.25% and the LIBOR margin is 2.0% or 2.25%, depending on the domestic Hoop Operating Entity's level of excess availability. The unused line fee is 0.30%.

As of April 29, 2006, we had no borrowings under the Hoop Loan Agreement and had outstanding letters of credit of $23.9 million. Availability as of April 29, 2006 under the Hoop Loan Agreement was $27.1 million. During the thirteen weeks ended April 29, 2006, there were no borrowings under the Hoop Loan Agreement other than letters of credit that cleared after business hours. The maximum outstanding letters of credit during the thirteen weeks ended April 29, 2006 were $27.1 million.

We are not aware of any violations of our covenants, under the Amended Loan Agreement and the Hoop Loan Agreement as of April 29, 2006. Non-compliance with these covenants could result in additional fees, affect our ability to borrow or require us to repay the outstanding balance.

Cash Flows/Capital Expenditures

During the thirteen weeks ended April 29, 2006, operating activities used $2.0 million in cash flow as compared to $27.4 million provided by operating activities during the thirteen weeks ended April 30, 2005. Cash flow from operating activities decreased during the thirteen weeks ended April 29, 2006 due primarily to higher income tax payments and increases in our accounts receivable, partially offset by higher operating earnings.

Cash flows used in investing activities were $22.2 million and $54.1 million in the thirteen weeks ended April 29, 2006 and the thirteen weeks ended April 30, 2005, respectively. The decrease in cash flows used in investing activities in the thirteen weeks ended April 29, 2006 was primarily due to the absence of short-term investment activity, partially offset by higher capital expenditures. Our short-term investment activity during the thirteen weeks ended April 30, 2005 consisted of auction rate securities. Auction rate securities are term securities that earn income at a rate that is periodically reset, typically within 35 days, to reflect current market conditions through an auction process. At April 30, 2005, these securities had contractual maturities ranging from 2015 through 2034. These securities are classified as "available-for-sale" securities under the provisions of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

During the thirteen weeks ended April 29, 2006 and the thirteen weeks ended April 30, 2005, we opened eight stores and five stores and remodeled five stores and one store, respectively. Our capital expenditures also include ongoing store, office and distribution center equipment needs. We anticipate that total capital expenditures for The Children's Place and Disney Store businesses during fiscal 2006 will be approximately $146 million.

Due to our growth over the past several years, on May 3, 2006, we entered into a lease agreement with Hartz Mountain Metropolitan ("Hartz") for 245,000 square feet of office space at 2 Emerson Lane, Secaucus, New Jersey (the "Emerson Lane Space") in a building about a mile away from our current corporate headquarters. We plan to move our corporate headquarters into the Emerson Lane Space as soon as practicable after we complete certain improvements. Accordingly, effective on our move into the Emerson Lane Space, we are terminating out current lease agreements with Hartz for our offices located at 900 Secaucus Road, Secaucus, New Jersey and our office and warehouse space located at 915 Secaucus Road, Secaucus, New Jersey, (the "Terminated Space"). This lease has an initial term of fifteen years, with an option to renew for an additional ten years with another option at the end of those ten years for an additional five years, at the then-prevailing market rental value for comparable rentable property in the same area. Under the lease, we are obligated to make monthly rent payments of approximately $154,000 for the first five years of the lease, beginning in March 2007. In the sixth year of the lease, the monthly rent payments will be reduced to approximately $118,000 and will gradually increase each year thereafter to a maximum of approximately $151,000 in the fifteenth year. In addition, if Hartz is able to lease our Terminated Space for greater than a specified amount for each year through 2012, we will receive a corresponding rent credit on the Emerson Lane Space. We also have a right of first refusal to occupy the remaining 37,299 square feet in the building.

Cash flows provided by financing activities were $26.9 million during the thirteen weeks ended April 29, 2006 as compared with cash flows used by financing activities of $31.5 million during the thirteen weeks ended April 30, 2005. Cash flows provided by financing activities during the thirteen weeks ended April 29, 2006 represented funds received and the tax benefit from the exercise of employee stock options and employee stock purchases. During the thirteen weeks ended April 30, 2005, cash flows used by financing activities primarily reflected net repayments of our credit facilities, partially offset by funds received from the exercise of employee stock options and employee stock purchases.

Prior to the adoption of SFAS 123R, we presented the tax savings resulting from tax deductions resulting from the exercise of stock options as operating cash flow, in accordance with Emerging Issues Task Force ("EITF") Issue No. 00-15 "Classification in the Statement of Cash Flows of the Income Tax Benefit Received by a Company upon Exercise of a Nonqualified Employee Stock Option." SFAS 123R requires us to reflect the tax savings resulting from tax deductions in excess of expense reflected in its financial statements as a financing cash flow. For the thirteen weeks ended April 29, 2006, our excess tax benefit received upon exercise of nonqualified stock options totaled approximately $9.8 million.

We believe that cash generated from operations and funds available under our credit facilities will be sufficient to fund our capital and other cash flow requirements for at least the next 12 months. Our ability to meet our capital requirements will depend on our ability to generate cash from operations. In addition, we will consider additional sources of financing to fund our long-term growth.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

In the normal course of business, the Company's financial position and results of operations are routinely subject to market risk associated with interest rate movements on borrowings and investments and currency rate movements on non-U.S. dollar denominated assets, liabilities and income. The Company utilizes cash from operations and short-term borrowings to fund its working capital and investment needs.

Cash, cash equivalents and investments are normally invested in financial instruments that will be used in operations within a year of the balance sheet date. Because of the short-term nature of these investments, changes in interest rates would not materially affect the fair value of these financial instruments.

The Company's credit facilities with Wells Fargo provide a source of financing for its working capital requirements. The Company's credit facilities bear interest at either a floating rate equal to the prime rate or a floating rate equal to the prime rate plus a pre-determined spread. At the Company's option, it could also borrow at a LIBOR rate plus a pre-determined spread. As of April 29, 2006, the Company had no borrowings outstanding under its credit facilities.

Assets and liabilities outside the United States are primarily located in Canada and Hong Kong. The Company's investment in foreign subsidiaries with a functional currency other than the U.S. dollar, are generally considered long-term. The Company generally does not hedge these net investments. As of April 29, 2006, the Company is not a party to any derivative financial investments.

As of April 29, 2006, the Company had approximately $36.2 million of its cash balance held in foreign countries, of which approximately $27.7 million was in Canada and approximately $8.5 million in Hong Kong. While the Company does not have substantial financial assets in China, it imports a large percentage of its merchandise from that country. The Company believes that the 2005 revaluation of the Chinese Yuan should not have a material impact on its fiscal 2006 financial results as purchase orders are negotiated in U.S. dollars. However, any significant or sudden change in China's political, foreign trade, financial, banking or currency policies and practices could have a material adverse impact on the Company's financial position or results of operations.

In addition to the Company's Asian operations, the Company has a growing business in Canada. While currency rates with the Canadian dollar have moved in the Company's favor, there can be no guarantee that this will continue or that the exchange rate will not move against the Company. Foreign currency fluctuations could have a material adverse effect on our business and results of operation.

The Company is sensitive to customers' spending patterns which are subject to prevailing regional and national economic conditions such as consumer confidence, recession, interest rates, energy prices, taxation, and unemployment to name a few. The Company is, and will continue to be, susceptible to changes in weather conditions, national and regional economic conditions, raw material costs, demographic and population characteristics, hourly wage legislation, consumer preferences and other regional factors.

As is the case with many retailers, the Company experiences seasonal fluctuations in net sales and net income. Net sales and net income are generally weakest during the first two fiscal quarters, and are lower during the second fiscal quarter than during the first fiscal quarter. First quarter results at The Children's Place are heavily dependent upon sales leading up to the Easter holiday. Third quarter results are heavily dependent on back-to-school sales at The Children's Place stores and the Disney Store is heavily dependent on Halloween sales. Fourth quarter results are heavily dependent upon sales during the holiday season. Weak sales during any of these periods could have a material adverse effect on the Company.

The Company's quarterly results of operations may also fluctuate significantly from quarter to quarter as a result of a variety of other factors, including:

· weather conditions;

· overall macro-economic conditions;

· the timing of new store openings and related pre-opening and other start-up costs;

· net sales contributed by new stores;

· increases or decreases in comparable stores sales;

· shifts in the timing of certain holidays; and

· changes in our merchandise mix or pricing strategy.

Moreover, a significant portion of Disney Store net sales are generated during the third and fourth quarters of the fiscal year, which may, therefore, make the seasonality of the total Company more heavily weighted to those quarters. Any failure to meet the Company's business plans for, in particular, the third and fourth quarter of any fiscal year would have a material adverse effect on earnings, which in all likelihood would not be offset by satisfactory results achieved in other quarters of the same fiscal year. In addition, because the Company's expense levels are based in part on expectations of future sales levels, a shortfall in expected sales could result in a disproportionate decrease in net income.

Under the provisions of SFAS 123R, the Company is required to record compensation costs for its various equity plans for employees and directors. Under the measurement provisions of SFAS 123R, interest rates, the Company's stock price and the volatility of the Company's stock price each have a significant impact on the determination of equity value; changes in these factors could have a material adverse impact on the determination of equity compensation costs, and therefore, impact future results of operations. The Company's risk mitigation for these factors is to limit or cease its equity compensation plans, which the Company does not feel is reasonable given the competition for highly talented and qualified employees.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure controls and procedures

Management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded, as of the end of the period covered by this report, that the Company's disclosure controls and procedures are effective in ensuring that information required by the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

(b) Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the Company's most recently completed fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company's management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Part II - Other Information

Item 1. Legal Proceedings.

We reserve for litigation settlements when we can determine the probability of outcome and can estimate costs. Estimates are adjusted as facts and circumstances require. The Company is involved in various legal proceedings arising in the normal course of its business. In the opinion of management, any ultimate liability arising out of such proceedings will not have a material adverse effect on the Company's financial position or results of operations.

Item 2. Unregistered Sale of Equity Securities and Use of Proceeds

On March 7, 2006 and March 16, 2006, we issued 1,100 and 1,000 shares, respectively, of common stock upon the exercise of options granted under the 2005 Plan. The exercise price was $40.33 per share for the 1,100 shares issued on March 7, 2006 and was $35.69 per share for the 1,000 shares issued on March 16, 2006. We received gross proceeds of approximately $80,000 in connection with these exercises.

These transactions were exempt from registration under Section 4(2) of the Securities Act of 1933, as amended. The net proceeds from these transactions will be used for general corporate purposes.

Item 6. Exhibits.

Exhibits

Exhibit No.	Description of Document
10.1	Lease Agreement between the Company and Hartz Mountain Metropolitan, dated May 3, 2006.
10.2	Offer letter dated September 15, 1995 with Steven Balasiano.
10.3	Offer letter dated March 13, 2006 with Susan J. Riley.
10.4	Severance agreement and release dated April 14, 2006 with Mario Ciampi.
10.5	Severance agreement and release dated April 19, 2006 with Hiten Patel.
10.6	Amended and restated employment agreement dated May 12, 2006 with Ezra Dabah.
10.7	Amended and restated employment agreement dated May 12, 2006 with Neal Goldberg.

31 Section 302 Certifications
32 Section 906 Certifications

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 6, 2006

By: /S/ EZRA DABAH
EZRA DABAH
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

Date: June 6, 2006

By: /S/ SUSAN J. RILEY
SUSAN J. RILEY
Senior Vice President and
Chief Financial Officer

EXHIBIT 10.1

LEASE AGREEMENT BETWEEN THE COMPANY AND HARTZ MOUNTAIN METROPOLITAN, DATED MAY 3, 2006.

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ARTICLES

EXHIBITS

Exhibit 10.1

LEASE, dated May 3, 2006, between HARTZ MOUNTAIN METROPOLITAN, a New Jersey general partnership, having an office at 400 Plaza Drive, P.O. Box 1515, Secaucus, New Jersey 07096-1515 (“Landlord”), and THE CHILDREN’S PLACE SERVICES COMPANY, LLC, a Delaware limited liability company, having an office at 2 Emerson Lane, Secaucus, New Jersey (“Tenant”).

ARTICLE 1 - DEFINITIONS

1.01. As used in this Lease (including in all Exhibits and any Riders attached hereto, all of which shall be deemed to be part of this Lease) the following words and phrases shall have the meanings indicated:

A. Intentionally omitted.

B. Additional Charges: All amounts that become payable by Tenant to Landlord hereunder other than the Fixed Rent.

C. Architect: As Landlord may designate.

D. Broker: Resource Realty — Tom Consiglio

E. Building: The building located on the Land and known or to be known as 2 Emerson Lane, Secaucus, New Jersey.

F. Building Fraction: The fraction, the numerator of which is the Floor Space of the Building (approximately 282,499 square feet) and the denominator of which is the aggregate Floor Space of the buildings in the Development. If the aggregate Floor Space of the buildings in the Development shall be changed due to any construction or alteration, the denominator of the Building Fraction shall be increased or decreased to reflect such change.

G. Calendar Year: Any twelve-month period commencing on a January 1.

H. Commencement Date: March 1, 2007.

I. Common Areas: All areas, spaces and improvements in the Building and on the Land which Landlord makes available from time to time for the common use and benefit of the tenants and occupants of the Building and which are not exclusively available for use by a single tenant or occupant, including, without limitation, parking areas, roads, walkways, sidewalks, landscaped and planted areas, community rooms, if any, the managing agent’s office, if any, and public rest rooms, if any.

J. Demised Premises: The space that is outlined in red on the floor plans attached hereto as Exhibit A. The Demised Premises contains or will contain approximately 245,200 square feet of Floor Space subject to adjustment upon verification by the Architect.

K. Development: All land and improvements owned by Landlord or its parents, subsidiaries, or affiliates, now existing or hereafter constructed, located south of Route 3, east of the Hackensack River, west of County Avenue and north of Castle Road.

L. Development Common Areas: The roads and bridges that from time to time service and provide access to the Development for the common use of the tenants, invitees, and occupants of the Development, that are maintained by Landlord or its related entities.

M. Expiration Date: The date that is the day before the fifteenth (15th) annual anniversary of the Commencement Date if the Commencement Date is the first day of a month, or the fifteenth (15th) annual anniversary of the last day of the month in which the Commencement Date occurs if the Commencement Date is not the first day of a month. However, if the Term is extended by Tenant's effective exercise of Tenant's right, if any, to extend the Term, the "Expiration Date" shall be changed to the last day of the latest extended period as to which Tenant shall have effectively exercised its right to extend the Term. For the purposes of this definition, the earlier termination of this Lease shall not affect the "Expiration Date."

N. Fixed Rent: An annual amount calculated as the product of (i) the annual (per square foot) rate set forth on the Schedule of Fixed Rent annexed hereto as Exhibit F and (ii) the Floor Space of the Demised Premises. It is intended that the Fixed Rent shall be an absolutely net return to Landlord throughout the Term, free of any expense, charge or other deduction whatsoever, with respect to the Demised Premises, the Building, the Land and/or the ownership, leasing, operation, management, maintenance, repair, rebuilding, use or occupation thereof, or any portion thereof, with respect to any interest of Landlord therein, except as may otherwise expressly be provided in this Lease.

O. Floor Space: Any reference to Floor Space of a demised premises shall mean the floor area stated in square feet bounded by the exterior faces of the exterior walls, or by the exterior or Common Areas face of any wall between the premises in question and any portion of the Common Areas, or by the center line of any wall between the premises in question and space leased or available to be leased to a tenant or occupant, and any reference to Floor Space of the Building shall mean the aggregate Floor Space of the demised premises leased or which Landlord has available to be leased in the Building. Any reference to the Floor Space is intended to refer to the Floor Space of the entire area in question irrespective of the Person(s) who may be the owner(s) of all or any part thereof.

P. Guarantor: None.

Q. Insurance Requirements: Rules, regulations, orders and other requirements of the applicable board of underwriters and/or the applicable fire insurance rating organization and/or any other similar body performing the same or similar functions and having jurisdiction or cognizance over the Land and Building, whether now or hereafter in force.

R. Land: The Land upon which the Building and Common Areas are located. The Land is described on Exhibit B.

S. Landlord's Work: The materials and work to be furnished, installed and performed by Landlord in accordance with and subject to the provisions of Exhibit C.

T. Legal Requirements: Laws and ordinances of all federal, state, city, town, county, borough and village governments, and rules, regulations, orders and directives of all departments, subdivisions, bureaus, agencies or offices thereof, and of any other governmental, public or quasi-public authorities having jurisdiction over the Land and Building, whether now or hereafter in force, including, but not limited to, those pertaining to environmental matters.

U. Mortgage: A mortgage and/or a deed of trust.

V. Mortgagee: A holder of a mortgage or a beneficiary of a deed of trust.

W. Operating Expenses: The sum of the following: (1) the cost and expense (whether or not within the contemplation of the parties) for the repair, replacement, maintenance, policing, insurance and operation of the Building and Land, and (2) the Building Fraction of the sum of (a) the cost and expense for the repair, replacement, maintenance, policing, insurance and operation of the Development Common Areas; (b) the Real Estate Taxes, if any, attributable to the Development Common Areas, and (3) the Parking Charges, if any. The "Operating Expenses" shall, include, without limitation, the following: (i) the cost for rent, casualty, liability, boiler and fidelity insurance, (ii) if an independent managing agent is employed by Landlord, the fees payable to such agent (provided the same are competitive with the fees payable to independent managing agents of comparable facilities), and (iii) costs and expenses incurred for legal, accounting and other professional services, including, but not limited to, costs and expenses for in-house or staff legal counsel or outside counsel at rates not to exceed the reasonable and customary charges for any such services as would be imposed in an arms length third party agreement for such services. All items included in Operating Expenses shall be determined in accordance with generally accepted accounting principles consistently applied.

X. Parking Charges: The cost and expense for the repair, replacement, striping, maintenance, policing, insurance, Real Estate Taxes, utilities, and landscaping attributable to the pro-rata share of the parking area(s) and deck(s), if any, allocated to the Building by Landlord. The pro-rata share shall be determined based upon the number of parking spaces allocated to the Building divided by the total number of the parking spaces in such parking area(s) and deck(s).

Y. Permitted Uses: General Office, showroom and ancillary uses, including warehousing, and as the corporate headquarters for Tenant.

Z. Person: A natural person or persons, a partnership, a corporation, or any other form of business or legal association or entity.

AA. Intentionally Omitted.

BB. Real Estate Taxes: The real estate taxes, assessments and special assessments imposed upon the Building and Land by any federal, state, municipal or other governments or governmental bodies or authorities, and any expenses incurred by Landlord in contesting such taxes or assessments and/or the assessed value of the Building and Land, which expenses shall be allocated to the period of time to which such expenses relate. If at any time during the Term the methods of taxation prevailing on the date hereof shall be altered so that in lieu of, or as an addition to or as a substitute for, the whole or any part of such real estate taxes, assessments and special assessments now imposed on real estate there shall be levied, assessed or imposed (a) a tax, assessment, levy, imposition, license fee or charge wholly or partially as a capital levy or otherwise on the rents received therefrom, or (b) any other such additional or substitute tax, assessment, levy, imposition or charge, then all such taxes, assessments, levies, impositions, fees or charges or the part thereof so measured or based shall be deemed to be included within the term "Real Estate Taxes" for the purposes hereof. Except as otherwise provided in the second sentence of this Article 1.01 BB., Real Estate Taxes shall not include the following: (i) gross receipts, excess profits, revenue, payroll and stamp taxes; or (ii) gift, estate, succession, sale, transfer, corporate, franchise, excise, corporate levies, capital stock and personal property taxes.

CC. Rent: The Fixed Rent and the Additional Charges.

DD. Rules and Regulations: The reasonable rules and regulations that may be promulgated by Landlord from time to time, which may be reasonably changed by Landlord from time to time. The Rules and Regulations now in effect are attached hereto as Exhibit D.

EE. Security Deposit: Such amount as Tenant has deposited or hereinafter deposits with Landlord as security under this Lease. Tenant shall deposit the sum of $253,577.00 with Landlord as security hereunder as of the date hereof; same to be held by Landlord in accordance with the provisions of Article 8 of this Lease.

FF. Successor Landlord: As defined in Section 9.03.

GG. Superior Lease: Any lease to which this Lease is, at the time referred to, subject and subordinate.

HH. Superior Lessor: The lessor of a Superior Lease or its successor in interest, at the time referred to.

II. Superior Mortgage: Any Mortgage to which this Lease is, at the time referred to, subject and subordinate.

JJ. Superior Mortgagee: The Mortgagee of a Superior Mortgage at the time referred to.

KK. Tenant's Fraction: The Tenant's Fraction shall mean the fraction, the numerator of which shall be the Floor Space of the Demised Premises and the denominator of which shall be the Floor Space of the Building (predicated on Demised Premises consisting of 245,200 square feet of Floor Space, Tenant's Fraction is 86.8%). If the size of the Demised Premises or the Building shall

be changed from the initial size thereof, due to any taking, any construction or alteration work or otherwise, the Tenant's Fraction shall be changed to the fraction, the numerator of which shall be the Floor Space of the Demised Premises and the denominator of which shall be the Floor Space of the Building. In the event Landlord determines that Tenant's utilization of any item of Operating Expenses exceeds the fraction referred to above, Tenant's Fraction with respect to such item shall, at Landlord's option, mean the percentage of any such item (but not less than the fraction referred to above) which Landlord reasonably estimates as Tenant's proportionate share thereof. Notwithstanding anything herein contained to the contrary, to the extent Tenant is utilizing the entirety of the parking areas and/or parking decks allocated to the Building, Tenant's Fraction with respect to the Parking Charges shall be 100%.

LL. Tenant's Property: As defined in Section 16.02.

MM. Tenant's Work: The facilities, materials and work which may be undertaken by or for the account of Tenant (other than the Landlord's Work) to equip, decorate and furnish the Demised Premises for Tenant's occupancy.

NN. Term: The period commencing on the Commencement Date and ending at 11:59 p.m. of the Expiration Date, but in any event the Term shall end on the date when this Lease is earlier terminated.

OO. Unavoidable Delays: A delay arising from or as a result of a strike, lockout, or labor difficulty, explosion, sabotage, accident, riot or civil commotion, act of war, fire or other catastrophe, Legal Requirement or an act of the other party and any cause beyond the reasonable control of that party, provided that the party asserting such Unavoidable Delay has exercised its best efforts to minimize such delay.

ARTICLE 2 - DEMISE AND TERM

2.01. Landlord hereby leases to Tenant, and Tenant hereby hires from Landlord, the Demised Premises, for the Term. This Lease is subject to (a) any and all existing encumbrances, conditions, rights, covenants, easements, restrictions and rights of way, of record, and other matters of record, applicable zoning and building laws, regulations and codes, and such matters as may be disclosed by an inspection or survey, and (b) easements now or hereafter created by Landlord in, under, over, across and upon the Land for sewer, water, electric, gas and other utility lines and services now or hereafter installed; provided, however, Landlord represents to Tenant that the Demised Premises may be used and occupied for the Permitted Uses contemplated herein.

ARTICLE 3 - RENT

3.01. Tenant shall pay the Fixed Rent in equal monthly installments in advance on the first day of each and every calendar month during the Term. If the Commencement Date occurs on a day other than the first day of a calendar month, the Fixed Rent for the partial calendar month at the commencement of the Term shall be prorated.

3.02. The Rent shall be paid in lawful money of the United States to Landlord at its office, or such other place, or Landlord's agent, as Landlord shall designate by notice to Tenant. Tenant shall pay the Rent promptly when due without notice or demand therefor and without any abatement, deduction or setoff for any reason whatsoever, except as may be expressly provided in this Lease. If Tenant makes any payment to Landlord by check, same shall be by check of Tenant and Landlord shall not be required to accept the check of any other Person, and any check received by Landlord shall be deemed received subject to collection. If any check is mailed by Tenant, Tenant shall post such check in sufficient time prior to the date when payment is due so that such check will be received by Landlord on or before the date when payment is due. Tenant shall assume the risk of lateness or failure of delivery of the mails, and no lateness or failure of the mails will excuse Tenant from its obligation to have made the payment in question when required under this Lease.

3.03. No payment by Tenant or receipt or acceptance by Landlord of a lesser amount than the correct Rent shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance or pursue any other remedy in this Lease or at law provided.

3.04. If Tenant is in arrears in payment of Rent, Tenant waives Tenant's right, if any, to designate the items to which any payments made by Tenant are to be credited, and Landlord may apply any payments made by Tenant to such items as Landlord sees fit, irrespective of and notwithstanding any designation or request by Tenant as to the items to which any such payments shall be credited.

3.05. In the event that any installment of Rent due hereunder shall be overdue for five (5) days or more, a "Late Charge" equal to four percent (4%) or the maximum rate permitted by law, whichever is less for Rent so overdue may be charged by Landlord for each month or part thereof that the same remains overdue ("Late Payment Rate"). In the event that any check tendered by Tenant to Landlord is returned for insufficient funds, Tenant shall pay to Landlord, in addition to the charge imposed by the preceding sentence, a fee of $50.00. Any such Late Charges if not previously paid shall, at the option of the Landlord, be added to and become part of the next succeeding Rent payment to be made hereunder. Notwithstanding anything herein contained to the contrary, as to the original named Tenant and any Permitted Assignee(s) (as that term is defined in Article 11.02 hereinbelow), the Late Charge shall be waived once per Calendar Year provided payment is received by Landlord within ten (10) days of its due date.

ARTICLE 4 - USE OF DEMISED PREMISES

4.01. Tenant shall use and occupy the Demised Premises for the Permitted Uses, and Tenant shall not use or permit or suffer the use of the Demised Premises or any part thereof for any other purpose.

4.02. If any governmental license or permit, including a certificate of occupancy or certificate of continued occupancy (a "Certificate of Occupancy") shall be required for the proper and lawful conduct of Tenant's business in the Demised Premises or any part thereof, Tenant shall

duly procure and thereafter maintain such license or permit and submit the same to Landlord for inspection. Tenant shall at all times comply with the terms and conditions of each such license or permit. Tenant shall not at any time use or occupy, or suffer or permit anyone to use or occupy the Demised Premises, or do or permit anything to be done in the Demised Premises, in any manner which (a) violates the Certificate of Occupancy for the Demised Premises or for the Building; (b) causes or is liable to cause injury to the Building or any equipment, facilities or systems therein; (c) constitutes a violation of the Legal Requirements or Insurance Requirements; (d) impairs or tends to impair the character, reputation or appearance of the Building; (e) impairs or tends to impair the proper and economic maintenance, operation and repair of the Building and/or its equipment, facilities or systems; or (f) annoys or inconveniences or tends to annoy or inconvenience other tenants or occupants of the Building.

4.03. Tenant shall not conduct any warehouse sale at the Demised Premises without Landlord's prior written consent. Provided Tenant is not in default of its obligations under this Lease, Landlord agrees not to unreasonably withhold its consent to not more than three (3) warehouse sales in any consecutive twelve (12) month period. Tenant shall pay to Landlord as an Additional Charge, an amount equal to five percent (5%) of Gross Receipts (as hereinafter defined) from any warehouse sale conducted at the Demised Premises, payable within fifteen (15) days after the warehouse sale. Tenant shall comply, at Tenant's sole cost and expense with all Legal Requirements with respect to any warehouse sale. Any warehouse sale conducted by Tenant shall be not more than four (4) consecutive days in duration. As used herein, Gross Receipts shall mean the dollar aggregate of: (a) the actual sales price of all goods and merchandise sold, leased or licensed and the charges for all services performed by Tenant or otherwise in connection with all business conducted at such warehouse sale, whether made for cash, by check, credit or otherwise, without reserve or deduction for inability or failure to collect the same, including, without limitation, sales and services (i) where the orders therefor originate at or are accepted at or from the Demised Premises, whether delivery or performance thereof is made at or from the Demised Premises or any other place, it being understood that all sales made and orders received at or from the Demised Premises shall be deemed to have been made and completed therein even though the orders are fulfilled elsewhere or the payments of account are transferred to some other office for collection, and (ii) where the orders therefor result from solicitation off the Demised Premises but which are conducted by personnel operating from or reporting to or under the control or supervision of any person at the Demised Premises, and (b) all monies or other things of value received by Tenant from its warehouse sale at the Demised Premises including all finance charges, cost of gift or merchandise certificates and all deposits not refunded to customers. For purposes of this paragraph, the word "Tenant" shall include any of Tenant's subtenants, concessionaires and licensees.

ARTICLE 5 - PREPARATION OF DEMISED PREMISES

5.01.(a) Landlord shall be obligated to build a parking structure adjacent to the Building as more particularly described in, and subject to the provisions of, Exhibit C annexed hereto.

5.01.(a)(i) Landlord shall deliver the Demised Premises to Tenant in "AS IS" condition. Tenant shall occupy the Demised Premises upon the Commencement Date of the Lease. Except as

expressly provided to the contrary in this Lease, the taking of possession by Tenant of the Demised Premises shall be conclusive evidence as against Tenant that the Demised Premises and the Building were in good and satisfactory condition at the time such possession was taken.

5.01.(b)(i) Tenant shall be responsible for all construction and work to prepare the Demised Premises for Tenant's occupancy at Tenant's cost and expense. Such construction shall be in accordance with Section 39.09 of this Lease. Prior to performing any work in the Demised Premises, Tenant shall, within thirty (30) days of the date thereof submit to Landlord for approval final plans and specifications for all construction work in the Demised Premises including, but not limited to layout, mechanical, electrical and plumbing plans and finish schedules ("Plans and Specifications"). Tenant shall employ licensed architect(s) and/or engineer(s) for the preparation of the Plans and Specifications. Landlord shall notify Tenant of Landlord's approval or disapproval of such Plans and Specifications within fifteen (15) days after receipt thereof. If Landlord disapproves, Landlord shall specify the reasons for disapproval and Tenant shall, within fifteen (15) days of receipt of notice of Landlord's disapproval, resubmit revised Plans and Specifications that correct such items. Notwithstanding anything herein contained to the contrary, if Landlord has not responded to Tenant's submission of the Plans and Specifications within twenty (20) business days of Landlord's receipt thereof, Tenant's Plans and Specifications so submitted shall be deemed approved.

(ii) Tenant shall obtain and provide all design and architectural services necessary to perform Tenant's Work and shall be responsible for complying with all building codes and Legal Requirements in connection with Tenant's Work, prior to commencing any work in the Demised Premises. Tenant shall obtain a permanent certificate of occupancy of the Demised Premises for the Permitted Uses. The construction of the Demised Premises shall be performed in a first class workmanlike manner. At all times when construction of the Demised Premises is in progress and prior to the Commencement Date, Tenant shall maintain or cause to be maintained the insurance coverage required under Section 13.02.

(iii) Tenant shall be solely responsible for the structural integrity of the improvements and for the adequacy or sufficiency of the Plans and Specifications and all the improvements depicted thereon or covered thereby, and Landlord's consent thereto, approval thereof, or incorporation therein of any of its recommendations shall in no way diminish Tenant's responsibility therefor or reduce or mitigate Tenant's liability in connection therewith. Landlord shall have no obligations or liabilities by reason of this Lease in connections with the performance of construction or of the finish, decorating or installation work performed by Tenant, or on its behalf, or in connection with the contracts for the performance thereof entered into by Tenant. Any warranties extended or available to Tenant in connection with the aforesaid work shall be for the benefit also of Landlord. Tenant further agrees that once it commences construction, it shall diligently and continuously proceed with construction to completion.

5.02. Intentionally omitted.

5.03. Intentionally omitted.

5.04. Landlord reserves the right, at any time and from time to time, to increase, reduce or change the number, type, size, location, elevation, nature and use of any of the Common Areas and the Building and any other buildings and other improvements on the Land, including, without limitation, the right to move and/or remove same, provided same shall not unreasonably block or interfere with Tenant's means of ingress or egress to and from the Demised Premises.

ARTICLE 6 - TAX AND OPERATING EXPENSE PAYMENTS

6.01. Tenant shall pay to Landlord, as hereinafter provided, Tenant's Fraction of the Real Estate Taxes. Tenant's Fraction of the Real Estate Taxes shall be the Real Estate Taxes in respect of the Building for the period in question, multiplied by the Tenant's Fraction, plus the Real Estate Taxes in respect of the Land for the period in question, multiplied by the Tenant's Fraction. If any portion of the Building shall be exempt from all or any part of the Real Estate Taxes, then for the period of time when such exemption is in effect, the Floor Space on such exempt portion shall be excluded when making the above computations in respect of the part of the Real Estate Taxes for which such portion shall be exempt. Landlord shall estimate the annual amount of Tenant's Fraction of the Real Estate Taxes (which estimate may be changed by Landlord at any time and from time to time), and Tenant shall pay to Landlord 1/12th of the amount so estimated on the first day of each month in advance. Tenant shall also pay to Landlord on demand from time to time the amount which, together with said monthly installments, will be sufficient in Landlord's estimation to pay Tenant's Fraction of any Real Estate Taxes thirty (30) days prior to the date when such Real Estate Taxes shall first become due. When the amount of any item comprising Real Estate Taxes is finally determined for a real estate fiscal tax year, Landlord shall submit to Tenant a statement in reasonable detail of the same, and the figures used for computing Tenant's Fraction of the same, and if Tenant's Fraction so stated is more or less than the amount theretofore paid by Tenant for such item based on Landlord's estimate, Tenant shall pay to Landlord the deficiency within ten (10) days after submission of such statement, or Landlord shall, at its sole election, either refund to Tenant the excess or apply same to future installments of Real Estate Taxes due hereunder. Any Real Estate Taxes for a real estate fiscal tax year, a part of which is included within the Term and a part of which is not so included, shall be apportioned on the basis of the number of days in the real estate fiscal tax year included in the Term, and the real estate fiscal tax year for any improvement assessment will be deemed to be the one-year period commencing on the date when such assessment is due, except that if any improvement assessment is payable in installments, the real estate fiscal tax year for each installment will be deemed to be the one-year period commencing on the date when such installment is due. The above computations shall be made by Landlord in accordance with generally accepted accounting principles, and the Floor Space referred to will be based upon the average of the Floor Space in existence on the first day of each month during the period in question. In addition to the foregoing, Tenant shall be responsible for any increase in Real Estate Taxes attributable to assessments for improvements installed by or for the account of Tenant at the Demised Premises. If the Demised Premises are not separately assessed, the amount of any such increase shall be determined by reference to the records of the tax assessor.

6.02. Real Estate Taxes, whether or not a lien upon the Demised Premises shall be apportioned between Landlord and Tenant at the beginning and end of the Term; it being intended

that Tenant shall pay only that portion of the Real Estate Taxes as is allocable to the Demised Premises for the Term.

6.03. Tenant shall pay to Landlord Tenant's Fraction of the Operating Expenses within ten (10) days after Landlord submits to Tenant an invoice for same (which invoice shall be accompanied by back-up documentation in support of such charges).

6.04. Each such statement given by Landlord pursuant to Section 6.01 or Section 6.03 shall be conclusive and binding upon Tenant unless within sixty (60) days after the receipt of such statement Tenant shall notify Landlord that it disputes the correctness of the statement, specifying the particular respects in which the statement is claimed to be incorrect. If such dispute is not settled by agreement, either party may submit the dispute to arbitration or other dispute resolution

mechanism. Pending the determination of such dispute by agreement or otherwise, Tenant shall, within ten (10) days after receipt of such statement, pay the Additional Charges in accordance with Landlord's statement, without prejudice to Tenant's position. If the dispute shall be determined in Tenant's favor, Landlord shall forthwith pay to Tenant the amount of Tenant's overpayment resulting from compliance with Landlord's statement. In the event it is determined that the Tenant's overpayment exceeds the amount Landlord should have properly billed Tenant by more than ten percent (10%), then Landlord shall pay Tenant such overpayment with interest thereon at the Late Payment Rate from the date Tenant actually paid Landlord such overpayment.

ARTICLE 7 - COMMON AREAS

7.01. Except as may be otherwise expressly provided in this Lease and so long as Tenant is not in default under this Lease beyond the applicable cure period, Landlord will operate, manage, equip, light, repair and maintain, or cause to be operated, managed, equipped, lighted, repaired and maintained, the Common Areas for their intended purposes. Landlord reserves the right, at any time and from time to time, to construct within the Common Areas kiosks, fountains, aquariums, planters, pools and sculptures, and to install vending machines, telephone booths, benches and the like, provided same shall not block or interfere with Tenant's means of ingress or egress to and from the Demised Premises or otherwise interfere with Tenant's use and occupancy of the Demised Premises for the Permitted Uses.

7.02. So long as Tenant is not in default under this Lease beyond the applicable cure period, Tenant and its subtenants and concessionaires, and their respective officers, employees, agents, customers and invitees, shall have the non-exclusive right, in common with Landlord and all others to whom Landlord has granted or may hereafter grant such right, but subject to the Rules and Regulations, to use the Common Areas. Landlord reserves the right, at any time and from time to time, but upon reasonable prior notice to Tenant (except in the event of an emergency), to close temporarily all or any portions of the Common Areas when in Landlord's reasonable judgment any such closing is necessary or desirable (a) to make repairs or changes or to effect construction, (b) to prevent the acquisition of public rights in such areas, (c) to discourage unauthorized parking, or (d) to protect or preserve natural persons or property. Landlord may do such other acts in and to the Common Areas as in its judgment may be desirable to improve or maintain same. Landlord agrees to exercise its rights under this Article 7.02 in such a manner so as to minimize any interference

with Tenant's means of ingress and egress to and from the Demised Premises as well as Tenant's use and occupancy of the Demised Premises for the Permitted Uses.

7.03. Tenant agrees that it, any subtenant or licensee and their respective officers, employees, contractors and agents will park their automobiles and other vehicles only where and as permitted by Landlord.

ARTICLE 8 - SECURITY

8.01. (a) In the event Tenant deposits with Landlord any Security Deposit, the same shall be held as security for the full and faithful payment and performance by Tenant of Tenant's obligations under this Lease. If Tenant defaults in the full and prompt payment and performance of any of its obligations under this Lease beyond any applicable notice and cure period, including, without limitation, the payment of Rent, Landlord may use, apply or retain the whole or any part of the Security Deposit to the extent required for the payment of any Rent or any other sums as to which Tenant is in default or for any sum which Landlord may expend or may be required to expend by reason of Tenant's default in respect of any of Tenant's obligations under this Lease, including, without limitation, any damages or deficiency in the reletting of the Demised Premises, whether such damages or deficiency accrue before or after summary proceedings or other re-entry by Landlord. If Landlord shall so use, apply or retain the whole or any part of the security, Tenant shall upon demand immediately deposit with Landlord a sum equal to the amount so used, applied and retained, as security as aforesaid. If Tenant shall fully and faithfully pay and perform all of Tenant's obligations under this Lease, the Security Deposit or any balance thereof to which Tenant is entitled shall be returned or paid over to Tenant after the date on which this Lease shall expire or sooner end or terminate, and after delivery to Landlord of entire possession of the Demised Premises. In the event of any sale or leasing of the Land, Landlord shall have the right to transfer the security to which Tenant is entitled to the vendee or lessee and Landlord shall thereupon be released by Tenant from all liability for the return or payment thereof; and Tenant shall look solely to the new landlord for the return or payment of the same; and the provisions hereof shall apply to every transfer or assignment made of the same to a new landlord. Tenant shall not assign or encumber or attempt to assign or encumber the monies deposited herein as security, and neither Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

8.01(b). In lieu of the cash security required by this Lease, Tenant shall provide to Landlord an irrevocable transferable Letter of Credit in the amount of the Security Deposit in form and substance satisfactory to Landlord and issued by a financial institution approved by Landlord. Landlord shall have the right, upon written notice to Tenant (except that for Tenant's non-payment of Rent or for Tenant's failure to comply with Article 8.03, no such notice shall be required) and regardless of the exercise of any other remedy the Landlord may have by reason of a default, to draw upon said Letter of Credit to cure any default of Tenant or for any purpose authorized by section 8.01(a) of this Lease and if Landlord does so, Tenant shall, upon demand, additionally fund the Letter of Credit with the amount so drawn so that Landlord shall have the full deposit on hand at all times during the Term of the Lease and for a period of thirty (30) days' thereafter. In the event

of a sale of the Building or a lease of the Building subject to this Lease, Landlord shall have the right to transfer the security to the vendee or lessee.

8.02. The Letter of Credit shall expire not earlier than thirty (30) days after the Expiration Date of this Lease. Upon Landlord's prior consent, the Letter of Credit may be of the type which is automatically renewed on an annual basis (Annual Renewal Date), provided however, in such event Tenant shall maintain the Letter of Credit and its renewals in full force and effect during the entire Term of this Lease (including any renewals or extensions) and for a period of thirty (30) days thereafter. The Letter of Credit will contain a provision requiring the issuer thereof to give the beneficiary (Landlord) sixty (60) days' advance written notice of its intention not to renew the Letter of Credit on the next Annual Renewal Date.

8.03. In the event Tenant shall fail to deliver to Landlord a substitute irrevocable Letter of Credit, in the amount stated above, on or before thirty (30) days prior to the next Annual Renewal Date, said failure shall be deemed a default under this Lease. Landlord may, in its discretion treat this the same as a default in the payment of Rent or any other default and pursue the appropriate remedy. In addition, and not in limitation, Landlord shall be permitted to draw upon the Letter of Credit as in the case of any other default by Tenant under the Lease.

ARTICLE 9 - SUBORDINATION

9.01. (a) This Lease, and all rights of Tenant hereunder, are and shall be subject and subordinate to all ground leases and underlying leases of the Land and/or the Building now or hereafter existing and to all Mortgages which may now or hereafter affect the Land and/or building and/or any of such leases, whether or not such Mortgages or leases shall also cover other lands and/or buildings, to each and every advance made or hereafter to be made under such Mortgages, and to all renewals, modifications, replacements and extensions of such leases and such Mortgages and spreaders and consolidations of such Mortgages. The provisions of this Section 9.01 shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination, Tenant shall promptly execute, acknowledge and deliver any instrument that Landlord, the lessor under any such lease or the Mortgagee of any such Mortgage or any of their respective successors in interest may reasonably request to evidence such subordination.

(b) Notwithstanding anything contained herein to the contrary, this Lease shall be contingent upon Landlord obtaining for Tenant a Non-Disturbance, Subordination, and Attornment Agreement from the holder of the existing first mortgage, Thrivent Financial For Lutherans (which is the only existing mortgage encumbering the Demised Premises as of the date hereof) on the Demised Premises on such mortgagee's standard form (the "Initial SNDA") which Tenant shall promptly execute, acknowledge and deliver to evidence such subordination, non-disturbance and attornment. Landlord and Tenant shall cooperate in all respects with each other and such mortgagee in order to obtain the Initial SNDA in an expeditious manner, and shall provide any information reasonably required by such mortgagee. Landlord shall not be required to use anything other than reasonable efforts nor shall Landlord be required to institute any legal action or proceeding, in order to obtain said agreement. If Thrivent Financial For Lutherans fails to approve or expressly disapproves of this Lease or fails to agree or expressly refuses or declines to deliver or

enter into such Initial SNDA, by the date which is forty-five (45) days from the date of full execution and delivery of this Lease, then, in such event, either Landlord or Tenant shall have the right to terminate this Lease upon written notice to the other given no later than the date which is fifty (50) days from the date of full execution and deliver of this Lease. In the event that this Lease is terminated in accordance with the foregoing, the Security Deposit shall be promptly returned to Tenant, and the rights and obligations of each party hereunder and this Lease shall be deemed null and void and without force and effect. In the event Tenant fails to exercise its right to cancel this Lease in accordance with the foregoing, Tenant's right to cancel shall be deemed null and void. Landlord shall not be obligated to commence any Landlord's Work until the contingencies set forth in this Paragraph 9.01 have been fully satisfied or waived. This Lease shall be subordinate to future ground leases or mortgages only on the condition that Landlord shall obtain from any such future mortgagee and/or ground lessor a subordination, non-disturbance and attornment agreement with respect to this Lease on such mortgagee's standard form. In the event Tenant exercises Tenant's right to terminate this Lease in accordance with this Article 9.01(b), then the Lease Termination Agreements executed by and between Landlord's Affiliate, Hartz Mountain Associates and Tenant with respect to the 900 Secaucus Road Lease and the 915 Secaucus Road Lease shall be rescinded and rendered null and void and the 900 Secaucus Lease and the 915 Secaucus Road Lease shall be deemed in full force and effect. The parties shall execute such documentation as is reasonably necessary to memorialize the validity of the 900 Secaucus Road Lease and the 915 Secaucus Road Lease upon request of either party.

9.02. If any act or omission of Landlord would give Tenant the right, immediately or after lapse of a period of time, to cancel or terminate this Lease, or to claim a partial or total eviction, Tenant shall not exercise such right (a) until it has given written notice of such act or omission to Landlord and each Superior Mortgagee and each Superior Lessor whose name and address shall previously have been furnished to Tenant, and (b) until a reasonable period for remedying such act or omission shall have elapsed following the giving of such notice and following the time when such Superior Mortgagee or Superior Lessor shall have become entitled under such Superior Mortgage or Superior Lease, as the case may be, to remedy the same (which reasonable period shall in no event be less than the period to which Landlord would be entitled under this Lease or otherwise, after similar notice, to effect such remedy), provided such Superior Mortgagee or Superior Lessor shall with due diligence give Tenant notice of intention to, and commence and continue to, remedy such act or omission.

9.03. If any Superior Lessor or Superior Mortgagee shall succeed to the rights of Landlord under this Lease, whether through possession or foreclosure action or delivery of a new lease or deed, then at the request of such party so succeeding to Landlord's rights ("Successor Landlord") and upon such Successor Landlord's written agreement to accept Tenant's attornment, Tenant shall attorn to and recognize such Successor Landlord as Tenant's landlord under this Lease and shall promptly execute and deliver any instrument that such Successor Landlord may reasonably request to evidence such attornment. Upon such attornment this Lease shall continue in full force and effect as a direct lease between the Successor Landlord and Tenant upon all of the terms, conditions and covenants as are set forth in this Lease except that the Successor Landlord shall not (a) be liable for any previous act or omission of Landlord under this Lease; (b) be subject to any offset, not expressly provided for in this Lease, which theretofore shall have accrued to Tenant against Landlord; (c) be liable for the return of any Security Deposit, in whole or in part, to the extent that

same is not paid over to the Successor Landlord; or (d) be bound by any previous modification of this Lease or by any previous prepayment of more than one month's Fixed Rent or Additional Charges, unless such modification or prepayment shall have been expressly approved in writing by the Superior Lessor of the Superior Lease or the Mortgagee of the Superior Mortgage through or by reason of which the Successor Landlord shall have succeeded to the rights of Landlord under this Lease.

9.04. If any then present or prospective Superior Mortgagee shall require any modification(s) of this Lease, Tenant shall promptly execute and deliver to Landlord such instruments effecting such modification(s) as Landlord shall request, provided that such modification(s) do not adversely affect in any material respect any of Tenant's rights under this Lease.

ARTICLE 10 - QUIET ENJOYMENT

10.01. So long as Tenant pays all of the Rent and performs all of Tenant's other obligations hereunder, Tenant shall peaceably and quietly have, hold and enjoy the Demised Premises without hindrance, ejection or molestation by Landlord or any person lawfully claiming through or under Landlord, subject, nevertheless, to the provisions of this Lease and to Superior Leases and Superior Mortgages.

ARTICLE 11 - ASSIGNMENT, SUBLETTING AND MORTGAGING

11.01. Tenant shall not, whether voluntarily, involuntarily, or by operation of law or otherwise, (a) assign or otherwise transfer this Lease, or offer or advertise to do so, (b) sublet the Demised Premises or any part thereof, or offer or advertise to do so, or allow the same to be used, occupied or utilized by anyone

other than Tenant, or (c) mortgage, pledge, encumber or otherwise hypothecate this Lease in any manner whatsoever, without in each instance obtaining the prior written consent of Landlord.

Landlord agrees not to unreasonably withhold its consent to the subletting of the Demised Premises or an assignment of this Lease. In determining reasonableness, Landlord may take into consideration all relevant factors surrounding the proposed sublease and assignment, including, without limitation, the following: (i) The business reputation of the proposed assignee or subtenant and its officers or directors in relation to the other tenants or occupants of the Building or Development; (ii) the nature of the business and the proposed use of the Demised Premises by the proposed assignee or subtenant in relation to the other tenants or occupants of the Building or Development; (iii) whether the proposed assignee or subtenant is then a tenant (or subsidiary, affiliate or parent of a tenant) of other space in the Building or Development, or any other property owned or managed by Landlord or its affiliates; (iv) the financial condition of the proposed assignee or subtenant; (v) restrictions, if any, contained in leases or other agreements affecting the Building and the Development; (vi) the effect that the proposed assignee's or subtenant's occupancy or use of the Demised Premises would have upon the operation and maintenance of the Building and the Development; (vii) the extent to which the proposed assignee or subtenant and Tenant provide Landlord with assurances reasonably satisfactory to Landlord as to the satisfaction of

Tenant's obligations hereunder. In any event, at no time shall there be more than two (2) subtenants of the Demised Premises permitted.

11.02. If at any time (a) the original Tenant named herein, (b) the then Tenant, (c) any Guarantor, or (d) any Person owning a majority of the voting stock of, or directly or indirectly controlling, the then Tenant shall be a corporation or partnership, any transfer of voting stock or partnership interest resulting in the person(s) who shall have owned a majority of such corporation's shares of voting stock or the general partners' interest in such partnership, as the case may be, immediately before such transfer, ceasing to own a majority of such shares of voting stock or general partner's interest, as the case may be, except as the result of transfers by inheritance, shall be deemed to be an assignment of this Lease as to which Landlord's consent shall have been required, and in any such event Tenant shall notify Landlord. The provisions of this Section 11.02 shall not be applicable to any corporation all the outstanding voting stock of which is listed on a national securities exchange (as defined in the Securities Exchange Act of 1934, as amended) or is traded in the over-the-counter market with quotations reported by the National Association of Securities Dealers through its automated system for reporting quotations and shall not apply to transactions with a corporation into or with which the then Tenant is merged or consolidated or to which substantially all of the then Tenant's assets are transferred or to any corporation which controls or is controlled by the then Tenant or is under common control with the then Tenant, provided that in any of such events (i) the successor to Tenant has a net worth computed in accordance with generally accepted accounting principles at least equal to the greater of (1) the net worth of Tenant immediately prior to such merger, consolidation or transfer, or (2) the net worth of the original Tenant on the date of this Lease, and (ii) proof satisfactory to Landlord of such net worth shall have been delivered to Landlord at least 10 days prior to the effective date of any such transaction (the entities referenced in this preceding sentence shall sometimes be referred to collectively as "Permitted Assignees" and individually as a "Permitted Assignee"). For the purposes of this Section, the words "voting stock" shall refer to shares of stock regularly entitled to vote for the election of directors of the corporation. Landlord shall have the right at any time and from time to time during the Term to inspect the stock record books of the corporation to which the provisions of this Section 11.02 apply, and Tenant will produce the same on request of Landlord.

11.03. If this Lease is assigned, whether or not in violation of this Lease, Landlord may collect rent from the assignee. If the Demised Premises or any part thereof are sublet or used or occupied by anybody other than Tenant, whether or not in violation of this Lease, Landlord may, after default by Tenant, and expiration of Tenant's time to cure such default, collect rent from the subtenant or occupant. In either event, Landlord may apply the net amount collected to the Rent, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of any of the provisions of Section 11.01 or Section 11.02, or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from the performance by Tenant of Tenant's obligations under this Lease. The consent by Landlord to any assignment, mortgaging, subletting or use or occupancy by others shall not in any way be considered to relieve Tenant from obtaining the express written consent of Landlord to any other or further assignment, mortgaging or subletting or use or occupancy by others not expressly permitted by this Article 11. References in this Lease to use or occupancy by others (that is, anyone other than Tenant) shall not be construed as limited to subtenants and those claiming under or through subtenants but shall be construed as including also licensees and others claiming under or through Tenant, immediately or remotely.

11.04. Any permitted assignment or transfer, whether made with Landlord's consent pursuant to Section 11.01 or without Landlord's consent if permitted by Section 11.02, shall be made only if, and shall not be effective until, the assignee shall execute, acknowledge and deliver to Landlord an agreement in form and substance satisfactory to Landlord whereby the assignee shall assume Tenant's obligations under this Lease and whereby the assignee shall agree that all of the provisions in this Article 11 shall, notwithstanding such assignment or transfer, continue to be binding upon it in respect to all future assignments and transfers. Notwithstanding any assignment or transfer, whether or not in violation of the provisions of this Lease, and notwithstanding the acceptance of Rent by Landlord from an assignee, transferee, or any other party, the original Tenant and any other person(s) who at any time was or were Tenant shall remain fully liable for the payment of the Rent and for Tenant's other obligations under this Lease.

11.05. The liability of the original named Tenant and any other Person(s) (including but not limited to any Guarantor) who at any time are or become responsible for Tenant's obligations under this Lease shall not be discharged, released or impaired by any agreement or stipulation made by Landlord extending the time of, or modifying any of the terms or obligations under this Lease, or by any waiver or failure of Landlord to enforce, any of this Lease.

11.06. The listing of any name other than that of Tenant, whether on the doors of the Demised Premises or the Building directory, or otherwise, shall not operate to vest any right or interest in this Lease or in the Demised Premises, nor shall it be deemed to be the consent of Landlord to any assignment or transfer of this Lease or to any sublease of the Demised Premises or to the use or occupancy thereof by others. Notwithstanding anything contained in this Lease to the contrary, Landlord shall have the absolute right to withhold its consent to an assignment or subletting to a Person who is otherwise a tenant or occupant of the Building, or of a building owned or managed by Landlord or its affiliated entities.

11.07. Without limiting any of the provisions of Article 27, if pursuant to the Federal Bankruptcy Code (or any similar law hereafter enacted having the same general purpose), Tenant is permitted to assign this Lease notwithstanding the restrictions contained in this Lease, adequate assurance of future performance by an assignee expressly permitted under such Code shall be deemed to mean the deposit of cash security in an amount equal to the sum of one (1) year's Fixed Rent plus an amount equal to the Additional Charges for the Calendar Year preceding the year in which such assignment is intended to become effective, which deposit shall be held by Landlord for the balance of the Term, without interest, as security for the full performance of all of Tenant's obligations under this Lease, to be held and applied in the manner specified for security in Article 8. Notwithstanding anything contained in this Lease to the contrary, Landlord shall not be obligated to entertain or consider any request by Tenant to consent to any proposed assignment of this Lease or sublet of all or any part of the Demised Premises

unless each request by Tenant is accompanied by a non-refundable fee payable to Landlord in the amount of One Thousand Dollars ($1,000.00) to cover Landlord's administrative, legal, and other costs and expenses incurred in processing each of Tenant's requests. Neither Tenant's payment nor Landlord's acceptance of the foregoing fee shall be construed to impose any obligation whatsoever upon Landlord to consent to Tenant's request.

ARTICLE 12 - COMPLIANCE WITH LAWS

12.01. Tenant shall comply with all Legal Requirements which shall, in respect of the Demised Premises or the use and occupation thereof, or the abatement of any nuisance in, on or about the Demised Premises, impose any violation, order or duty on Landlord or Tenant; and Tenant shall pay all the costs, expenses, fines, penalties and damages which may be imposed upon Landlord or any Superior Lessor by reason of or arising out of Tenant's failure to fully and promptly comply with and observe the provisions of this Section 12.01. However, Tenant need not comply with any such law or requirement of any public authority so long as Tenant shall be contesting the validity thereof, or the applicability thereof to the Demised Premises, in accordance with Section 12.02. Landlord represents that it has received no notice of any violation of any applicable Legal Requirement affecting the Demised Premises, and that to the best of Landlord's knowledge and belief, exclusive of compliance matters required as a result of Landlord's Work or Tenant's Work, the Demised Premises are presently in compliance with all applicable Legal Requirements.

12.02. Tenant may contest, by appropriate proceedings prosecuted diligently and in good faith, the validity, or applicability to the Demised Premises, of any Legal Requirement, provided that (a)/ Landlord shall not be subject to criminal penalty or to prosecution for a crime or offense, and neither the Demised Premises nor any part thereof shall be subject to being condemned or vacated, by reason of non-compliance or otherwise by reason of such contest; (b) before the commencement of such contest, Tenant shall furnish to Landlord either (i) the bond of a surety company satisfactory to Landlord, which bond shall be, as to its provisions and form, satisfactory to Landlord, and shall be in an amount at least equal to 125% of the cost of such compliance (as estimated by a reputable contractor designated by Landlord) and shall indemnify Landlord against the cost thereof and against all liability for damages, interest, penalties and expenses (including reasonable attorneys' fees and expenses), resulting from or incurred in connection with such contest or non-compliance, or (ii) other security in place of such bond satisfactory to Landlord; (c) such non-compliance or contest shall not constitute or result in any violation of any Superior Lease or Superior Mortgage, or if any such Superior Lease and/or Superior Mortgage shall permit such non-compliance or contest on condition of the taking of action or furnishing of security by Landlord, such action shall be taken and such security shall be furnished at the expense of Tenant; and (d) Tenant shall keep Landlord advised as to the status of such proceedings. Without limiting the application of the above, Landlord shall be deemed subject to prosecution for a crime or offense if Landlord, or its managing agent, or any officer, director, partner, shareholder or employee of Landlord or its managing agent, as an individual, is charged with a crime or offense of any kind or degree whatsoever, whether by service of a summons or otherwise, unless such charge is withdrawn before Landlord or its managing agent, or such officer, director, partner, shareholder or employee of Landlord or its managing agent (as the case may be) is required to plead or answer thereto. Notwithstanding anything contained in this Lease to the contrary, Tenant shall not file any Real Estate Tax Appeal with respect to the Land, Building or the Demised Premises.

ARTICLE 13 - INSURANCE AND INDEMNITY

13.01. Landlord shall maintain or cause to be maintained All Risk insurance in respect of the Building and other improvements on the Land normally covered by such insurance (except for

the property Tenant is required to cover with insurance under Section 13.02 and similar property of other tenants and occupants of the Building or buildings and other improvements which are on land neither owned by nor leased to Landlord) for the benefit of Landlord, any Superior Lessors, any Superior Mortgagees and any other parties Landlord may at any time and from time to time designate, as their interests may appear, but not for the benefit of Tenant, and shall maintain rent insurance as required by any Superior Lessor or any Superior Mortgagee. The All Risk insurance will be in the amounts required by any Superior Lessor or any Superior Mortgagee but not less than the amount sufficient to avoid the effect of the co-insurance provisions of the applicable policy or policies. Landlord may also maintain any other forms and types of insurance which Landlord shall deem reasonable in respect of the Building and Land. Landlord shall have the right to provide any insurance maintained or caused to be maintained by it under blanket policies.

13.02. Tenant shall maintain the following insurance: (a) commercial general liability insurance in respect of the Demised Premises and the conduct and operation of business therein, having a limit of liability not less than a $5,000,000. per occurrence for bodily injury or property damage. coverage to include but not be limited to premises/operations, completed operations, contractual liability and product liability, (b) automobile liability insurance covering all owned, hired and non-owned vehicles used by the Tenant in connection with the premises and any loading or unloading of such vehicles, with a limit of liability not less than $2,000,000 per accident and (c) worker's compensation and employers liability insurance as required by statutes, but in any event not less than $500,000. for Employers Liability; (d) All Risk insurance in respect of loss or damage to Tenant's stock in trade, fixtures, furniture, furnishings, removable floor coverings, equipment, signs and all other property of Tenant in the Demised Premises in an amount equal to the full replacement value thereof as same might increase from time to time or such higher amount as either may be required by the holder of any fee mortgage, or is necessary to prevent Landlord and/or Tenant from becoming a co-insurer. Such insurance shall include coverage for property of others in the care, custody and control of Tenant in amounts sufficient to cover the replacement value of such property, to the extent of Tenant's liability therefor; and (e) such other insurance as Landlord may reasonably require. Landlord may at any time and from time to time require that the limits for the general liability insurance to be maintained by Tenant be increased to the limits that new tenants in the Building are required by Landlord to maintain. Tenant shall deliver to Landlord and any additional insured(s) certificates for such fully paid-for policies upon execution hereof. Tenant shall procure and pay for renewals of such insurance from time to time before the expiration thereof, and Tenant shall deliver to Landlord and any additional insured(s) certificates therefor at least thirty (30) days before the expiration of any existing policy. All such policies shall be issued by companies acceptable to Landlord, having a Bests Rating of not less than A, Class VII (or an equivalent S&P rating if requested by Landlord), and licensed to do business in New Jersey, and all such policies shall contain a provision whereby the same cannot be canceled unless Landlord and any additional insured(s) are given at least thirty (30) days' prior written notice of such cancellation. The policies and certificates of insurance (such certificates to be on Acord form 27 or its equivalent) to be delivered to Landlord by Tenant pursuant to this Section 13.02 (other than workers compensation insurance) shall name Landlord as an additional insured and, at Landlord's request, shall also name any Superior Lessors or Superior Mortgagees as additional insureds, and the following phrase must be typed on the certificate of insurance: "Hartz Mountain Industries, Inc., and its respective subsidiaries, affiliates, associates, joint ventures, and partnerships, and (if Landlord has so requested) Superior Lessors and Superior Mortgagees are hereby named as

additional insureds as their interests may appear. It is intended for this insurance to be primary and non-contributing." Tenant shall give Landlord at least thirty (30) days' prior written notice that any such policy is being canceled or replaced. Tenant's obligation to carry the insurance provided for herein may be brought within the coverage of a so-called "blanket" policy of insurance carried and maintained by Tenant; provided, however, that (i) certificates of insurance (on Acord form 27 or the equivalent) for such insurance are delivered to Landlord and that Landlord shall be named as an additional insured thereunder, as its interests may appear as more particularly required above, (ii) the coverage afforded Landlord shall not be reduced or diminished by reason of the use of such blanket policy of insurance, (iii) the requirements set forth herein are otherwise satisfied, (iv) such blanket policy shall reference the Demised Premises and guarantee a minimum limit available for the Demised Premises equal to the insurance amounts required in this Lease, and (v) Tenant agrees to make available to Landlord, at all reasonable times, the original policies of insurance.

13.03. Tenant shall not do, permit or suffer to be done any act, matter, thing or failure to act in respect of the Demised Premises or use or occupy the Demised Premises or conduct or operate Tenant's business in any manner objectionable to any insurance company or companies whereby the fire insurance or any other insurance then in effect in respect of the Land and Building or any part thereof shall become void or suspended or whereby any premiums in respect of insurance maintained by Landlord shall be higher than those which would normally have been in effect for the occupancy contemplated under the Permitted Uses. In case of a breach of the provisions of this Section 13.03, in addition to all other rights and remedies of Landlord hereunder, Tenant shall (a) indemnify Landlord and the Superior Lessors and hold Landlord and the Superior Lessors harmless from and against any loss which would have been covered by insurance which shall have become void or suspended because of such breach by Tenant and (b) pay to Landlord any and all increases of premiums on any insurance, including, without limitation, rent insurance, resulting from any such breach.

13.04. Tenant shall indemnify and hold harmless Landlord and all Superior Lessors and its and their respective partners, joint venturers, directors, officers, agents, servants and employees from and against any and all claims arising from or in connection with (a) the conduct or management of the Demised Premises or of any business therein, or any work or thing whatsoever done, or any condition created (other than by Landlord) in the Demised Premises during the Term or during the period of time, if any, prior to the Commencement Date that Tenant may have been given access to the Demised Premises; (b) any act, omission or negligence of Tenant or any of its subtenants or licensees or its or their partners, joint venturers, directors, officers, agents, employees or contractors; (c) any accident, injury or damage whatever (unless caused solely by Landlord's negligence) occurring in the Demised Premises; and (d) any breach or default by Tenant in the full and prompt payment and performance of Tenant's obligations under this Lease; together with all costs, expenses and liabilities incurred in or in connection with each such claim or action or proceeding brought thereon, including, without limitation, all attorneys' fees and expenses. In case any action or proceeding is brought against Landlord and/or any Superior Lessor and/or its or their partners, joint venturers, directors, officers, agents and/or employees in connection with conduct or management of the Demised Premises or by reason of any claim referred to above, Tenant, upon notice from Landlord or such Superior Lessor, shall, at Tenant's cost and expense, resist and defend such action or proceeding by counsel reasonably satisfactory to Landlord.

13.05. Neither party shall be liable or responsible for, and each party hereby releases the other from, all liability and responsibility to the other and any person claiming by, through or under such party, by way of subrogation or otherwise, for any injury, loss or damage to any person or property in or around the Demised Premises or to the other's business covered by insurance carried or required to be carried hereunder irrespective of the cause of such injury, loss or damage, and each party shall require its insurers to include in all of such party's insurance policies which could give rise to a right of subrogation a clause or endorsement whereby the insurer waives any rights of subrogation against the other or permits the insured, prior to any loss, to agree with a third party to waive any claim it may have against said third party without invalidating the coverage under the insurance policy.

ARTICLE 14 - RULES AND REGULATIONS

14.01. Tenant and its employees and agents shall faithfully observe and comply with the Rules and Regulations and such reasonable changes therein (whether by modification, elimination or addition) as Landlord at any time or times hereafter may make and communicate to Tenant, which in Landlord's judgment, shall be necessary for the reputation, safety, care or appearance of the Land and Building, or the preservation of good order therein, or the operation or maintenance of the Building or its equipment and fixtures, or the Common Areas, and which do not unreasonably affect the conduct of Tenant's business in the Demised Premises; provided, however, that in case of any conflict or inconsistency between the provisions of this Lease and any of the Rules and Regulations, the provisions of this Lease shall control. Nothing in this Lease contained shall be construed to impose upon Landlord any duty or obligation to enforce the Rules and Regulations against any other tenant or any employees or agents of any other tenant, and Landlord shall not be liable to Tenant for violation of the Rules and Regulations by any other tenant or its employees, agents, invitees or licensees.

ARTICLE 15 - ALTERATIONS AND SIGNS

15.01. Tenant shall not make any alterations or additions to the Demised Premises, or make any holes or cuts in the walls, ceilings, roofs, or floors thereof, or change the exterior color or architectural treatment of the Demised Premises, without on each occasion first obtaining the consent of Landlord, which consent shall not be unreasonably withheld or delayed. Notwithstanding anything contained in the previous sentence to the contrary, Landlord's consent shall not be required for any non-structural interior alteration which does not affect (i) the structure of the Building, or (ii) the mechanical systems serving the Building, or (iii) the functional utility of the Building for the Permitted Uses ("Permitted Alterations"), provided, however, Tenant agrees to provide Landlord with written notice of any Permitted Alteration exceeding $50,000. Tenant shall submit to Landlord plans and specifications for such work at the time Landlord's consent is sought. In the event Landlord does not respond to Tenant's submission within fifteen (15) business days of Landlord's receipt of said plans and specifications, the plans and specifications, as submitted by Tenant, shall be deemed approved. Tenant shall pay to Landlord upon demand the reasonable cost and expense of Landlord in (a) reviewing said plans and specifications and (b) inspecting the alterations to determine whether the same are being performed in accordance with the approved plans and specifications and all Legal Requirements and Insurance Requirements, including,

without limitation, the fees of any architect or engineer employed by Landlord for such purpose. Before proceeding with any permitted alteration which will cost more than $100,000 (exclusive of the costs of decorating work, items constituting Tenant's Property, and the "initial" Tenant's Work), as estimated by a reputable contractor reasonably approved by Landlord, Tenant shall obtain and deliver to Landlord either (i) a performance bond and a labor and materials payment bond

(issued by a corporate surety licensed to do business in New Jersey), each in an amount equal to 125% of such estimated cost and in form satisfactory to Landlord, or (ii) such other security as shall be satisfactory to Landlord. Tenant shall fully and promptly comply with and observe the Rules and Regulations then in force in respect of the making of alterations. Any review or approval by Landlord of any plans and/or specifications with respect to any alterations is solely for Landlord's benefit, and without any representation or warranty whatsoever to Tenant in respect of the adequacy, correctness or efficiency thereof or otherwise.

15.02. Tenant shall obtain all necessary governmental permits and certificates for the commencement and prosecution of permitted alterations and for final approval thereof upon completion, and shall cause alterations to be performed in compliance therewith and with all applicable Legal Requirements and Insurance Requirements. Alterations shall be diligently performed in a good and workmanlike manner, using new or like-new materials and equipment at least equal in quality and class to the better of (a) the original installations of the Building, or (b) the then standards for the Building established by Landlord. Alterations, including, but not limited to alterations in or to the mechanical, electrical, sanitary, heating, ventilating, air conditioning or other systems of the Building, shall be performed by contractors first reasonably approved by Landlord. Alterations shall be made in such manner as not to unreasonably interfere with or delay and as not to impose any additional expense upon Landlord in the construction, maintenance, repair or operation of the Building; and if any such additional expense shall be incurred by Landlord as a result of Tenant's making of any alterations, Tenant shall pay any such additional expense upon demand. Throughout the making of alterations, Tenant shall carry, or cause to be carried, worker's compensation insurance in statutory limits and general liability insurance, with completed operation endorsement, for any occurrence in or about the Building, under which Landlord and its managing agent and any Superior Lessor whose name and address shall previously have been furnished to Tenant shall be named as parties insured, in such limits as Landlord may reasonably require, with insurers reasonably satisfactory to Landlord. Tenant shall furnish Landlord with reasonably satisfactory evidence that such insurance is in effect at or before the commencement of alterations and, on request, at reasonable intervals thereafter during the making of alterations.

15.03. Tenant shall not place any signs on the roof, exterior walls or grounds of the Demised Premises without first obtaining Landlord's written consent thereto, which consent shall not be unreasonably withheld, conditioned or delayed. In placing any signs on or about the Demised Premises, Tenant shall, at its expense, comply with all applicable Legal Requirements and obtain all required permits and/or licenses.

15.04. In connection with the making of any alteration, Landlord shall, upon request of Tenant, advise Tenant at the time consent to any alteration is requested, whether Landlord will require that the subject alteration be removed from the Demised Premises and the Demised Premises restored to their original condition.

ARTICLE 16 - LANDLORD'S AND TENANT'S PROPERTY

16.01. All fixtures, equipment, improvements and appurtenances attached to or built into the Demised Premises at the commencement of or during the Term, whether or not by or at the expense of Tenant, shall be and remain a part of the Demised Premises, shall be deemed to be the property of Landlord and shall not be removed by Tenant, except as provided in Section 16.02. Further, any carpeting or other personal property in the Demised Premises on the Commencement Date, unless installed and paid for by Tenant, shall be and shall remain Landlord's property and shall not be removed by Tenant.

16.02. All movable partitions, business and trade fixtures, machinery and equipment, communications equipment and office equipment, whether or not attached to or built into the Demised Premises, which are installed in the Demised Premises by or for the account of Tenant without expense to Landlord and can be removed without structural damage to the Building and all furniture, furnishings, and other movable personal property owned by Tenant and located in the Demised Premises (collectively, "Tenant's Property") shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Term; provided that if any of the Tenant's Property is removed, Tenant shall repair or pay the cost of repairing any damage to the Demised Premises, the Building or the Common Areas resulting from the installation and/or removal thereof. Any equipment or other property for which Landlord shall have granted any allowance or credit to Tenant shall not be deemed to have been installed by or for the account of Tenant without expense to Landlord, shall not be considered as the Tenant's Property and shall be deemed the property of Landlord.

16.03. At or before the Expiration Date or the date of any earlier termination of this Lease, or within fifteen (15) days after such an earlier termination date, Tenant shall remove from the Demised Premises all of the Tenant's Property (except such items thereof as Landlord shall have expressly permitted to remain, which property shall become the property of Landlord if not removed), and Tenant shall repair any damage to the Demised Premises, the Building and the Common Areas resulting from any installation and/or removal of the Tenant's Property. Any items of the Tenant's Property which shall remain in the Demised Premises after the Expiration Date or after a period of fifteen (15) days following an earlier termination date, may, at the option of Landlord, be deemed to have been abandoned, and in such case such items may be retained by Landlord as its property or disposed of by Landlord, without accountability, in such manner as Landlord shall determine at Tenant's expense.

16.04. At or before the Expiration Date or the date of any earlier termination of this Lease, or within fifteen (15) days after such an earlier termination date, Tenant shall, at Tenant's sole cost and expense, remove from the Demised Premises such rack system as may be installed in the Demised Premises and Tenant shall repair any damage to the Demised Premises, the Building and the Common Areas resulting from any installation and/or removal thereof; provided, however, that at Landlord's option, upon written notice from Landlord, Tenant shall not remove such rack system, in which event such rack system shall remain on the Demised Premises and shall not be Tenant's Property. Such removal, if any, shall be in accordance with the following procedures, unless Landlord shall advise Tenant to the contrary by written notice to Tenant:

Core a hole centered over the anchor bolt with a core bit 1.5 times larger than the bolt to be removed, but in no event smaller than 1" in diameter.

Core hole shall be drilled to a depth equal to the bolt depth, but not less than 2" deep. Remove the cored concrete with the anchor bolt from the hole. Clean all concrete slurry and debris from area to be patched.

Fill the cored hole with a polymer-modified non-shrink mortar, specifically SikaTop 122 or Master Builders Ceilcote 648 CP, or equivalent, and finish to match surrounding concrete surface.

ARTICLE 17 - REPAIRS AND MAINTENANCE

17.01. Tenant shall, throughout the Term, take good care of the Demised Premises, the fixtures and appurtenances therein, and shall not do, suffer, or permit any waste with respect thereto. Tenant shall keep and maintain the Demised Premises including without limitation all building equipment, windows, doors, loading bay doors and shelters, plumbing and electrical systems, heating, ventilating and air conditioning ("HVAC") systems (whether located in the interior of the Demised Premises or on the exterior of the Building) in a clean and orderly condition. Tenant shall, at Landlord's option, keep and maintain in a clean and orderly condition all HVAC systems and any other mechanical or other systems exclusively serving the Demised Premises which are located in whole or in part outside of the Demised Premises (it being understood and agreed that if Landlord shall elect to keep and maintain said systems, then the cost of same shall be included in Operating Expenses). Tenant shall keep and maintain all exterior components of any windows, doors, loading bay doors and shelters serving the Demised Premises in a clean and orderly condition. The phrase "keep and maintain" as used herein includes repairs, replacement and/or restoration as appropriate. Tenant shall not permit or suffer any over-loading of the floors of the Demised Premises. Tenant shall be responsible for all repairs, interior and exterior, structural and nonstructural, ordinary and extraordinary, in and to the Demised Premises, and the Building (including the facilities and systems thereof) and the Common Areas the need for which arises out of (a) the performance or existence of the Tenant's Work or alterations, (b) the installation, use or operation of the Tenant's Property in the Demised Premises, (c) the moving of the Tenant's Property in or out of the Building, or (d) the act, omission, misuse or neglect of Tenant or any of its subtenants or its or their employees, agents, contractors or invitees. Upon request by Landlord, Tenant shall furnish Landlord with true and complete copies of maintenance contracts and with copies of all invoices for work performed, confirming Tenant's compliance with its obligations under this Article. In the event Tenant fails to furnish such copies, Landlord shall have the right, at Tenant's cost and expense, to conduct such inspections or surveys as may be required to determine whether or not Tenant is in compliance with this Article and to have any work required of Tenant performed at Tenant's cost and expense. Tenant shall promptly replace all scratched, damaged or broken doors and glass in and about the Demised Premises and shall be responsible for all repairs, maintenance and replacement of wall and floor coverings in the Demised Premises and for the repair and maintenance of all sanitary and electrical fixtures and equipment therein. The Tenant shall also arrange for its own cleaning services and rubbish removal. Tenant shall promptly make all repairs in or to the Demised Premises for which Tenant is responsible, and any repairs required to be made by Tenant to the mechanical, electrical, sanitary, heating,

ventilating, air-conditioning or other systems of the Building shall be performed only by contractor(s) reasonably approved by Landlord. Any other repairs in or to the Building and the facilities and systems thereof for which Tenant is responsible shall be performed by Landlord at Tenant's expense.

17.02. So long as Tenant is not in default of this Lease, and provided same is not the result of the act, omission, or negligence of the Tenant, or its agents, representatives or contractors, Landlord shall be responsible to make all necessary structural repairs to the Demised Premises at Landlord's sole cost and expense. "Structural repairs," as that term is used in this Article 17.02, shall be expressly limited to repairs to the Building's pilings, foundations, structural steel, and load bearing members as well as the structure supporting the roof membrane (but not the roof membrane itself). In the event any structural repair is necessitated by the acts, omissions, or negligence of Tenant, or its agents, representatives or contractors, then Landlord shall make such repairs at Tenant's sole cost and expense. Landlord shall perform normal repairs and maintenance to the roof membrane, the cost of which shall be included in Operating Expenses, provided, however, if, in Landlord's sole but commercially reasonable discretion, Landlord determines that the roof membrane requires replacement at any time during the Term of the Lease (which shall include, for the purposes of this Article 17.02, the period of any option exercised by Tenant pursuant to Article R2. hereinbelow), Landlord shall be responsible for the cost of such roof replacement the first time during the Term the roof membrane is so replaced. Thereafter, the cost of any replacement of the roof membrane shall be included in the Operating Expenses.

17.03. Tenant shall not permit or suffer the overloading of the floors of the Demised Premises beyond 250 pounds per square foot as relates to the warehouse floor, or lesser amount (100 pounds per square foot) as may be applicable to the second floor and mezzanine area.

17.04. Except as otherwise expressly provided in this Lease, Landlord shall have no liability to Tenant, nor shall Tenant's covenants and obligations under this Lease be reduced or abated in any manner whatsoever, by reason of any inconvenience, annoyance, interruption or injury to business arising from Landlord's doing any repairs, maintenance, or changes which Landlord is required or permitted by this Lease, or required by Law, to make in or to any portion of the Building.

17.05. Notwithstanding anything herein contained to the contrary, Tenant shall be responsible, at Tenant's cost and expense, for the repair (including necessary replacements) and maintenance of the Parking Garage to be constructed by Landlord (or Tenant, as the case may be) pursuant to Exhibit C to this Lease.

17.06. Landlord agrees to provide Tenant with the cost benefits of any applicable warranty of the roof membrane, to the extent same are so available.

ARTICLE 18 - UTILITY CHARGES

18.01. Tenant shall pay all charges for gas, water, sewer, electricity, heat or other utility or service supplied to the Demised Premises as measured by meters relating to Tenant's use, and any cost of repair, maintenance, replacement, and reading of any meters measuring Tenant's

consumption thereof. If any utilities or services are not separately metered or assessed or are only partially separately metered or assessed and are used in common with other tenants or occupants of the Building, Tenant shall pay to Landlord on demand Tenant's proportionate share of such charges for utilities and/or services, which shall be such charges multiplied by a fraction the numerator of which shall be the Floor Space in the Demised Premises and the denominator of which shall be the Floor Space of all tenants and occupants of the Building using such utilities and/or services. In the event Landlord determines that Tenant's utilization of any such service exceeds the fraction referred to above, Tenant's proportionate share with respect to such service shall, at Landlord's option, mean the percentage of any such service (but not less than the fraction referred to above) which Landlord reasonably estimates as Tenant's utilization thereof. Tenant expressly agrees that Landlord shall not be responsible for the failure of supply to Tenant of any of the aforesaid, or any other utility service. Landlord shall not be responsible for any public or private telephone service to be installed in the space, particularly conduit, if required. If Landlord, or its designee is permitted by law to provide electric energy to the Demised Premises by re-registering meters or otherwise and to collect any charges for electric energy, Landlord or its designee shall have the exclusive right to do so, in which event Tenant shall pay to Landlord or its designee upon receipt of bills therefor charges for electric energy provided the rates for such electric energy shall not be more than the rates Tenant would be charged for electric energy if furnished directly to Tenant by the public utility which would otherwise have furnished electric energy.

18.02. Tenant's use of electric energy in the Demised Premises shall not at any time exceed the capacity of any of the electrical conductors and equipment in or otherwise serving the Demised Premises. In order to insure that such capacity is not exceeded and to avert possible adverse effect upon the Building's electric service, Tenant shall not, without Landlord's prior consent in each instance (which shall not be unreasonably withheld), connect any fixtures, appliances or equipment to the Building's electric distribution system or make any alteration or addition to the electric system of the Demised Premises existing on the Commencement Date. Should Landlord grant such consent, all additional risers or other equipment required therefor shall be provided by Landlord and the reasonable cost thereof shall be paid by Tenant to Landlord on demand.

18.03. At Landlord's option, Landlord or Landlord's designee shall have the exclusive right, but not the obligation, to install or cause to be installed solar panels or other energy generating equipment on the Building (including but not limited to the roof thereof) for purposes of furnishing in whole or in part electric energy to the Building (herein an "Energy System"). Tenant shall provide Landlord or its designee with access to the Demised Premises for the installation, maintenance and repair of such Energy System as Landlord or its designee may require, provided, however, Landlord agrees to exercise its rights under this Article 18.03 in such a manner so as to minimize any interference with Tenant's means of ingress and egress to and from the Demised Premises as well as Tenant's use and occupancy of the Demised Premises for the Permitted Uses. If installed, such Energy System shall (either itself or together with such service provided by a public utility provider) meet the minimum service provided to the Building immediately prior to the installation of such Energy System. In the event Landlord elects to install or cause such Energy System to be installed, Tenant shall purchase electric energy for the Demised Premises from Landlord or its designee and Tenant shall pay the charges established by Landlord or its designee for such service from time to time, but not in excess of the rates payable by Tenant from a third party public utility provider having service available to the Building. Landlord also reserves the

right to discontinue furnishing electric energy at any time whether or not Tenant is in default of this Lease upon not less than thirty (30) days' notice to Tenant.

ARTICLE 19 - ACCESS, CHANGES AND NAME

19.01. Except for the space within the inside surfaces of all walls, hung ceilings, floors, windows and doors bounding the Demised Premises, all of the Building, including, without limitation, exterior Building walls, core corridor walls and doors and any core corridor entrance, any terraces or roofs adjacent to the Demised Premises, and any space in or adjacent to the Demised Premises used for shafts, stacks, pipes, conduits, fan rooms, ducts, electric or other utilities, sinks or other Building facilities and the use thereof, as well as access thereto through the Demised Premises for the purpose of operating, maintenance, decoration and repair, are reserved to Landlord. Landlord also reserves the right, to install, erect, use and maintain pipes, ducts and conduits in and through the Demised Premises, provided such are (i) properly enclosed, (ii) do not interfere with Tenant's use and occupancy of the Demised Premises for the Permitted Uses, and (iii) do not reduce the useable floor area of the Demised Premises.

19.02. Landlord and its agents shall have the right to enter and/or pass through the Demised Premises at any time or times upon reasonable prior notice to Tenant (except in the event of an emergency when the circumstances shall dictate the nature and extent of notice) (a) to examine the Demised Premises and to show them to actual and prospective Superior Lessors, Superior Mortgagees, or prospective purchasers of the Building, and (b) to make such repairs, alterations, additions and improvements in or to the Demised Premises and/or in or to the Building or its facilities and equipment as Landlord is required or desires to make. Landlord shall be allowed to take all materials into and upon the Demised Premises that may be required in connection therewith, without any liability to Tenant and without any reduction of Tenant's obligations hereunder. During the period of twelve (12) months prior to the Expiration Date, Landlord and its agents may exhibit the Demised Premises to prospective tenants.

19.03. If at any time any windows of the Demised Premises are temporarily darkened or obstructed by reason of any repairs, improvements, maintenance and/or cleaning in or about the Building, or if any part of the Building or the Common Areas, other than the Demised Premises, is temporarily or permanently closed or inoperable, the same shall not be deemed a constructive eviction and shall not result in any reduction or diminution of Tenant's obligations under this Lease.

19.04. Intentionally omitted.

19.05. Landlord reserves the right, at any time and from time to time, to make such changes, alterations, additions and improvements in or to the Building and the fixtures and equipment thereof as Landlord shall deem necessary or desirable provided the same do not materially interfere with Tenant's means of ingress and egress to and from the Demised Premises or Tenant's use and occupancy of the Demised Premises for the Permitted Uses.

19.06. Landlord may adopt any name for the Building. Landlord reserves the right to change the name and/or address of the Building at any time upon notice to Tenant.

ARTICLE 20 - MECHANICS' LIENS AND OTHER LIENS

20.01. Nothing contained in this Lease shall be construed to imply any consent of Landlord to subject Landlord's interest or estate to any liability under any mechanic's, construction or other lien law. If any lien or any Notice of Intention (to file a lien), Lis Pendens, or Notice of Unpaid Balance and Right to File Lien is filed against the Land, the Building, or any part thereof, or the Demised Premises, or any part thereof, for any work, labor, services or materials claimed to have been performed or furnished for or on behalf of Tenant, or anyone holding any part of the Demised Premises through or under Tenant, Tenant shall cause the same to be canceled and discharged of record by payment, bond or order of a court of competent jurisdiction within fifteen (15) days after notice by Landlord to Tenant.

ARTICLE 21 - NON-LIABILITY AND INDEMNIFICATION

21.01. Neither Landlord nor any partner, joint venturer, director, officer, agent, servant or employee of Landlord shall be liable to Tenant for any loss, injury or damage to Tenant or to any other Person, or to its or their property, irrespective of the cause of such injury, damage or loss, unless caused by or resulting from the negligence of Landlord, its agents, servants or employees in the operation or maintenance of the Land or Building without contributory negligence on the

part of Tenant or any of its subtenants or licensees or its or their employees, agents or contractors. Further, neither Landlord nor any partner, joint venturer, director, officer, agent, servant or employee of Landlord shall be liable (a) for any such damage caused by other tenants or Persons in, upon or about the Land or Building, or caused by operations in construction of any private, public or quasi-public work; or (b) even if negligent, for consequential damages arising out of any loss of use of the Demised Premises or any equipment or facilities therein by Tenant or any Person claiming through or under Tenant.

21.02. Tenant shall indemnify and hold harmless Landlord and all Superior Lessors and its and their respective partners, joint venturers, directors, officers, agents, servants and employees from and against any and all claims arising from or in connection with (a) the conduct or management of the Demised Premises or of any business therein, or any work or thing whatsoever done, or any condition created (other than by Landlord) in the Demised Premises during the Term or during the period of time, if any, prior to the Commencement Date that Tenant may have been given access to the Demised Premises; (b) any act, omission or negligence of Tenant or any of its subtenants or licensees or its or their partners, joint venturers, directors, officers, agents, employees or contractors; (c) any accident, injury or damage whatever (unless caused solely by Landlord's negligence) occurring in the Demised Premises; and (d) any breach or default by Tenant in the full and prompt payment and performance of Tenant's obligations under this Lease; together with all costs, expenses and liabilities incurred in or in connection with each such claim or action or proceeding brought thereon, including, without limitation, all attorneys' fees and expenses. In case of any action or proceeding is brought against Landlord and/or any Superior Lessor and/or its or their partners, joint venturers, directors, officers, agents and/or employees by reason of any such claim, Tenant, upon notice from Landlord or such Superior Lessor, shall resist and defend such action or proceeding (by counsel reasonably satisfactory to Landlord).

21.03. Landlord shall indemnify and hold harmless Tenant and its partners, joint venturers, directors, officers, agents, representatives, servants and employees from and against any and all claims arising from or in connection with (a) the conduct and management of the Common Areas or any work or thing whatsoever done or any condition created in the Common Areas unless caused by Tenant's negligence or willful act or the negligence or willful act of Tenant's agents, representatives, employees, or contractors; (b) any willful act or negligence of Landlord; and (c) any breach or default by Landlord in full and prompt payment and performance of Landlord's obligations under this Lease; together with all costs, expenses and liabilities incurred in or in connection with each such claim or action or proceeding brought thereon, including, without limitation, all reasonable attorneys' fees and expenses. In case any action or proceeding is brought against Tenant by reason of any such claim, Landlord, upon notice from Tenant, shall resist and defend such action or proceeding by counsel reasonably satisfactory to Tenant (provided that counsel provided by Landlord's insurance carrier shall be deemed reasonably satisfactory to Tenant).

21.04. Notwithstanding any provision to the contrary, Tenant shall look solely to the estate and property of Landlord in and to the Land and Building (or the proceeds received by Landlord on a sale of such estate and property but not the proceeds of any financing or refinancing thereof) in the event of any claim against Landlord arising out of or in connection with this Lease, the relationship of Landlord and Tenant or Tenant's use of the Demised Premises or the Common Areas, and Tenant agrees that the liability of Landlord arising out of or in connection with this Lease, the relationship of Landlord and Tenant or Tenant's use of the Demised Premises or the Common Areas shall be limited to such estate and property of Landlord (or sale proceeds). No other properties or assets of Landlord or any partner, joint venturer, director, officer, agent, servant or employee of Landlord shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgement (or other judicial process) or for the satisfaction of any other remedy of Tenant arising out of, or in connection with, this Lease, the relationship of Landlord and Tenant or Tenant's use of the Demised Premises or the Common Areas and if Tenant shall acquire a lien on or interest in any other properties or assets by judgment or otherwise, Tenant shall promptly release such lien on or interest in such other properties and assets by executing, acknowledging and delivering to Landlord an instrument to that effect prepared by Landlord's attorneys. Tenant hereby waives the right of specific performance and any other remedy allowed in equity if specific performance or such other remedy could result in any liability of Landlord for the payment of money to Tenant, or to any court or governmental authority (by way of fines or otherwise) for Landlord's failure or refusal to observe a judicial decree or determination, or to any third party.

ARTICLE 22 - DAMAGE OR DESTRUCTION

22.01. If the Building or the Demised Premises shall be partially or totally damaged or destroyed by fire or other casualty (and if this Lease shall not be terminated as in this Article 22 hereinafter provided), Landlord shall repair the damage and restore and rebuild the Building and/or the Demised Premises (except for the Tenant's Property) with reasonable dispatch after notice to it of the damage or destruction and the collection of the insurance proceeds attributable to such damage.

22.02. Subject to the provisions of Section 22.05, if all or part of the Demised Premises shall be damaged or destroyed or rendered completely or partially untenantable on account of fire or other casualty, the Rent shall be abated or reduced, as the case may be, in the proportion that the untenantable area of the Demised Premises bears to the total area of the Demised Premises (to the extent of rent insurance proceeds received by the Landlord) for the period from the date of the damage or destruction to (a) the date the damage to the Demised Premises shall be substantially repaired, or (b) if the Building and not the Demised Premises is so damaged or destroyed, the date on which the Demised Premises shall be made tenantable; provided, however, should Tenant reoccupy a portion of the Demised Premises during the period the repair or restoration work is taking place and prior to the date that the Demised Premises are substantially repaired or made tenantable the Rent allocable to such reoccupied portion, based upon the proportion which the area of the reoccupied portion of the Demised Premises bears to the total area of the Demised Premises, shall be payable by Tenant from the date of such occupancy.

22.03. If (a) the Building or the Demised Premises shall be totally damaged or destroyed by fire or other casualty, or (b) the Building shall be so damaged or destroyed by fire or other casualty (whether or not the Demised Premises are damaged or destroyed) that its repair or restoration requires the expenditure, as estimated by a reputable contractor or architect designated by Landlord, of more than thirty five percent (35%) (or fifteen percent [15%] if such casualty occurs during the last two [2] years of the Term) of the full insurable value of the Building immediately prior to the casualty, or (c) the Building shall be damaged or destroyed by fire or other casualty (whether or not the Demised Premises are damaged or destroyed) and either the loss shall not be covered by Landlord's insurance or the net insurance proceeds (after deducting all expenses in connection with obtaining such proceeds) shall, in the estimation of a reputable contractor or architect designated by Landlord be insufficient to pay for the repair or restoration work, then in either such case Landlord may terminate this Lease by giving Tenant notice to such effect within ninety (90) days after the date of the fire or other casualty. Notwithstanding any of the foregoing to the contrary, if the Building

shall be so damaged or destroyed by fire or other casualty so that it is rendered untenantable for Tenant's use and occupancy and its repair would take more than twelve (12) months from the date of the fire or other casualty to accomplish (the "Restoration Period"), as reasonably estimated by the Architect, (the "Architect's Determination"), then Tenant shall have the right to terminate this Lease upon written notice to Landlord given within thirty (30) days of notice of the Architect's Determination. Landlord shall give Tenant written notice of the Architect's Determination within sixty (60) days of such damage or destruction.

22.04. Except as provided in Article 22.03 above, Tenant shall not be entitled to terminate this Lease and no damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance arising from any repair or restoration of any portion of the Demised Premises or of the Building pursuant to this Article 22. Landlord shall use its best efforts to make such repair or restoration promptly and in such manner as not unreasonably to interfere with Tenant's use and occupancy of the Demised Premises, but Landlord shall not be required to do such repair or restoration work except during Landlord's business hours on business days.

22.05. Notwithstanding any of the foregoing provisions of this Article 22, if by reason of some act or omission on the part of Tenant or any of its subtenants or its or their partners, directors, officers, servants, employees, agents or contractors, either (a) Landlord or any Superior Lessor or

any Superior Mortgagee shall be unable to collect all of the insurance proceeds (including, without limitation, rent insurance proceeds) applicable to damage or destruction of the Demised Premises or the Building by fire or other casualty, or (b) the Demised Premises or the Building shall be damaged or destroyed or rendered completely or partially untenantable on account of fire or other casualty, then, without prejudice to any other remedies which may be available against Tenant, there shall be no abatement or reduction of the Rent. Further, nothing contained in this Article 22 shall relieve Tenant from any liability that may exist as a result of any damage or destruction by fire or other casualty.

22.06. Landlord will not carry insurance of any kind on the Tenant's Property and, except as provided by law or by reason of Landlord's breach of any of its obligations hereunder, shall not be obligated to repair any damage to or replace the Tenant's Property.

22.07. The provisions of this Article 22 shall be deemed an express agreement governing any case of damage or destruction of the Demised Premises and/or Building by fire or other casualty, and any law providing for such a contingency in the absence of an express agreement, now or hereafter in force, shall have no application in such case.

ARTICLE 23 - EMINENT DOMAIN

23.01. If the whole of the Demised Premises shall be taken by any public or quasi-public authority under the power of condemnation, eminent domain or expropriation, or in the event of conveyance of the whole of the Demised Premises in lieu thereof, this Lease shall terminate as of the day possession shall be taken by such authority. If 25% or less of the Floor Space of the Demised Premises shall be so taken or conveyed, this Lease shall terminate only in respect of the part so taken or conveyed as of the day possession shall be taken by such authority. If more than 25% of the Floor Space of the Demised Premises shall be so taken or conveyed, this Lease shall terminate only in respect of the part so taken or conveyed as of the day possession shall be taken by such authority, but either party shall have the right to terminate this Lease upon notice given to the other party within 30 days after such taking possession. If more than 25% of the Floor Space of the Building shall be so taken or conveyed, Landlord may, by notice to Tenant, terminate this Lease as of the day possession shall be taken. If so much of the parking facilities shall be so taken or conveyed that the number of parking spaces necessary, in Landlord's judgment, for the continued operation of the Building shall not be available, Landlord shall, by notice to Tenant, terminate this Lease as of the day possession shall be taken. If this Lease shall continue in effect as to any portion of the Demised Premises not so taken or conveyed, the Rent shall be computed as of the day possession shall be taken on the basis of the remaining Floor Space of the Demised Premises. Except as specifically provided herein, in the event of any such taking or conveyance there shall be no reduction in Rent. If this Lease shall continue in effect, Landlord shall, at its expense, but shall be obligated only to the extent of the net award or other compensation (after deducting all expenses in connection with obtaining same) available to Landlord for the improvements taken or conveyed (excluding any award or other compensation for land or for the unexpired portion of the term of any Superior Lease), make all necessary alterations so as to constitute the remaining Building a complete architectural and tenantable unit, except for the Tenant's Property, and Tenant shall make all alterations or replacements to the Tenant's Property and decorations in the Demised Premises.

All awards and compensation for any taking or conveyance, whether for the whole or a part of the Land or Building, the Demised Premised or otherwise, shall be the property of Landlord, and Tenant hereby assigns to Landlord all of Tenant's right, title and interest in and to any and all such awards and compensation, including, without limitation, any award or compensation for the value of the unexpired portion of the Term. Tenant shall be entitled to claim, prove and receive in the condemnation proceeding such award or compensation as may be allowed for the Tenant's Property and for loss of business, good will, and depreciation or injury to and cost of removal of the Tenant's Property, but only if such award or compensation shall be made by the condemning authority in addition to, and shall not result in a reduction of, the award or compensation made by it to Landlord.

23.02. If the temporary use or occupancy of all or any part of the Demised Premises shall be taken during the Term, Tenant shall be entitled, except as hereinafter set forth, to receive that portion of the award or payment for such taking which represents compensation for the use and occupancy of the Demised Premises, for the taking of the Tenant's Property and for moving expenses, and Landlord shall be entitled to receive that portion which represents reimbursement for the cost of restoration of the Demised Premises. This Lease shall be and remain unaffected by such taking and Tenant shall continue to be responsible for all of its obligations hereunder insofar as such obligations are not affected by such taking and shall continue to pay the Rent in full when due. If the period of temporary use or occupancy shall extend beyond the Expiration Date, that part of the award or payment which represents compensation for the use and occupancy of the Demised Premises (or a part thereof) shall be divided between Landlord and Tenant so that Tenant shall receive (except as otherwise provided below) so much thereof as represents compensation for the period up to and including the Expiration Date and Landlord shall receive so much thereof as represents compensation for the period after the Expiration Date. All monies to be paid to Tenant as, or as part of, an award or payment for temporary use and occupancy for a period beyond the date to which the Rent has been paid shall be received, held and applied by the first Superior Mortgagee (or if there is no Superior Mortgagee, by Landlord as a trust fund) for payment of the Rent becoming due hereunder.

ARTICLE 24 - SURRENDER

24.01. On the Expiration Date, or upon any earlier termination of this Lease, or upon any re-entry by Landlord upon the Demised Premises, Tenant shall quit and surrender the Demised Premises to Landlord "broom-clean" and in good order, condition and repair, except for ordinary wear and tear and such damage or destruction as Landlord is required to repair or restore under this Lease, and Tenant shall remove all of Tenant's Property therefrom except as otherwise expressly provided in this Lease.

24.02. If Tenant remains in possession of the Demised Premises after the expiration of the Term, Tenant shall be deemed to be occupying the Demised Premises at the sufferance of Landlord subject to all of the provisions of this Lease, except that the monthly Fixed Rent shall be twice the Fixed Rent in effect during the last month of the Term.

24.03. No act or thing done by Landlord or its agents shall be deemed an acceptance of a surrender of the Demised Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by Landlord.

ARTICLE 25 - CONDITIONS OF LIMITATION

25.01. This Lease is subject to the limitation that whenever Tenant or any Guarantor (a) shall make an assignment for the benefit of creditors, or (b) shall commence a voluntary case or have entered against it an order for relief under any chapter of the Federal Bankruptcy Code (Title 11 of the United States Code) or any similar order or decree under any federal or state law, now in existence, or hereafter enacted having the same general purpose, and such order or decree shall have not been stayed or vacated within 30 days after entry, or (c) shall cause, suffer, permit or consent to the appointment of a receiver, trustee, administrator, conservator, sequestrator, liquidator or similar official in any federal, state or foreign judicial or nonjudicial proceeding, to hold, administer and/or liquidate all or substantially all of its assets, and such appointment shall not have been revoked, terminated, stayed or vacated and such official discharged of his duties within 30 days of his appointment, then Landlord, at any time after the occurrence of any such event, may give Tenant a notice of intention to end the Term at the expiration of five (5) days from the date of service of such notice of intention, and upon the expiration of said five (5) day period, whether or not the Term shall theretofore have commenced, this Lease shall terminate with the same effect as if that day were the expiration date of this Lease, but Tenant shall remain liable for damages as provided in Article 27.

25.02. This Lease is subject to the further limitations that: (a) if Tenant shall default in the payment of any Rent, or (b) if Tenant shall, whether by action or inaction, be in default of any of its obligations under this Lease (other than a default in the payment of Rent) and such default shall continue and not be remedied within fifteen (15) days after Landlord shall have given to Tenant a notice specifying the same, or, in the case of a default which cannot with due diligence be cured within a period of fifteen (15) days and the continuance of which for the period required for cure will not subject Landlord or any Superior Lessor to prosecution for a crime or offense (as more particularly described in the penultimate sentence of Section 12.02) or termination of any Superior Lease or foreclosure of any Superior Mortgage, if Tenant shall not, (i) within said fifteen (15) day period advise Landlord of Tenant's intention to take all steps necessary to remedy such default, (ii) duly commence within said fifteen (15) day period, and thereafter diligently prosecute to completion all steps necessary to remedy the default, and (iii) complete such remedy within a reasonable time after the date of said notice by Landlord, or (c) if any event shall occur or any contingency shall arise whereby this Lease would, by operation of law or otherwise, devolve upon or pass to any person, firm or corporation other than Tenant, except as expressly permitted by Article 11, or (d) if Tenant shall vacate or abandon the Demised Premises, or (e) if there shall be any default by Tenant (or any person which, directly or indirectly, controls, is controlled by, or is under common control with Tenant) under any other lease with Landlord (or any person which, directly or indirectly, controls, is controlled by, or is under common control with Landlord) which shall not be remedied within the applicable grace period, if any, provided therefor under such other lease, then in any of said cases Landlord may give to Tenant a notice of intention to end the Term at the expiration of five (5) days from the date of the service of such notice of intention, and upon

the expiration of said five (5) days, whether or not the Term shall theretofore have commenced, this Lease shall terminate with the same effect as if that day were the expiration date of this Lease, but Tenant shall remain liable for damages as provided in Article 27.

ARTICLE 26 - RE-ENTRY BY LANDLORD

26.01. If Tenant shall default in the payment of any Rent, or if this Lease shall terminate as provided in Article 25, Landlord or Landlord's agents and employees may immediately or at any time thereafter re-enter the Demised Premises, or any part thereof, either by summary dispossess proceedings or by any suitable action or proceeding at law without being liable to indictment, prosecution or damages therefor, and may repossess the same, and may remove any Person therefrom, to the end that Landlord may have, hold and enjoy the Demised Premises. The word "re-enter," as used herein, is not restricted to its technical legal meaning. If this Lease is terminated under the provisions of Article 25, or if Landlord shall re-enter the Demised Premises under the provisions of this Article 26, or in the event of the termination of this Lease, or of re-entry, by or under any summary dispossess or other proceedings or action or any provision of law by reason of default hereunder on the part of Tenant, Tenant shall thereupon pay to Landlord the Rent payable up to the time of such termination of this Lease, or of such recovery of possession of the Demised Premises by Landlord, as the case may be, and shall also pay to Landlord damages as provided in Article 27.

26.02. In the event of a breach or threatened breach by Tenant of any of its obligations under this Lease, Landlord shall also have the right of injunction. The special remedies to which Landlord may resort hereunder are cumulative and are not intended to be exclusive of any other remedies to which Landlord may lawfully be entitled at any time and Landlord may invoke any remedy allowed at law or in equity as if specific remedies were not provided for herein.

26.03. If this Lease shall terminate under the provisions of Article 25, or if Landlord shall re-enter the Demised Premises under the provisions of this Article 26, or in the event of the termination of this Lease, or of re-entry, by or under any summary dispossess or other proceeding or action or any provision of law by reason of default hereunder on the part of Tenant, Landlord shall be entitled to retain all monies, if any, paid by Tenant to Landlord, whether as Advance Rent, security or otherwise, but such monies shall be credited by Landlord against any Rent due from Tenant at the time of such termination or re-entry or, at Landlord's option, against any damages payable by Tenant under Article 27 or pursuant to law.

ARTICLE 27 - DAMAGES

27.01. If this Lease is terminated under the provisions of Article 25 or if Landlord shall re-enter the Demised Premises under the provisions of Article 26, or in the event of the termination of this Lease, or of re-entry, by or under any summary dispossess or other proceeding or action or any provision of law by reason

of default hereunder on the part of Tenant, Tenant shall pay as Additional Charges to Landlord, at the election of Landlord, either or any combination of:

(a) a sum which at the time of such termination of this Lease or at the time of any such re-entry by Landlord, as the case may be, represents the then value of the excess, if any, of (i) the aggregate amount of the Rent which would have been payable by Tenant (conclusively presuming the average monthly Additional Charges to be the same as were the average monthly Additional Charges payable for the year, or if less than 365 days have then elapsed since the Commencement Date, the partial year, immediately preceding such termination or re-entry) for the period commencing with such earlier termination of this Lease or the date of any such re-entry, as the case may be, and ending with the Expiration Date, over (ii) the aggregate rental value of the Demised Premises for the same period; or

(b) sums equal to the Fixed Rent and the Additional Charges which would have been payable by Tenant had this Lease not so terminated, or had Landlord not so re-entered the Demised Premises, payable upon the due dates therefor specified herein following such termination or such re-entry and until the Expiration Date, provided, however, that if Landlord shall relet the Demised Premises during said period, Landlord shall credit Tenant with the net rents received by Landlord from such reletting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such reletting the expenses incurred or paid by Landlord in terminating this Lease or in re-entering the Demised Premises and in securing possession thereof, as well as the expenses of reletting, including, without limitation, altering and preparing the Demised Premises for new tenants, brokers' commissions, legal fees, and all other expenses properly chargeable against the Demised Premises and the rental therefrom, it being understood that any such reletting may be for a period shorter or longer than the period ending on the Expiration Date; but in no event shall Tenant be entitled to receive any excess of such net rents over the sums payable by Tenant to Landlord hereunder, nor shall Tenant be entitled in any suit for the collection of damages pursuant to this subsection (b) to a credit in respect of any rents from a reletting, except to the extent that such net rents are actually received by Landlord. If the Demised Premises or any part thereof should be relet in combination with other space, then proper apportionment on a square foot basis shall be made of the rent received from such reletting and of the expenses of reletting; or

(c) a sum which at the time of such termination of this Lease or at the time of any such re-entry by Landlord, as the case may be, represents the aggregate amount of the Rent which would have been payable by Tenant (conclusively presuming the average monthly Additional Charges to be the same as were the average monthly Additional Charges payable for the year, or if less than 365 days have then elapsed since the Commencement Date, the partial year, immediately preceding such termination or re-entry) for the period commencing with such earlier termination of this Lease or the date of any such re-entry, as the case may be, and ending with the Expiration Date; provided, however, that if Landlord shall relet the Demised Premises during said period, Landlord shall credit Tenant with the net rents received by Landlord from such reletting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such reletting the

expenses incurred or paid by Landlord in terminating this Lease or in re-entering the Demised Premises and in securing possession thereof, as well as the expenses of reletting, including, without limitation, altering and preparing the Demised Premises for new tenants, brokers' commissions, legal fees, and all other expenses properly chargeable against the Demised Premises and the rental therefrom, it being understood that any such reletting may be for a period shorter or longer than the period ending on the Expiration Date; but in no event shall Landlord have to account to Tenant for any rents in excess of the total damages recovered by Landlord hereunder, nor shall Tenant be entitled in any suit for the collection of damages pursuant to this subdivision (c) to a credit in respect of any rents from a reletting, except to the extent that such net rents are actually received by Landlord. If the Demised Premises or any part thereof should be relet in combination with other space, then proper apportionment on a square foot basis shall be made of the rent received from such reletting and of the expenses of reletting.

If the Demised Premises or any part thereof should be relet by Landlord before presentation of proof of such damages to any court, commission or tribunal, the amount of rent reserved upon such reletting shall, prima facie, be the fair and reasonable rental value for the Demised Premises, or part thereof, so relet during the term of the reletting. Landlord shall not be liable in any way whatsoever for its failure to relet the Demised Premises or any part thereof, or if the Demised Premises or any part thereof are relet, for its failure to collect the rent under such reletting, and no such failure to relet or failure to collect rent shall release or affect Tenant's liability for damages or otherwise under this Lease. Furthermore, Tenant, on behalf of itself and any and all persons claiming through or under Tenant, does hereby waive and surrender all right and privilege which it, they or any of them might have under or by reason of any present or future law or applicable governmental or judicial authority, to require that Landlord mitigate damages sustained or to be sustained by Landlord hereunder as a result of a default by Tenant and/or any and all persons claiming through or under Tenant under this Lease. In the event Tenant, on behalf of itself or any and all persons claiming through or under Tenant, attempts to raise a defense or assert any affirmative obligations on Landlord's part to mitigate such damages or relet the Demised Premises, Tenant shall reimburse Landlord for any costs and expenses incurred by Landlord as a result of any such defense or assertion, including but not limited to Landlord's attorneys' fees incurred in connection therewith.

27.02. Suit or suits for the recovery of such damages or, any installments thereof, may be brought by Landlord at any time and from time to time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the Term would have expired if it had not been so terminated under the provisions of Article 25, or under any provision of law, or had Landlord not re-entered the Demised Premises. Nothing herein contained shall be construed to limit or preclude recovery by Landlord against Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default hereunder on the part of Tenant. Nothing herein contained shall be construed to limit or prejudice the right of Landlord to prove for and obtain as damages by reason of the termination of this Lease or re-entry of the Demised Premises for the default of Tenant under this Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the

time, whether or not such amount be greater than, equal to, or less than any of the sums referred to in Section 27.01.

27.03. In addition, if this Lease is terminated under the provisions of Article 25, or if Landlord shall re-enter the Demised Premises under the provisions of Article 26, Tenant covenants that: (a) the Demised Premises then shall be in the same condition as that in which Tenant has agreed to surrender the same to Landlord at the Expiration Date; (b) Tenant shall have performed prior to any such termination any obligation of Tenant contained in this Lease for the making of any alteration or for restoring or rebuilding the Demised Premises or the Building, or any part thereof; and (c) for the breach of any covenant of Tenant set forth above in this Section 27.03, Landlord shall be entitled immediately, without notice or other action by Landlord, to recover, and Tenant shall pay, as and for liquidated damages therefor, the cost of performing such covenant (as estimated by an independent contractor selected by Landlord).

27.04. In addition to any other remedies Landlord may have under this Lease, and without reducing or adversely affecting any of Landlord's rights and remedies under this Article 27, if any Rent or damages payable hereunder by Tenant to Landlord are not paid upon demand therefor, the same shall bear interest at the Late Payment Rate or the maximum rate permitted by law, whichever is less, from the due date thereof until paid, and the amounts of such interest shall be Additional Charges hereunder.

ARTICLE 28 - AFFIRMATIVE WAIVERS

28.01. Tenant, on behalf of itself and any and all persons claiming through or under Tenant, does hereby waive and surrender all right and privilege which it, they or any of them might have under or by reason of any present or future law, to redeem the Demised Premises or to have a continuance of this Lease after being dispossessed or ejected from the Demised Premises by process of law or under the terms of this Lease or after the termination of this Lease as provided in this Lease.

28.02. Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim brought by either against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, and Tenant's use or occupancy of the Demised Premises and use of the Common Area, including, without limitation, any claim of injury or damage, and any emergency and other statutory remedy with respect thereto. Tenant shall not interpose any counterclaim of any kind (except compulsory counterclaims as and if permitted by New Jersey Court Rules) in any action or proceeding commenced by Landlord to recover possession of the Demised Premises.

ARTICLE 29 - NO WAIVERS

29.01. The failure of either party to insist in any one or more instances upon the strict performance of any one or more of the obligations of this Lease, or to exercise any election herein contained, shall not be construed as a waiver or relinquishment for the future of the performance of such one or more obligations of this Lease or of the right to exercise such election, but the same

shall continue and remain in full force and effect with respect to any subsequent breach, act or omission. The receipt by Landlord of Fixed Rent or Additional Charges with knowledge of breach by Tenant of any obligation of this Lease shall not be deemed a waiver of such breach.

ARTICLE 30 - CURING TENANT'S DEFAULTS

30.01. If Tenant shall default in the performance of any of Tenant's obligations under this Lease beyond the applicable notice and cure period, Landlord, without thereby waiving such default, may (but shall not be obligated to) perform the same for the account and at the expense of Tenant, without notice in a case of emergency, and in any other case only if such default continues after the expiration of fifteen (15) days from the date Landlord gives Tenant notice of the default. Charges for any expenses incurred by Landlord in connection with any such performance by it for the account of Tenant, and charges for all costs, expenses and disbursements of every kind and nature whatsoever, including reasonable attorneys' fees and expenses, involved in collecting or endeavoring to collect the Rent or any part thereof or enforcing or endeavoring to enforce any rights against Tenant or Tenant's obligations hereunder, under or in connection with this Lease or pursuant to law, including any such cost, expense and disbursement involved in instituting and prosecuting summary proceedings or in recovering possession of the Demised Premises after default by Tenant or upon the expiration of the Term or sooner termination of this Lease, and interest on all sums advanced by Landlord under this Article at the Late Payment Rate or the maximum rate permitted by law, whichever is less, shall be payable by Tenant and may be invoiced by Landlord to Tenant monthly, or immediately, or at any time, at Landlord's option, and such amounts shall be due and payable upon demand.

ARTICLE 31 - BROKER

31.01. Tenant represents that no broker except the Broker was instrumental in bringing about or consummating this Lease and that Tenant had no conversations or negotiations with any broker except the Broker concerning the leasing of the Demised Premises. Tenant agrees to indemnify and hold harmless Landlord against and from any claims for any brokerage commissions and all costs, expenses and liabilities in connection therewith, including, without limitation, attorneys' fees and expenses, arising out of any conversations or negotiations had by Tenant with any broker other than the Broker. Landlord shall pay any brokerage commissions due the Broker pursuant to a separate agreement between Landlord and the Broker.

ARTICLE 32 - NOTICES

32.01. Any notice, statement, demand, consent, approval or other communication required or permitted to be given, rendered or made by either party to the other, pursuant to this Lease or pursuant to any applicable Legal Requirement, shall be in writing and shall be deemed to have been properly given, rendered or made only if (i) hand delivered, or (ii) sent by United States registered or certified mail, return receipt requested, or (iii) sent by overnight courier, addressed to the other party at the address hereinabove set forth [except that after the Commencement Date, Tenant's address, unless Tenant shall give notice to the contrary, shall be the Building(Attention: Real Estate, with a copy to the General Counsel's Office) as to Landlord, to the attention of General Counsel with a concurrent notice to the attention of Controller, and shall be deemed to have been

given, rendered or made on the second day after the day so mailed, unless mailed outside the State of New Jersey, in which case it shall be deemed to have been given, rendered or made on the third business day after the day so mailed. Either party may, by notice as aforesaid, designate a different address or addresses for notices, statements, demands, consents, approvals or other communications intended for it. In addition, upon and to the extent requested by Landlord, copies of notices shall be sent to the Superior Mortgagee.

ARTICLE 33 - ESTOPPEL CERTIFICATES

33.01. Tenant shall, at any time and from time to time, as requested by Landlord, upon not less than twenty (20) days' prior notice, execute and deliver to the Landlord or a Superior Mortgagee or Superior Lessor certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), certifying the dates to which the Fixed Rent and Additional Charges have been paid, stating whether or not, to the best knowledge of the party giving the statement, the requesting party is in default in performance of any of its obligations under this Lease, and, if so, specifying each such default of which the party giving the statement shall have knowledge, and stating whether or not, to the best knowledge of the party giving the statement, any event has occurred which with the giving of notice or passage of time, or both, would constitute such a default of the requesting party, and, if so, specifying each such event; any such statement delivered pursuant hereto shall be deemed a representation and warranty to be relied upon by the party requesting the certificate and by others with whom such party may be dealing, regardless of independent investigation. Tenant also shall include in any such statement such other information concerning this Lease as Landlord may reasonably request. In the event Tenant shall be requested by Landlord to execute more than one (1) estoppel certificate in any one Calendar Year of the Term, the first Estoppel Certificate so requested will be free of charge; thereafter Landlord shall be obligated to pay Tenant an administrative of fee of $150 for each Estoppel Certificate requested (after the first in any Calendar Year.)

ARTICLE 34 - INTENTIONALLY OMITTED

ARTICLE 35 - MEMORANDUM OF LEASE

35.01. Tenant shall not record this Lease. However, at the request of Landlord, Tenant shall promptly execute, acknowledge and deliver to Landlord a memorandum of lease in respect of this Lease sufficient for recording. Such memorandum shall not be deemed to change or otherwise affect any of the obligations or provisions of this Lease. Whichever party records such memorandum of Lease shall pay all recording costs and expenses, including any taxes that are due upon such recording.

ARTICLE 36 - MISCELLANEOUS

36.01. Tenant expressly acknowledges and agrees that Landlord has not made and is not making, and Tenant, in executing and delivering this Lease, is not relying upon, any warranties,

representations, promises or statements, except to the extent that the same are expressly set forth in this Lease or in any other written agreement(s) which may be made between the parties concurrently with the execution and delivery of this Lease. All understandings and agreements heretofore had between the parties are merged in this Lease and any other written agreement(s) made concurrently herewith, which alone fully and completely express the agreement of the parties and which are entered into after full investigation. Neither party has relied upon any statement or representation not embodied in this Lease or in any other written agreement(s) made concurrently herewith. The submission of this Lease to Tenant does not constitute by Landlord a reservation of, or an option to Tenant for, the Demised Premises, or an offer to lease on the terms set forth herein and this Lease shall become effective as a lease agreement only upon execution and delivery thereof by Landlord and Tenant.

36.02. No agreement shall be effective to change, modify, waive, release, discharge, terminate or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing, refers expressly to this Lease and is signed by the party against whom enforcement of the change, modification, waiver, release, discharge, termination or effectuation of abandonment is sought.

36.03. If Tenant shall at any time request Landlord to sublet or let the Demised Premises for Tenant's account, Landlord or its agent is authorized to receive keys for such purposes without releasing Tenant from any of its obligations under this Lease, and Tenant hereby releases Landlord of any liability for loss or damage to any of the Tenant's Property in connection with such subletting or letting.

36.04. Except as otherwise expressly provided in this Lease, the obligations under this Lease shall bind and benefit the successors and assigns of the parties hereto with the same effect as if mentioned in each instance where a party is named or referred to; provided, however, that (a) no violation of the provisions of Article 11 shall operate to vest any rights in any successor or assignee of Tenant and (b) the provisions of this Section 36.04 shall not be construed as modifying the conditions of limitation contained in Article 25.

36.05. Except for Tenant's obligations to pay Rent, the time for Landlord or Tenant, as the case may be, to perform any of its respective obligations hereunder shall be extended if and to the extent that the performance thereof shall be prevented due to any Unavoidable Delay. Except as expressly provided to the contrary, the obligations of Tenant hereunder shall not be affected, impaired or excused, nor shall Landlord have any liability whatsoever to Tenant, (a) because Landlord is unable to fulfill, or is delayed in fulfilling, any of its obligations under this Lease due to any of the matters set forth in the first sentence of this Section 36.05, or (b) because of any failure or defect in the supply, quality or character of electricity, water or any other utility or service furnished to the Demised Premises for any reason beyond Landlord's reasonable control.

36.06. Any liability for payments hereunder (including, without limitation, Additional Charges) shall survive the expiration of the Term or earlier termination of this Lease.

36.07. If Tenant shall request Landlord's consent and Landlord shall fail or refuse to give such consent, Tenant shall not be entitled to any damages for any withholding by Landlord of its

consent; Tenant's sole remedy shall be an action for specific performance or injunction, and such remedy shall be available only in those cases where Landlord has expressly agreed in writing not to unreasonably withhold or delay its consent or where as a matter of law Landlord may not unreasonably withhold its consent.

36.08. If an excavation shall be made upon land adjacent to or under the Building, or shall be authorized to be made, Tenant shall afford to the Person causing or authorized to cause such excavation, license to enter the Demised Premises for the purpose of performing such work as said Person shall reasonably

deem necessary or desirable to preserve and protect the Building from injury or damage and to support the same by proper foundations, without any claim for damages or liability against Landlord and without reducing or otherwise affecting Tenant's obligations under this Lease.

36.09. Tenant shall not exercise its rights under Article 15 or any other provision of this Lease in a manner which would violate Landlord's union contracts or create any work stoppage, picketing, labor disruption or dispute or any interference with the business of Landlord or any tenant or occupant of the Building.

36.10. Tenant shall give prompt notice to Landlord of (a) any occurrence in or about the Demised Premises for which Landlord might be liable, (b) any fire or other casualty in the Demised Premises, (c) any damage to or defect in the Demised Premises, including the fixtures and equipment thereof, for the repair of which Landlord might be responsible, and (d) any damage to or defect in any part of the Building's sanitary, electrical, heating, ventilating, air-conditioning, elevator or other systems located in or passing through the Demised Premises or any part thereof.

36.11. This Lease shall be governed by and construed in accordance with the laws of the State of New Jersey. Tenant hereby irrevocably agrees that any legal action or proceeding arising out of or relating to this Lease may be brought in the Courts of the State of New Jersey, or the Federal District Court for the District of New Jersey, as Landlord may elect. By execution and delivery of this Lease, Tenant hereby irrevocably accepts and submits generally and unconditionally for itself and with respect to its properties, to the jurisdiction of any such court in any such action or proceeding, and hereby waives in the case of any such action or proceeding brought in the courts of the State of New Jersey, or Federal District Court for the District of New Jersey, any defenses based on jurisdiction, venue or forum non conveniens. If any provision of this Lease shall be invalid or unenforceable, the remainder of this Lease shall not be affected and shall be enforced to the extent permitted by law. The table of contents, captions, headings and titles in this Lease are solely for convenience of reference and shall not affect its interpretation. This Lease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Lease to be drafted. If any words or phrases in this Lease shall have been stricken out or otherwise eliminated, whether or not any other words or phrases have been added, this Lease shall be construed as if the words or phrases so stricken out or otherwise eliminated were never included in this Lease and no implication or inference shall be drawn from the fact that said words or phrases were so stricken out or otherwise eliminated. Each covenant, agreement, obligation or other provision of this Lease on Tenant's part to be performed, shall be deemed and construed as a separate and independent covenant of Tenant, not dependent on any other provision of this Lease. All terms and words used in this Lease, regardless of the number or gender in which

they are used, shall be deemed to include any other number and any other gender as the context may require. Tenant specifically agrees to pay all of Landlord's costs, charges and expenses, including attorneys' fees, incurred in connection with any document review requested by Tenant and upon submission of bills therefor. In the event Landlord permits Tenant to examine Landlord's books and records with respect to any Additional Charge imposed under this Lease, such examination shall be conducted at Tenant's sole cost and expense and shall be conditioned upon Tenant retaining an independent accounting firm for such purposes which shall not be compensated on any type of contingent fee basis with respect to such examination. Wherever in this Lease or by law Landlord is authorized to charge or recover costs and expenses for legal services or attorneys' fees, same shall include, without limitation, the costs and expenses for in-house or staff legal counsel or outside counsel at rates not to exceed the reasonable and customary charges for any such services as would be imposed in an arms length third party agreement for such services.

36.12. Upon request of Landlord, Tenant shall furnish to Landlord a copy of its then current audited financial statement (which may be in the form of Tenant's most recent annual report) which shall be employed by Landlord for purposes of financing the Premises and not distributed otherwise without prior authorization of Tenant. Landlord shall be entitled (upon request) to one (1) free copy of Tenant's then current audited financial statement in each and every Calendar Year of the Term; in the event Landlord requests Tenant's audited financial statement more than once in any Calendar Year of the Term, Tenant shall be entitled to an administrative fee of $150 for the second and each successive request in any Calendar Year. Tenant represents that its most recent annual report is, under normal circumstances, available for review on Tenant's website.

36.13. (i) At least ninety (90) days prior to Tenant's termination of its lease, and any extensions thereof, Tenant agrees to seek a determination from the New Jersey Department of Environmental Protection ("NJDEP") in the form of a Letter of Non-applicability ("LNA"), that the New Jersey Industrial Site Recovery Act, N.J.S.A. 13:1K-6 et seq. ("ISRA"), is inapplicable to the Tenant's cessation of operations and termination of its lease. Tenant represents, warrants, and covenants that any information contained in any application for an LNA submitted pursuant to this subsection will be true and complete. Tenant represents that the North American Industrial Classification System (NAICS) number applicable to Tenant's operations would not subject this transaction to the requirements of ISRA.

(ii) In the event that an LNA is denied by NJDEP, notice of such denial will be given to Landlord within two (2) business days of Tenant's receipt of NJDEP's denial of the LNA. Tenant shall satisfy its obligations under ISRA prior to its lease termination date: (1) by securing an approval of the Tenant's Negative Declaration; or (2) by securing an approval of the Tenant's Remedial Action Workplan, and completing the implementation of such Plan, and obtaining from NJDEP a "No Further Action" letter. Tenant shall bear sole responsibility for any investigation and cleanup costs, fees, penalties, or damages associated with ISRA compliance. In the event that Tenant is unable to complete the its ISRA compliance obligations by the date of its lease termination, Landlord shall continue to provide Tenant with reasonable access to the Demised Premises, provided that any work undertaken by Tenant shall be performed in such a manner as to minimize interference with Landlord's or any other tenant's use of the Demised Premises. However, Landlord reserves its rights to deem Tenant a holdover tenant in the event that Tenant's ISRA compliance unreasonably restricts the Landlord's use of the Demised Premises.

(iii) Tenant shall provide Landlord with copies of all correspondence, documents and reports, including sampling results submitted to or received from any governmental agency or third party in connection with Tenant's compliance with ISRA.

36.14. (a) Certification. Tenant certifies that: (i) It is not acting, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, nation, or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by the Office of Foreign Assets Control; and (ii) It is not engaged in this traction, directly or indirectly on behalf of, or instigating or facilitating this transaction, directly or indirectly on behalf of, any such person, group, entity, or nation.

(b) Indemnification. Tenant hereby agrees to defend, indemnify, and hold

harmless Landlord from and against any and all claims, damages, losses, risks, liabilities, and expenses (including attorney's fees and costs) arising from or related to any breach of the foregoing certification.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease as of the day and year first above written.

HARTZ MOUNTAIN METROPOLITAN
("Landlord")

BY: HARTZ MOUNTAIN INDUSTRIES, INC.
("general partner")

BY: /S/ IRWIN A. HOROWTIZ
Irwin A. Horowitz
Executive Vice President

[Corporate Seal]

THE CHILDREN'S PLACE SERVICES COMPANY, LLC
("Tenant")

BY: /S/ NEAL GOLDBERG
Neal Goldberg
President

BY: /S/ STEVEN BALASIANO
Steven Balasiano
Senior Vice President-General Counsel

[Corporate Seal]

RIDER TO LEASE DATED May 3, 2006, BETWEEN HARTZ MOUNTAIN METROPOLITAN, AS LANDLORD AND THE CHILDREN'S PLACE SERVICE COMPANY, LLC, AS TENANT.

R1. If any of the provisions of this Rider shall conflict with any of the provisions, printed or typewritten, of this Lease, such conflict shall resolve in every instance in favor of the provisions of this Rider.

R2. Provided Tenant is in compliance with all of the terms and conditions contained herein, and provided Tenant has not assigned this Lease or sublet all or any portion of the Demised Premises and is itself in occupation and conducting business in the whole of the Demised Premises in accordance with the terms of this Lease, Tenant expressly acknowledging and agreeing that the option rights contained herein are personal to the original named Tenant, Tenant shall have two (2) options to extend the Term of its lease of the Demised Premises, from the date upon which this Lease would otherwise expire, for one period of ten (10) years and a second period of five (5) years [each herein referred to as an "Extended Period", the first (being a ten (10) year period) of which referred to as the "First Extended Period" and the second (being a five (5) year period) referred to as the "Second Extended Period" respectively], upon the following terms and conditions:

1. If Tenant elects to exercise any one or both of said options, it shall do so by giving notice of such election to Landlord on or before the date which is one (1) year before the beginning of the Extended Period for which the Term is to be extended by the exercise of such option. Tenant agrees that it shall have forever waived its right to exercise any such option if it shall fail for any reason whatsoever to give such notice to Landlord by the time provided herein for the giving of such notice, whether such failure is inadvertent or intentional, time being of the essence as to the exercise of each such option.

2. If Tenant elects to exercise any one or both of said options, the Term shall be automatically extended for the Extended Period covered by the option so exercised without execution of an extension or renewal lease. Within ten (10) days after request of either party following the effective exercise of any such option, however, Landlord and Tenant shall execute, acknowledge and deliver to each other duplicate originals of an instrument in recordable form confirming that such option was effectively exercised.

3. Each Extended Period shall be upon the same terms and conditions as are in effect immediately preceding the commencement of such Extended Period; provided, however, that Tenant shall have no right or option to extend the Term for any period of time beyond the expiration of the Second Extended Period and, provided further, that in the Extended Period(s) the Fixed Rent shall be as follows:

(a) The Fixed Rent during the first five (5) years of First Extended Period shall be at Fair Market Value ("FMV") but not less than Seven and 38/100 Dollars ($7.38) per square foot of Floor Space of the Demised Premises.

(b) The Fixed Rent during the second five (5) years of the First Extended Period shall be at the then FMV but not less than the Fixed Rent (on a per square foot basis) paid by Tenant during the first five (5) years of the First Extended Period.

(c) The Fixed Rent during the Second Extended Period shall be at the then FMV but not less than the Fixed Rent paid by Tenant (on a per square foot basis) during the second (5) years of the First Extended Period.

(d) FMV shall be determined by mutual agreement of the parties. If the parties are unable to agree on the FMV within thirty (30) days of Tenant's exercise of its option, the parties shall choose a licensed Real Estate Appraiser who shall determine the FMV. The cost of said Real Estate Appraiser shall be borne equally by the parties. If the parties are unable to agree on a licensed Real Estate Appraiser within forty-five (45) days of Tenant's exercise of its option, each party shall select one Appraiser to appraise the FMV. All appraisals shall be rendered within thirty (30) days of appointment of the respective Appraiser appointed under this paragraph. If the difference between the two appraisals is 20% or less of the lower appraisal, then the FMV shall be the average of the two appraisals. If the difference between the two appraisals is greater than 20% of the lower appraisal, the two Appraisers shall select a third licensed Real Estate Appraiser to appraise the FMV. The FMV shall in such case be the average of the three appraisals. The cost of the third appraisal shall be borne equally by the parties.

(e) For purposes of this Article R2. (3), the parties agree that FMV shall be determined as the highest and best use for the Building, consistent with the Hudson County New Jersey Market within which it is situate, without consideration of (i) the leasehold improvements installed in the Demised Premises by Tenant, or (ii) the existence of the parking structure to be constructed pursuant to Exhibit C to the Lease.

4. Any termination, expiration, cancellation or surrender of this Lease shall terminate any right or option for the Extended Period(s) not yet exercised.

5. Landlord shall have the right, for thirty (30) days after receipt of notice of Tenant's election to exercise any option to extend the Term, to reject Tenant's election if Tenant gave such notice while Tenant was in default beyond the applicable notice and cure period in the performance of any of its obligations under the Lease, and such rejection shall automatically render Tenant's election to exercise such option null and void and of no effect.

6. The options provided herein to extend the Term of the Lease may not be severed from the Lease or separately sold, assigned or otherwise transferred.

R3. (a) It is the agreement of the parties pursuant to this Lease that The Children's Place Services Company, LLC ("CP") will lease premises at 2 Emerson Lane, Secaucus, New Jersey from Hartz Mountain Metropolitan (the " 2 Emerson Lane Lease" and the "2 Emerson Lane Premises"). In conjunction with the 2 Emerson Lane Lease, CP will vacate and surrender two (2)

premises it currently leases from an affiliate of Hartz Mountain Metropolitan, to wit, Hartz Mountain Associates, located at both 900 Secaucus Road, Secaucus, New Jersey (the "900 Secaucus Road Lease" and the "900 Secaucus Road Premises") and 915 Secaucus Road, Secaucus, New Jersey (the "915 Secaucus Road Lease" and the "915 Secaucus Road Premises"). The 2 Emerson Lane Lease shall commence on the Commencement Date of this Lease (as that term is defined in Article 1.01H above). The 900 Secaucus Road Lease and the 915 Secaucus Road Leases will terminate (subject to and conditioned upon the terms and conditions of two (2) separate Lease Termination Agreements with respect to each of the aforesaid premises which Lease Termination Agreement are being executed contemporaneously with this Lease) upon the later to occur of (i) the Commencement Date of this Lease (i.e. March 1, 2007), or (ii) the date CP vacates and surrenders the 900 Secaucus Road Premises and/or the 915 Secaucus Road Premises, respectively (the parties acknowledging there may be different dates of termination), by notice to Landlord to such effect. For purposes of this Article R2., Hartz Mountain Metropolitan and Hartz Mountain Associates shall sometimes hereinafter be collectively referred to as the "Hartz Landlords."

(b) In connection with the above, the Hartz Landlords and CP have agreed to cooperate in the marketing of both the 900 Secaucus Road Premises and the 915 Secaucus Road Premises with an eye towards the Hartz Landlords' re-letting each of those Buildings. Up through and including the time period ending on August 31, 2006, each party agrees to present all offers for a potential re-letting of either of the Buildings to the other, provided however (i) Landlord shall have final and absolute discretion on whether to accept any such offer, and (ii) up through and including August 31, 2006, Tenant shall have the right to reject any offer of re-letting regardless as to whether or not Landlord would otherwise accept such offer. Thereafter, all decisions with respect to the re-letting of the Buildings shall be in the sole and exclusive discretion of Landlord and Landlord shall have no obligation to share any such offers with Tenant. Each party agrees to act reasonably and in good faith in connection with the exercise of its rights hereunder. Tenant acknowledges that this lease is subject to the SNDA Contingency referenced in Article 9.2 of this Lease, and the Site Plan Contingency referenced in Exhibit C to this Lease. Tenant acknowledges and agrees that The Hartz Landlords shall be under no obligation to execute any lease for the 900 Secaucus Road Premises or the 915 Secaucus Road Premises until such time as the aforesaid contingencies have been satisfied or waived, or in the event the particular contingency has expired as a result of Tenant's failure to exercise any rights to terminate this Lease in a timely manner.

(c) In the event either (or both) the 900 Secaucus Road Premises or the 915 Secaucus Road Premises are re-let during the period from the termination of each of the respective leases through January 31, 2012 (the period from the termination of the leases through January 31, 2012 sometimes hereinafter referred to as the "Rent Credit Period"), Landlord agrees that Tenant may be entitled to a credit as against its Fixed Rent obligation (the "Fixed Rent Credit") hereunder as follows:

(i) As of December 31, 2007, Landlord will calculate whether the "net" Fixed Rent (as that term is defined below) collected by Landlord relative to either (or both) the 900 Secaucus Road Premises and the 915 Secaucus Road Premises from the date of termination of either or both of those leases through December 31, 2007 exceeds One Million One Hundred Fifty One Thousand Two Hundred and Sixty Six Dollars ($1,151,266.00)[calculated as

the product of the combined square footages of the 900 Secaucus Road Premises and the 915 Secaucus Road Premises (in total, 276,304 square feet) and Five Dollars ($5.00) per square foot and assuming a Commencement Date of March 1, 2007 (i.e., 10 months)]. The net Fixed Rent collected from the leasing of the 900 Secaucus Road Premises and/or the 915 Secaucus Road Premises from the termination of either or both of said Leases through December 31, 2007 in excess of $1,151,266.00 shall be referred to as the "Year One Excess Rent." Tenant shall be entitled to a credit as against the Fixed Rent to be paid by Tenant under this Lease in Calendar Year 2008 equal to the Year One Excess Rent, same to be amortized and applied on a monthly basis as against the monthly Fixed Rent payable by Tenant in 2008.

(ii) As of December 31, 2008, Landlord will calculate whether the "net" Fixed Rent collected by Landlord relative to either (or both) the 900 Secaucus Road Premises and the 915 Secaucus Road Premises from the date termination of either or both of those leases through December 31, 2008 exceeds Two Million Five Hundred Thirty Two Thousand Seven Hundred and Eighty Six Dollars ($2,532,786.00) [calculated as the product of the combined square footages of the 900 Secaucus Road Premises and the 915 Secaucus Road Premises and Five Dollars ($5.00) per square foot and assuming a Commencement Date of March 1, 2007 (i.e., 22 months)]. The net Fixed Rent collected from the leasing of the 900 Secaucus Road and/or the 915 Secaucus Road Premises from the termination of either or both of said Leases through December 31, 2008 in excess of $2,532,786.00 shall be referred to as the "Year Two Excess Rent." Tenant shall be entitled to a credit as against the Fixed Rent to be paid by Tenant in Calendar Year 2009 equal to the Year Two Excess Rent less any Year One Excess Rent previously credited, same to be amortized and applied on a monthly basis as against the monthly Fixed Rent payable by Tenant in 2009. In the event the Fixed Rent collected by Landlord relative to the 900 Secaucus Road Premises and/or the 915 Secaucus Road Premises as of December 31, 2008 is less than $2,532,786.00, Tenant shall pay Landlord, within twenty (20) days of Landlord's invoice therefore, an amount which represents the shortfall (i.e. difference) between the net Fixed Rent collected by Landlord from 900 Secaucus Road and 915 Secaucus Road from the termination of either or both those Leases through December 31, 2008 and $2,532,786.00, up to a maximum amount of the Year One Excess Rent (the "Shortfall Payment").

(iii) As of December 31, 2009, Landlord will calculate whether the "net" Fixed Rent collected by Landlord relative to either (or both) the 900 Secaucus Road Premises and the 915 Secaucus Road Premises from the termination date of either or both of those leases through December 31, 2009 exceeds Three Million Nine Hundred Fourteen Thousand Three Hundred and Six Dollars ($3,914,306.00) [calculated as the product of the combined square footages of the 900 Secaucus Road Premises and the 915 Secaucus Road Premises and Five Dollars ($5.00) per square foot and assuming a Commencement Date of March 1, 2007 (i.e., 34 months)]. The net Fixed Rent collected from the leasing of the 900 Secaucus Road Premises and/or 915 Secaucus Road

Premises from the termination of either or both of said Leases through December 31, 2009 in excess of $3,914,306.00 shall be referred to as the "Year Three Excess Rent." Tenant shall be entitled to a credit as against the Fixed Rent to be paid by Tenant under this Lease in Calendar Year 2010 equal to the Year Three Excess Rent less any Year One Excess Rent and Year Two Excess Rent previously credited, same to be amortized and applied on a monthly basis as against the monthly Fixed Rent payable by Tenant in 2010. In the event the Fixed Rent collected by Landlord relative to the 900 Secaucus Road Premises and/or the 915 Secaucus Road Premises as of December 31, 2009 is less than $3,914,306.00, Tenant shall pay Landlord, within twenty (20) days of Landlord's invoice therefore, an amount which is equal to the shortfall (i.e. difference) between the net Fixed Rent collected by Landlord from the 900 Secaucus Road Premises and the 915 Secaucus Road Premises from the termination of either or both those Leases through December 31, 2009 and $3,914,306.00, up to a maximum amount equal to the sum of the Year One Excess Rent and the Year Two Excess Rent, but less any Shortfall Payment previously made pursuant to subparagraph (ii) above.

(iv) As of December 31, 2010, Landlord will calculate whether the "net" Fixed Rent collected by Landlord relative to either (or both) the 900 Secaucus Road Premises and the 915 Secaucus Road Premises from the termination date of either or both of those leases through December 31, 2010 exceeds Five Million Two Hundred Ninety Five Thousand Eight Hundred and Twenty Six Dollars ($5,295,826.00) [calculated as the product of the combined square footages of the 900 Secaucus Road Premises and the 915 Secaucus Road Premises and Five Dollars ($5.00) per square foot and assuming a Commencement Date of March 1, 2007(i.e., 46 months)]. The net Fixed Rent collected from the leasing of the 900 Secaucus Road Premises and/or 915 Secaucus Road Premises from the termination of either or both of said Leases through December 31, 2010 in excess of $5,295,826.00 shall be referred to as the "Year Four Excess Rent." Tenant shall be entitled to a credit as against the Fixed Rent to be paid by Tenant under this Lease in Calendar Year 2011 equal to the Year Four Excess Rent less any Year One Excess Rent and Year Two Excess Rent and Year Three Excess Rent previously credited, same to be amortized and applied on a monthly basis as against the monthly Fixed Rent payable by Tenant in 2011. In the event the Fixed Rent collected by Landlord relative to the 900 Secaucus Road Premises and/or the 915 Secaucus Road Premises as of December 31, 2010 is less than $5,295,826.00, Tenant shall pay Landlord, within twenty days of Landlord's invoice therefore, an amount equal to the shortfall between the net Fixed Rent collected by Landlord from the 900 Secaucus Road Premises and the 915 Secaucus Road Premises from the

termination of either or both those Leases through December 31, 2010 and $5,295,826, up to a maximum amount equal to the sum of the Year One Excess Rent and the Year Two Excess Rent and the Year Three Excess Rent, but less any Shortfall Payment previously made pursuant to subparagraphs (ii) and (iii) above.

(v) As of December 31, 2011, Landlord will calculate whether the "net" Fixed Rent collected by Landlord relative to either (or both) the 900 Secaucus Road Premises and the 915 Secaucus Road Premises from the termination date of either or both of those leases through December 31, 2011 exceeds Six Million Six Hundred Seventy Seven Thousand Three Hundred and Forty Six Dollars ($6,677,346.00) [calculated as the product of the combined square footages of the 900 Secaucus Road Building and the 915 Secaucus Road Building and Five Dollars ($5.00) per square foot and assuming a Commencement Date of March 1, 2007(i.e., 58 months)]. The net Fixed Rent collected from the leasing of the 900 Secaucus Road Premises and/or the 915 Secaucus Road Premises from the termination of either or both of said Leases through December 31, 2011 in excess of 6,677,346.00 shall be referred to as the "Year Five Excess Rent." Tenant shall be entitled to a credit as against the Fixed Rent to be paid by Tenant under this Lease in Calendar Year 2012 equal to the Year Five Excess Rent less any Year One Excess Rent and Year Two Excess Rent and Year Three Excess Rent and Year Four Excess Rent previously credited, same to be amortized and applied on a monthly basis as against the monthly Fixed Rent payable by Tenant in 2012. In the event the Fixed Rent collected by Landlord relative to the 900 Secaucus Road Premises and/or the 915 Secaucus Road Premises as of December 31, 2011 is less than $6,677,346.00, Tenant shall pay Landlord, within twenty days of Landlord's invoice therefore, an amount equal to the shortfall between the net Fixed Rent collected by Landlord from the 900 Secaucus Road Premises and the 915 Secaucus Road Premises from the termination of either or both those Leases through December 31, 2011 and $6,677,346, up to a

maximum amount of equal to the sum of the Year One Excess Rent and the Year Two Excess Rent and the Year Three Excess Rent and the Year Four Excess Rent less any Shortfall Payment previously make pursuant to subparagraphs (ii), (iii) and (iv) above.

(vi) As of January 31, 2012, Landlord will calculate whether the "net" Fixed Rent collected by Landlord relative to either (or both) the 900 Secaucus Road Premises and the 915 Secaucus Road Premises from the termination of either or both of those leases through January 31, 2012 exceeds Six Million Seven Hundred Ninety Two Thousand Four Hundred and Seventy Three Dollars ($6,792,473.00)[calculated as the product of the combined square footages of the 900 Secaucus Road Premises and the 915 Secaucus Road Premises and Five Dollars ($5.00) per square foot and assuming a Commencement Date of March 1, 2007 (i.e., 59 months)]. The net Fixed Rent collected from the leasing of the 900 Secaucus Road Premises and/or

the 915 Secaucus Road Premises from the termination of either or both of said Leases through December 31, 2012 in excess of $6,792,473.00 shall be referred to as the "Year Six Excess Rent." Tenant shall be entitled to a credit as against the Fixed Rent to be paid by Tenant under this Lease in year 2013 equal to the Year Six Excess Rent less any Year One Excess Rent and Year Two Excess Rent and Year Three Excess Rent and Year Four Excess Rent and Year Five Excess Rent previously credited, same to be amortized and applied on a monthly basis as against the monthly Fixed Rent payable by Tenant in 2013. In the event the Fixed Rent collected by Landlord relative to the 900 Secaucus Road Premises and/or the 915 Secaucus Road Premises as of January 31, 2012 is less than $6,792,473.00, Tenant shall pay Landlord, within twenty days of Landlord's invoice therefore, an amount equal to the shortfall between the net Fixed Rent collected by Landlord from 900 Secaucus Road Premises and 915 Secaucus Road Premises from the termination of either or both those Leases through January 31, 2012 and $6,792,473.00, up to a maximum amount of the sum of the Year One Excess Rent and the Year Two Excess Rent and the Year Three Excess Rent and the Year Four Excess Rent and the Year Five Excess Rent less any Shortfall Payment previously made pursuant to subparagraph (ii), (iii), (iv) and (v) above.

The "net" Fixed Rent as that term is utilized in this Article R.3 shall mean the net Fixed Rent received by Hartz Mountain Associates after deduction for all costs incurred by Hartz Mountain Associates in connection with such re-letting, including, but not limited to, reasonable legal fees and expenses, cost of work to be performed or work allowance provided, and the value of any "free" rent period (but not including brokerage fees). The amortization of such costs will be calculated on a monthly basis over the Term of the Lease (not including any options) at an annual interest rate of seven percent (7%). It is expressly agreed that the Fixed Rent Credit shall only apply with respect to Excess Rents received during the Rent Credit Period. Further, and notwithstanding anything herein contained to the contrary, it is expressly agreed and understood by the parties hereto that in no event shall the Fixed Rent Credit be such that the Fixed Rent to be paid by Tenant under this Lease is less than the Fixed Rent(s) per square foot of Floor Space of the Demised Premises set forth on the Schedule of Fixed Rent "Floor Amount" detailed on Exhibit G annexed hereto (for example, in the first year of the Term, the Rent Credit may not reduce the Fixed Rent to be paid by Tenant below $5.00 per square foot of Floor Space. In year two (2), the "Floor" will be $5.15 per square foot of Floor Space; in year three (3), the "Floor" will be $5.30 per square foot of Floor Space; in year four (4), the "Floor" will be $5.46 per square foot of Floor Space and in year five (5), the "Floor" will be $5.63 per square foot of Floor Space.

R4. Intentionally Omitted.

R5. Provided (i) Tenant is not then in default of this Lease, and (ii) Tenant has not assigned this Lease (to other than a Permitted Assignee) or sublet the Demised Premises, Tenant acknowledging and agreeing that the rights contained herein are personal to the named Tenant (and any Permitted Assignee) (for purposes of this Article R3, the term "Tenant" is intended to include any "Permitted Assignee"), Landlord agrees that during the Term, prior to entering into any new

lease with a prospective tenant for the remaining 37,299 square feet of Floor Space in the Building (herein the "RFO Space"), Landlord shall first notify Tenant in writing of the availability of such space and the terms upon which it is prepared to lease such space ("Landlord's RFO Notice"). It is agreed between the parties hereto that the Term of the RFO Space shall run coterminously with the term of the Lease for the Demised Premises and that the Fixed Rent for the RFO Space shall be at the rate which is the greater of (i) FMV (as that term is defined in Article R2 above) (with annual escalations comparable to those set forth in Exhibit F to this Lease), or (ii) the then Fixed Rent being paid by Tenant under this Lease (as same is annually escalated as set forth in Exhibit F to this Lease). Tenant will have ten (10) business days from receipt of Landlord's RFO Notice to exercise its right to lease such space on the terms set forth in Landlord's RFO Notice. To the extent that Tenant rejects Landlord's offer and the offered RFO Space is not leased within six (6) months, or to the extent that any business terms of the RFO Space, as stated in Landlord's RFO Notice, are materially modified, the RFO Space shall be required to be re-offered to Tenant. If Tenant shall notify Landlord in writing of its election to enter into such lease as tenant for the RFO Space within the said ten (10) business day period, Landlord shall deliver and Tenant shall execute a modification of this Lease incorporating the RFO Space which was the subject of Landlord's RFO Notice into the Demised Premises. Time is of the essence with respect to Tenant's exercise of its right of first offer hereunder.

(b) If Tenant shall not elect to lease the RFO Premises referred to in Landlord's Notice within the ten (10) business day period following Landlord's RFO Notice then, Landlord may thereafter enter into and deliver a lease for such RFO Space free of the restrictions herein stated, without again being required to offer the same to Tenant.

(c) This right of first offer so granted to Tenant shall terminate and become null and void upon the expiration or sooner termination of this Lease.

HARTZ MOUNTAIN METROPOLITAN
("Landlord")
By: HARTZ MOUNTAIN INDUSTRIES, INC.
("general partner")

By: /S/ IRWIN A. HOROWTIZ
Irwin A. Horowitz
Executive Vice President

THE CHILDREN'S PLACE SERVICES COMPANY, LLC
("Tenant")

By: /S/ NEAL GOLDBERG
Neal Goldberg
President

By: /S/ STEVEN BALASIANO
Steven Balasiano
Senior Vice President-General Counsel

Exhibit C

Workletter

I.

A. Landlord has provided to Tenant schematic architectural drawings (the "Preliminary Architectural Drawings") depicting a parking garage (the "Parking Garage") to be constructed by Landlord, or Tenant, as the case may be, consistent with the provisions of this Exhibit C. The Preliminary Architectural Drawings have been submitted to Tenant in order that Tenant might evaluate the cost to construct the Parking Garage; it is expressly agreed and understood that the Preliminary Architectural Drawings shall at all times remain the property of Landlord and that should Tenant elect to construct the Parking Garage in accordance with the provisions of this Exhibit C, then Tenant shall be required to engage licensed professionals to prepare all necessary architectural and engineering drawings and specifications (which drawings and specifications shall be subject to Landlord's prior review and approval) for the construction of the Parking Garage.

B. Within fourteen (14) days of date of full execution and delivery of this Lease (the date of full execution and delivery of this Lease shall hereinafter be referred to as the "Execution Date"), time being of the essence, Tenant shall advise Landlord if Tenant requests any changes to the proposed façade of the Parking Garage as depicted in the Preliminary Architectural Drawings.

C. On or prior to the date which is six (6) weeks from the Execution Date, Landlord will deliver to Tenant a budget setting forth Landlord's estimated cost to design, engineer and construct the Parking Garage (inclusive of a 2.5 % profit, overhead and administrative charge) as well as an estimate of the cost to be incurred by Landlord to obtain all permits and approvals necessary to construct the Parking Garage ("Landlord's Budget). (The date that Landlord delivers Landlord's Budget to Tenant shall be hereinafter be referred to as the "Landlord's Budget Delivery Date"). It is expressly agreed and understood by the parties hereto that the Landlord's Budget represents a good faith estimate of the cost to design, engineer and construct the Parking Garage (as well as the cost of all permits and approvals necessary to construct the Parking Garage); it is not intended to nor should Landlord's Budget be construed to represent the actual cost of the design, engineering and construction of the Parking Garage (as well as the cost of all permits and approvals necessary to construct the Parking Garage).

D. On or prior to the date which is the later of (a) seven (7) days from Landlord's Budget Delivery Date or (b) seven (7) weeks from the Execution Date, Tenant shall be obligated to advise Landlord, by notice to that effect, whether (i) Tenant desires that Landlord construct the Parking Garage in accordance with the terms and conditions of this Exhibit C, or (ii) Tenant shall construct the Parking Garage in accordance with the terms and conditions of this Exhibit C. Time shall be of the essence in connection with Tenant's delivery of notice in accordance with this paragraph; Tenant's failure to so notify Landlord within the seven (7) day period referenced herein shall be deemed to be an election, by Tenant, that Landlord construct the Parking Garage.

E. Regardless of the party that constructs the Parking Garage, the following provisions shall apply:

(i) The Parking Garage will be engineered and constructed consistent with the Preliminary Architectural Drawings. It is intended that the Parking Garage will be a pre-cast concrete structure and accommodate approximately 500 cars;

(ii) The Parking Garage will be constructed in the location depicted on the attached Exhibit C-1;

(iii) The Parking Garage will be constructed using new materials (which materials will not contain asbestos or other materials/substances that are considered hazardous or toxic by applicable Legal Requirements) and in accordance with all applicable Legal Requirements.

F. In the event Landlord constructs the Parking Garage, the following shall apply:

(i) Landlord shall warrant the construction of the Parking Garage for a period of one (1) year from its completion. In the event it is determined that there is a construction defect related to the Landlord's construction of Parking Garage during said one (1) year warranty period, and such construction defect is not the result of the act, omission, or negligence of Tenant, its agents, representatives, employees, or contractors, then, Landlord shall repair such defect at Landlord's sole cost and expense. In the event such defect is determined to be the result of the act, omission or negligence of Tenant, or its agents, representatives, employees or contractors, Tenant shall repair such defect at Tenant's sole cost and expense.

(ii) Landlord shall provide Tenant with a construction schedule (the "Construction Schedule") (a copy of which is annexed hereto as Exhibit C-2) for the construction of the Parking Garage. During the construction of the Parking Garage, Landlord shall advise Tenant if the overall progress of the construction deviates significantly from the Construction Schedule, and in such event, Landlord shall provide Tenant with updated construction schedules, as necessary, to reflect any such change.

(iii) Tenant shall pay Landlord, as an Additional Charge hereunder, all of Landlord's hard and soft costs to design, engineer and construct the Parking Garage (including, but not limited to, the cost and expense incurred by Landlord to obtain all approvals necessary to construct the Parking Garage; collectively, all said costs shall sometimes hereinafter be referred to as the "Landlord's Parking Garage Costs"). Landlord shall submit invoices to Tenant for partial payments (and, ultimately, final payment) as against the Landlord's Parking Garage Costs based upon Landlord's completion of various milestone progress events set forth on Landlord's Construction Payment Schedule, a copy of which is annexed hereto as Exhibit C-3. Those milestone progress events are: Notice to Proceed, Completion of Foundations, Completion of Superstructures, and Completion of Construction. (For example, upon delivery of Notice to Proceed, Tenant shall be invoiced for and shall pay Landlord 15% of Landlord's Parking Garage Costs; payment shall continue consistent with Exhibit C-3). Tenant shall pay any such invoice within twenty (20)

days of receipt thereof. Tenant's failure to make payment of any amounts due under this Exhibit C shall be deemed a default of this Lease. In addition to any rights and remedies to which Landlord shall be entitled under this Lease, Tenant expressly agrees and acknowledges that Landlord's damages for Tenant's breach of this provision shall include, but not be limited to, at Landlord's option, Landlord's cost to either (i) complete construction of the Parking Garage (inclusive of the 2.5% profit, overhead and administrative charge), or (ii) remove the Parking Garage and restore the area where the Parking Garage was being constructed to the condition that existed prior to the commencement of the construction of the Parking Garage.

(iv) The parties agree that any material changes to the design and/or scope of the Parking Garage as is otherwise set forth in the Preliminary Architectural Drawings (with concomitant change in price, if any) shall only be made by Change Order or similar such written document executed by both Landlord and Tenant.

(v) Upon execution and delivery of this Lease (or prior to such time if Landlord so elects), Landlord shall proceed to obtain the requisite site plan approval (the "Site Plan Approval") for the construction of the Parking Garage. In the event Landlord has not received Site Plan Approval by the date which is ninety (90) days from the Execution Date, Tenant shall have the right, but not the obligation, to terminate this Lease ("Tenant's First Termination Option") by delivery of written notice to Landlord to that effect on or prior to the date which is ninety five (95) days from the Execution Date, time being of the essence; in such event, but subject to the following sentence, the rights and obligation of the parties under this Lease shall be null and void and without further force and effect. Notwithstanding anything contained in the previous sentence to the contrary, and notwithstanding the Tenant's exercise of Tenant's First Termination Option, Landlord shall have the right to void Tenant's exercise of Tenant's First Termination Option if Landlord provides Tenant with documentation on or prior to the date which is one hundred (100) days from the Execution Date, to the effect that (i) Landlord is proceeding diligently to obtain the Site Plan Approval, and (ii) Landlord expects to obtain Site Plan Approval within one hundred twenty (120) days from the Execution Date. Should Landlord not be able to obtain Site Plan Approval within one hundred twenty (120) days from the Execution Date, Tenant shall once again have the right to terminate this Lease ("Tenant's Second Termination Option") by notice to Landlord to that effect within one hundred twenty five (125) days from the Execution Date (with no further right of extension by Landlord), time being of the essence in connection with Tenant's exercise of its rights hereunder. This provision shall sometimes hereinafter be referred to as the "Site Plan Contingency." In the event (i) Tenant exercises Tenant's First Termination Option and Landlord does not exercise its right to void the First Termination Option, or (ii) if Landlord exercises its right to void Tenant's First Termination Option, and Landlord does not deliver Site Plan Approval to Tenant within one hundred twenty (120) days of the Execution Date, such that Tenant exercises Tenant's Second Termination Option, (i.e. in either event, this Lease becomes null and void) then the Lease Termination Agreements executed by and between Landlord's affiliate, Hartz Mountain Associates and Tenant with respect to

the 900 Secaucus Road Lease and the 915 Secaucus Road Lease shall be deemed rescinded and rendered null and void, and the 900 Secaucus Road Lease and the 915 Road Lease shall be deemed in full force and effect. The parties shall execute such documentation as is reasonably necessary to memorialize the validity of the 900 Secaucus Road Lease and the 915 Secaucus Road Lease upon request of either party. In the event Landlord delivers Site Plan Approval to Tenant within ninety (90) days of the Execution Date (or 120 days from the Execution Date, as the case may be consistent with this subparagraph v), the Site Plan Contingency shall be deemed satisfied.

G. It is anticipated that the construction of the Parking Garage shall be completed by March 1, 2007. If the Parking Garage is not completed by March 1, 2007, and Landlord is constructing the Parking Garage, Landlord agrees to provide Tenant with access to parking spaces in the Harmon Cove Outlet Center parking lot across the street from the Building until the Parking Garage has been completed. If the Parking Garage is not completed by March 1, 2007, and Tenant is constructing the Parking Garage, then, provided that Tenant is acting in a diligent manner to construct and complete the Parking Garage, Landlord agrees to provide Tenant with access to parking spaces in the Harmon Cove Outlet Center parking lot across the street from the Building for the period up through and including June 1, 2007, at which time Tenant shall no longer have access to such spaces.

H. In the event Tenant elects to construct the Parking Garage, same shall be performed at Tenant's sole cost and expense. In such event, Landlord shall have no obligation to build the Parking Garage and the Lease shall be deemed amended accordingly. The construction of the Parking Garage by Tenant shall be deemed to be an element of Tenant's Work and as such, shall proceed in accordance with Article 5.01(b)(i)) of the Lease, including, but not limited to, Tenant's compliance with the requirement that it submit plans and specifications for the Parking Garage to Landlord for Landlord's prior review and approval. On or prior to the commencement of construction of the Parking Garage, Tenant shall provide Landlord with a budget prepared by a licensed engineer and/or architect, which budget shall set forth the Tenant's cost to construct the Parking Garage, and at Landlord's request, Tenant shall provide Landlord with a Letter of Credit, or other such security reasonably satisfactory to Landlord to cover the cost of building the Parking Garage (the "Parking Garage Security"). In the event Tenant fails to complete all or any portion of the Parking Garage, such conduct shall be deemed a default of this Lease, and Landlord shall have recourse to the Parking Garage Security (in addition to all other remedies provided by this Lease and by law) in order that Landlord might, at its sole discretion, either a) complete the construction of the Parking Garage, or b) to remove the Parking Garage and restore the area where the Parking Garage was to be constructed to its original condition. Upon satisfactory completion of the Parking Garage (or removal of the Parking Garage and restoration of the area within which it was to be constructed, as the case may be), Landlord shall return the remaining Parking Garage Security, if any, to Tenant. In the event Tenant elects to construct the Parking Garage, Tenant shall also be responsible to pay Landlord for all hard and soft costs incurred by Landlord in connection with the preliminary design and engineering of the Parking Garage [including, but not limited to, the costs necessary to create the Preliminary Architectural Drawings and the Landlord's Budget (which shall include, but not be limited to, the cost to conduct soil boring tests required to create Landlord's Budget)], as well as all reasonable costs incurred by Landlord to obtain the permits and approvals,

including but not limited to, site plan approval, necessary to construct the Parking Garage. Landlord shall submit an invoice for such costs and expenses, accompanied by reasonable back-up documentation, after receiving notice that Tenant intends to build the Parking Garage, and Tenant shall be obligated to pay such charges within twenty (20) days of receipt of such invoice.

II.

Landlord shall provide Tenant with an allowance (the "Workletter Allowance") in the amount of Eighty Thousand Dollars ($80,000) as against Tenant's cost to ready the Demised Premises for its occupancy. Landlord shall pay Tenant the Workletter Allowance, in whole or in part, upon receipt of invoices from Tenant depicting work performed by Tenant in and to the Demised Premises (with reasonable back up documentation in support of such expenditures) as well as lien waivers from Tenant's general contractor as well any subcontractor(s) supplying goods or services in excess of $5000 forming part of the subject invoice.

Exhibit D - - Rules and Regulations

MULTI-WAREHOUSE
RULES AND REGULATIONS

1. The rights of each tenant in the entrances, corridors, elevators and escalators servicing the Building are limited to ingress and egress from such tenant's premises for the tenant and its employees, licensees and invitees, and no tenant shall use, or permit the use of, the entrances, corridors, escalators or elevators for any other purpose. No tenant shall invite to the tenant's premises, or permit the visit of, persons in such numbers or under such conditions as to interfere with the use and enjoyment of any of the plazas, entrances, corridors, escalators, elevators and other facilities of the Building by any other tenants. Fire exits and stairways are for emergency use only, and they shall not be used for any other purpose by the tenants, their employees, licensees or invitees. No tenant shall encumber or obstruct, or permit the encumbrance or obstruction of, any of the sidewalks, plazas, entrances, corridors, escalators, elevators, fire exits or stairways of the Building. Landlord reserves the right to control and operate the public portions of the Building and the public facilities, as well as facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally.

2. Landlord may refuse admission to the Building outside of Business Hours on Business Days to any person not known to the watchman in charge, or not having a pass issued by Landlord or the tenant whose premises are to be entered, or not otherwise properly identified, and Landlord may require all persons admitted to or leaving the Building outside of Business Hours on Business Days to provide appropriate identification. Tenant shall be responsible for all persons for whom it issues any such pass and shall be liable to Landlord for all acts or omissions of such persons. Any person whose presence in the Building at any time shall, in the judgment of Landlord, be prejudicial to the safety, character or reputation of the Building or of its tenants may be denied access to the Building or may be ejected therefrom. During any invasion, riot, public excitement or other commotion, Landlord may prevent all access to the Building by closing the doors or otherwise for the safety of the tenants and protection of property in the Building.

3. No tenant shall obtain or accept for use in its premises ice, drinking water, food, beverage, towel, barbering, bootblacking, floor polishing, cleaning or other similar services from any persons not authorized by Landlord in writing to furnish such services, provided that the charges for such services by persons authorized by Landlord are comparable to similar charges in other comparable buildings in Hudson County. Such services shall be furnished only at such hours, and under such reasonable regulations, as may be fixed by Landlord from time to time.

4. The cost of repairing any damage to the public portions of the Building or the public facilities or to any facilities used in common with other tenants, caused by a tenant or its employees, licensees or invitees, shall be paid by such tenant.

5. No awnings or other projections shall be attached to the outside walls of the Building. No curtains, blinds, shades or screens shall be attached to or hung in, or be used in connection with, any window or door of the premises of any tenant, without the prior written consent of Landlord. Such curtains, blinds, shades or screens must be of a quality, type, design and color, and attached in the manner approved by Landlord.

6. No lettering, sign, advertisement, notice or object shall be displayed in or on the windows or doors, or on the outside of any tenant's premises, or at any point inside any tenant's premises where the same might be visible outside of such premises, without the prior written consent of Landlord. In the event of the

violation of the foregoing by any tenant, Landlord may remove the same without any liability, and may charge the expense incurred in such removal to the tenant violating this rule. Interior signs, elevator cab designations and lettering on doors and the Building directory shall, if and when approved by Landlord, be inscribed, painted or affixed for each tenant by Landlord at the expense of such tenant, and shall be of a size, color and style acceptable to Landlord.

7. The sashes, sash doors, skylights, windows and doors that reflect or admit light and air into the halls, passageways or other public places in the Building shall not be covered or obstructed by any tenant, nor shall any bottles, parcels or other articles be placed on the window sills or on the peripheral air conditioning enclosures, if any.

8. No showcase or other articles shall be put in front of or affixed to any part of the exterior of the Building, nor placed in the halls, corridors or vestibules.

9. Linoleum, tile or other floor covering shall be laid in a tenant's premises only in a manner first approved in writing by Landlord.

10. No tenant shall mark, paint, drill into, or in any way deface any part of its premises or the Building. No boring, cutting or stringing of wires shall be permitted, except with the prior written consent of Landlord, and as Landlord may direct.

11. No bicycles, vehicles, animals, fish or birds of any kind shall be brought into or kept in or about the premises of any tenant of the Building.

12. No noise, including, but not limited to, music or the playing of musical instruments, recordings, radio or television, which, in the judgment of Landlord, might disturb other tenants in the Building, shall be made or permitted by any tenant. Nothing shall be done or permitted in the premises of any tenant which would impair or interfere with the use or enjoyment by any other tenant of any other space in the Building.

13. No tenant, nor any tenant's contractors, employees, agents, visitors or licensees, shall at any time bring into or keep upon the premises or the Building any inflammable, combustible, explosive or otherwise dangerous fluid, chemical or substance.

14. Additional locks or bolts of any kind which shall not be operable by the grand master key for the Building shall not be placed upon any of the doors or windows by any tenant, nor shall any changes be made in locks or the mechanism thereof which shall make such locks inoperable by said grand master key. Additional keys for a tenant's premises and toilet rooms shall be procured only from Landlord who may make a reasonable charge therefor. Each tenant shall, upon the termination of its tenancy, turn over to Landlord all keys of stores, offices and toilet rooms, either furnished to, or otherwise procured by, such tenant, and in the event of the loss of any keys furnished by Landlord such tenant shall pay to Landlord the cost thereof.

15. All removals, or the carrying in or out of any safes, freight, furniture, packages, boxes, crates or any other object or matter of any description must take place during such hours and in such elevators and in such manner as Landlord or its agent may determine from time to time. The persons employed to move safes and other heavy objects shall be reasonably acceptable to Landlord and, if so required by law, shall hold a master rigger's license. Arrangements will be made by Landlord with any tenant for moving large quantities of furniture and equipment into or out of the Building. All labor and

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engineering costs incurred by Landlord in connection with any moving specified in this rule, shall be paid by Tenant to Landlord, on demand.

16. Landlord reserves the right to inspect all objects and matter to be brought into the Building and to exclude from the Building all objects and matter which violate any of these Rules and Regulations or this Lease. Landlord may require any person leaving the Building with any package or other object or matter to submit a pass, listing such package or object or matter, from the tenant from whose premises the package or object or matter is being removed, but the establishment and enlargement of such requirement shall not impose any responsibility on Landlord for the protection of any tenant against the removal of property from the premises of such tenant. Landlord shall in no way be liable to any tenant for damages or loss arising from the admission, exclusion or ejection of any person to or from the premises or the Building under the provisions of this RULE or of RULE 2 hereof.

17. No tenant shall occupy or permit any portion of its premises to be occupied as an office for a public stenographer or public typist, or for the possession, storage, manufacture, or sale of liquor, narcotics, tobacco in any form, or as a barber, beauty or manicure shop, or as a school. No tenant shall use its premises or any part thereof to be used for manufacturing, or the sale at retail or auction of merchandise, goods or property of any kind.

18. Intentionally omitted.

19. Landlord shall have the right to prescribe the weight and position of safes and other objects of excessive weight, and no safe or other object whose weight exceeds the lawful load for the area upon which it would stand shall be brought into or kept upon any tenant's premises. If, in the judgment of Landlord, it is necessary to distribute the concentrated weight of any heavy object, the work involved in such distribution shall be done at the expense of the tenant and in such a manner as Landlord shall determine.

20. No machinery or mechanical equipment other than ordinary portable business machines may be installed or operated in any tenant's premises without Landlord's prior written consent, and in no case (even where the same are of a type so excepted or as so consented to by Landlord) shall any machines or mechanical equipment be so placed or operated as to disturb other tenants; but machines and mechanical equipment which may be permitted to be installed and used in a tenant's premises shall be so equipped, installed and maintained by such tenant as to prevent any disturbing noise, vibration or electrical or other interference from being transmitted from such premises to any other area of the Building.

21. Landlord, its contractors, and their respective employees, shall have the right to use, without charge therefor all light, power and water in the premises of any tenant while cleaning or making repairs or alterations in the premises of such tenant.

22. No premises of any tenant shall be used for lodging or sleeping or for any immoral or illegal purpose.

23. The requirements of tenants will be attended to only upon application at the office of the Building. Employees of Landlord shall not perform any work or do anything outside of their regular duties, unless under special instructions from Landlord.

24. Canvassing, soliciting and peddling in the Building are prohibited and each tenant shall cooperate to prevent the same.

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25. No tenant shall cause or permit any unusual or objectionable odors to emanate from its premises which would annoy other tenants or create a public or private nuisance. No cooking shall be done in the premises of any tenant except as is expressly permitted in such tenant's Lease.

26. Nothing shall be done or permitted in any tenant's premises, and nothing shall be brought into or kept in any tenant's premises, which would impair or interfere with any of the Building's services or the proper and economic heating, cleaning or other servicing of the Building or the premises, or the use or enjoyment by any other tenant of any other premises nor shall there be installed by any tenant any ventilating, air-conditioning, electrical or other equipment of any kind which, in the judgment of Landlord, might cause any such impairment or interference.

27. No acids, vapors or other materials shall be discharged or permitted to be discharged into the waste lines, vents or flues of the Building which may damage them. The water and wash closets and other plumbing fixtures in or serving any tenant's premises shall not be used for any purpose other than the purposes for which they were designed or constructed, and no sweepings, rubbish, rags, acids or other foreign substances shall be deposited therein. All damages resulting from any misuse of the fixtures shall be borne by the tenants who, or whose servants, employees, agents, visitors or licensees shall have, caused the same. Any cuspidors or containers or receptacles used as such in the premises of any tenant or for garbage or similar refuse, shall be emptied, cared for and cleaned by and at the expense of such tenant.

28. All entrance doors in each tenant's premises shall be left locked and all windows shall be left closed by the tenant when the tenant's premises are not in use. Entrance doors shall not be left open at any time. Each tenant, before closing and leaving its premises at any time, shall turn out all lights.

29. Hand trucks not equipped with rubber tires and side guards shall not be used within the Building.

30. All windows in each tenant's premises shall be kept closed, and all blinds therein above the ground floor shall be lowered as reasonably required because of the position of the sun, during the operation of the Building air-conditioning system to cool or ventilate the tenant's premises.

31. Landlord reserves the right to rescind, alter or waive any rule or regulation at any time prescribed for the Building when, in its judgment, it deems it necessary, desirable or proper for its best interest and for the best interests of the tenants, and no alteration or waiver of any rule or regulation in favor of one tenant shall operate as an alteration or waiver in favor of any other tenant. Landlord shall not be responsible to any tenant for the non-observance or violation by any other tenant of any of the rules and regulations at any time prescribed for the Building.

EXHIBIT E

[NAME AND ADDRESS OF ISSUING BANK]

[INSERT DATE]

IRREVOCABLE LETTER OF CREDIT NO. (insert number)

[Landlord]
[c/o Hartz Mountain Industries, Inc.]
400 Plaza Drive
Secaucus, New Jersey 07096-1515

Ladies and Gentlemen:

At the request and for the account of **[TENANT],** located at (hereinafter called "Applicant"), we hereby establish our Irrevocable Letter of Credit No. **[Insert number]** in your favor and authorize you and your assigns to draw on us up to the aggregate amount of US$ [TO BE INSERTED] available by your draft(s) at sight drawn on us and accompanied by the following:

> A statement signed to the effect of or similar to the following: "The drawer hereunder is entitled to draw upon this letter of credit pursuant to that certain lease agreement, dated [INSERT DATE], by and between [LANDLORD], as Landlord, and [TENANT], as Tenant (the "Lease")."

This Irrevocable Letter of Credit will be duly honored by us at sight upon delivery of the statement set forth above without inquiry as to the accuracy of such statement and regardless of whether Applicant disputes the content of such statement. Partial drawings against this Letter of Credit are permitted.

This Irrevocable Letter of Credit shall automatically renew itself for successive twelve (12) month periods from the date above, unless we notify you, by certified mail, return receipt requested, of our intention not to renew at least sixty (60) days prior to any annual renewal date.

This irrevocable Letter of Credit is transferable at no charge to any transferee of Landlord upon notice to the undersigned from you and such transferee.

Multiple draws on this Letter of Credit are permitted.

You shall have the right, at your option, to present a photocopy of this Letter of Credit in lieu of the original and we shall make payment hereunder as if the original were presented.

At your option, draw requests may be made in person, or by mail, or by courier service, including but not limited to FedEx, Airborne, or UPS.

At your option draw requests may be made by fax to the following fax number (or such other number as we may designate upon written notice to you):

Fax number for draws hereunder: [INSERT FAX NUMBER].

If the original of this Letter of Credit has been lost, stolen, mutilated or destroyed upon receipt of (a) in the case of loss, theft or destruction of this Letter of Credit, a certificate signed by an authorized officer of the beneficiary (who is identified as such) to such effect or (b) in the case of mutilation of this Letter of Credit. The mutilated Letter of Credit, we will issue a replacement Letter of Credit in your favor, dated the same date, bearing a new number, and in the same stated amount as, and with other provisions identical to, this Letter of Credit.

This undertaking is subject to The International Standby Practices 1998 (ISP98).

Upon receipt of the documents above described, we shall pay you as requested.

Very truly yours,

Name of Bank

Countersigned:

_____
Vice President

_____
Vice President

EXHIBIT F

SCHEDULE OF FIXED RENT

YEAR	PER SQUARE FOOT*
1	$7.53
2	$7.53
3	$7.53
4	$7.53
5	$7.53
6	$5.77
7	$5.91
8	$6.06
9	$6.21
10	$6.37
11	$6.56
12	$6.75
13	$6.96
14	$7.17
15	$7.38

* To determine Tenant's annual Fixed Rental, the Fixed Rent is multiplied by the Floor Space of the Demised Premises (on a per square foot basis).

EXHIBIT G

FIXED RENT FLOOR

YEAR	PER SQUARE FOOT
1	$5.00
2	$5.15
3	$5.30
4	$5.46
5	$5.63

EXHIBIT 10.2

OFFER LETTER DATED SEPTEMBER 15, 1995 WITH STEVEN BALASIANO.

Exhibit 10.2

September 15, 1995

Mr. Steven Balasiano
915 Secaucus Road
Secaucus, N.J. 07094

Dear Mr. Balasiano,

We are pleased to offer you the position of Vice President — General Counsel of The Children's Place Retail Stores, Inc.

The terms of your appointment are as follows:

1) Base salary will be $140,000 per annum with a review date of November 30 in each year.

2) You will be entitled to participate in the Executive bonus plan. Your percentage of base salary will be 20% and the plan is based on the operating income of the company. The details of this plan I will explain to you before you join the company.

3) You will receive a car allowance of a $8000 per annum payable monthly.

4) You will be entitled to participate in the company Life insurance and Medical plan. A copy of the company's plan is enclosed.

5) You will also be entitled to participate in the company's 401K plan. As mentioned to you this plan is currently being reviewed to incorporate a company matching.

6) The company will be introducing an option or Phantom option plan for the executive structure and you will be entitled to participate when this is introduced.

7) In the event that your employment is terminated without cause you would be entitled to 6 months severance.

Ezra and myself are truly looking forward to your joining the company and to you making a major contribution. You will be given every opportunity to expand your business experience and to fully comprehend the business of specialty retailing. As mentioned to you, your joining date would be around December 1, 1995 and we can discuss this nearer the date.

Would you please sign a copy of this letter and return to me.

Very best wishes,
THE CHILDREN'S PLACE RETAIL STORES, INC.

/S/ STAN SILVER
Stan Silver
Executive Vice President & Chief Operating Officer

/S/ STEVEN BALASIANO
Steven Balasiano

EXHIBIT 10.3

OFFER LETTER DATED MARCH 13, 2006 WITH SUSAN J. RILEY.

Exhibit 10.3

March 2, 2006

Ms. Susan J. Riley
915 Secaucus Road
Secaucus, NJ 07094

Dear Sue:

On behalf of The Children's Place Services Company, LLC it is my pleasure to confirm our offer of employment for the position of Senior Vice President, reporting to Ezra Dabah, Chief Executive Officer, with the expectation that you will assume the position of Chief Financial Officer shortly after the filing of the Company's 2005 Financial Statements (approximately March 29, 2006). Details of our offer are as follows:

EFFECTIVE DATE:	March 13, 2006
ANNUAL BASE SALARY:	$400,000
BONUS:	You will be eligible to participate in the Management Incentive Plan. Your targeted payout is 40% of your Annual Salary and is based on the Company's performance to profit goals.
401(k) PLAN:	Following 90 days of service, you will be eligible to participate in The Children's Place 401(k) Savings Plan.
OTHER COMPENSATION:	You will be eligible to participate in the Company's Long Term Compensation Plan and will receive an equity grant in the amount of 25,000 performance shares at target.
VACATION:	You will be entitled to four (4) weeks of vacation in every fiscal year, which begins February 1.
SEVERANCE:	In the event that your employment is terminated for any reason other than "Cause", the Company will make a payment to you in the amount equal to six (6) months of your base salary, less applicable payroll deductions. This sum will be paid on a bi-weekly basis pursuant to the Company's regular payroll practices. Receipt of the Company's payment is conditioned on execution of the Company's Severance Agreement and General Release of All Claims. "Cause" means (1) your failure to perform your material duties which you failed to remedy or cease within ten (10) business days after notice to

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	you; (2) any conduct, action or behavior that has or may reasonably be viewed to have a material adverse effect on the reputation or interests of the Company or its' parent and affiliates; (3) the commission of an act involving moral turpitude, dishonesty, fraud or the engagement in any other willful or intentional misconduct, whether or not in connection with your employment; or for an act constituting a felony under the laws of the United States or any state or political subdivision thereof.
CONFIDENTIALITY:	During your employment and thereafter, you shall not, without the prior written consent of the Company, disclose to anyone Confidential Information. "Confidential Information" shall include, without limitation, all information that is not known or available to the public concerning the business of the Company or any subsidiary relating to any of their products, product development, trade secrets, customers, suppliers, finances, and business plans and strategies.

Unless specifically stated in this letter, all terms and conditions of your employment are as provided by the policies and practices of The Children's Place Retail Stores, Inc. and its affiliated companies.

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

You have disclosed to us that you currently sit on the board of PJM Interconnection and have acknowledged that your first responsibility is to your duties at The Children's Place.

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

Sincerely,

/S/ STEVEN BALASIANO
Steven Balasiano
Senior Vice President, General Counsel And Chief Administrative Officer

Agreed and Accepted:

/S/ SUSAN J. RILEY

Sue Riley Date

EXHIBIT 10.4

SEVERANCE AGREEMENT AND RELEASE DATED APRIL 14, 2006 WITH MARIO CIAMPI.

Exhibit 10.4

SEVERANCE AGREEMENT AND RELEASE

This Severance Agreement and Release (the "Agreement") is made this 14th day of April, 2006 between Mario Ciampi (the "Employee") and The Children's Place Services Company, LLC, its parent and its direct and indirect affiliated corporations and other entities (collectively, the "Company").

1. Termination of Employment. The parties agree that the Employee's employment with the Company shall terminate effective April 30, 2006 (the "Separation Date").

2. Separation Payments and Options.

(a) In consideration for entering into this Agreement, the Company shall pay to the Employee the sum of Five Hundred Ten Thousand Dollars ($510,000), less legally required payroll deductions (the "Separation Payment"), which sum shall be paid to Employee in accordance with the Company's regular payroll practices in twenty-six bi-weekly installments commencing the first pay period following the Separation Date. Notwithstanding the above, the final separation payment under this Section 2 shall be made on or before April 13, 2007.

(b) The Company also agrees that the Transfer Restrictions under The Children's Place Retail Stores, Inc. Transfer Restriction Agreement dated January 27, 2006 (the "Transfer Restriction Agreement") shall lapse with respect to the Employee's vested options to acquire 30,400 shares of the Company at the strike prices set forth in Exhibit A, upon execution of this Agreement.

(c) The Company agrees that a total of 10,000 unvested stock options in the Company's common stock at a strike price of $37.655, scheduled to vest on April 29, 2007, shall be accelerated to vest on April 27, 2006. All other unvested stock options as of the Separation Date shall be null and void. The Employee shall have a period of ninety (90) days from the Separation Date to exercise all vested but unexercised stock options, if applicable, after which time all such unexercised stock options shall expire.

(d) The Company represents and warrants, and the Employee acknowledges, that the consideration paid to the Employee under this Agreement exceeds the amount the Employee would ordinarily be entitled to upon termination of the Employee's employment.

3. Other Benefits. Any and all other employment benefits received by the Employee shall terminate effective as of the Separation Date, except as follows:

(a) In the event that the Employee elects to continue medical, dental, and vision benefits through COBRA, the Company agrees to waive the applicable premium cost that Employee would otherwise be required to pay for continuation of the existing group health coverage provided to him and his family under Employer's medical and dental plans for a period of twelve (12) months or the date Employee commences full-time employment with another company that provides health benefits to Employee and his family which are comparable in

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coverage and benefits to the medical, dental and vision available to Employee and his family through COBRA, whichever date is sooner.

(b) The parties acknowledge that the Company is currently the lessee on a residence located in La Canada, California in which the Employee and his family currently resides. The Company agrees that Employee and his family shall be permitted to continue to reside in such residence and the Company will continue to pay the costs associated with the lease, including utilities charges, through June 30, 2006. Employee and his family shall vacate such premises not later than June 30, 2006. In addition, the Company agrees that any amounts paid by the Company pursuant to this Section 3(b) that is reported as income to the Employee shall be subject to a gross up of forty (40%) percent.

(c) The Company agrees to reimburse the Employee for all reasonable costs incurred by Employee, upon presentation of signed, itemized accounts or receipts of such expenditures, for Employee and his family to relocate from California to New York, which amount shall not exceed Twenty Thousand Dollars ($20,000), provided that Employee and his family relocate to New York not later than April 28, 2007.

(d) The Company agrees that, through June 30, 2006, Employee's personal mail, emails and telephone calls shall be re-directed to a mail, email address and telephone number as instructed by Employee.

(e) The Company agrees that Employee will be entitled to a lifetime employee discount at all Children's Place and Disney Stores.

4. Return of Company Property. The Company agrees that Employee shall retain his blackberry and laptop computer, provided that they shall each be scrubbed of any Company information. The Employee agrees to return to the Company all other Company property, including keys, locks, documents, records, identification cards, computer equipment, credit cards, and other materials and property of any type whatsoever that is the property of the Company. Such property shall be returned not later than the Separation Date.

5. Removal from Company Positions and Indemnification. The Company agrees that as of the Separation Date the Employee shall be removed from all positions held on behalf of the Company, its parents, subsidiaries and affiliated companies and any other related entities including, but not limited to, officer, director, agent, representative, trustee, administrator, fiduciary and signatory. In addition, with respect to all acts or omissions of Employee which occurred prior to the Separation Date, the Company agrees to continue to indemnify the Employee to the same extent that the Employee was indemnified prior to the Separation Date and that the Employee shall retain the benefit of all directors and officer liability insurance and coverage maintained by Employer, in accordance with the terms of such policy.

6. Consultation with Counsel and Voluntariness of Agreement.

(a) The Employee acknowledges that the Company has advised the Employee in writing to consult with an attorney prior to executing this Agreement. The Employee further acknowledges that, to the extent desired, the Employee has consulted with the Employee's own attorney in reviewing this Agreement, that the Employee has carefully read and

fully understands all the provisions of this Agreement, and that the Employee is voluntarily entering into this Agreement.

(b) The Employee further acknowledges that the Employee has had a period of at least twenty-one (21) days in which to consider the terms of this Agreement.

(c) The Employee acknowledges that the Employee has been informed in writing that the Employee has seven (7) calendar days following the execution of this Agreement to revoke it, and that such revocation must be in writing, hand delivered or sent via overnight mail and actually received by the Company within such period. It is specifically understood that this Agreement shall not be effective or enforceable until the seven-day revocation period has expired.

7. Confidentiality of Agreement; Non-Disparagement. The Employee agrees not to disclose the terms and conditions of this Agreement to any person or entity, except (a) to comply with this Agreement; (b) to the Employee's legal, financial or tax advisors, spouse, and to the Internal Revenue Service or any similar state or local taxation authority; or (c) as otherwise required by law. The Employee agrees that the Employee will not publicly or privately disparage the Company or The Walt Disney Company or any of their respective properties, products, services, affiliates, or current or former officers, directors, trustees, employees, agents, administrators, representatives or fiduciaries. The Company agrees that the Company's Chief Executive Officer, Ezra Dabah, will not publicly or privately disparage the Employee.

8. Confidential and Proprietary Information; Work Product.

(a) The Employee acknowledges that the Employee may possess certain confidential information, property or trade secrets of the Company ("Confidential Information") which would damage the Company if disclosed or used by the Employee. Accordingly, the Employee acknowledges a continuing duty of confidentiality to the Company and agrees that the Employee will not use or disclose Confidential Information to any person or entity or use the Confidential Information in any way. Confidential information shall include, but shall not be limited to, any of the following categories of documents that the Company identifies and protects internally as confidential information: (i) documentation or data contained in any files or any other records the Company may maintain; ii) statements regarding any matters made by any employees, officers, agents, representatives or attorneys of the Company at any meeting attended by the Employee or which the Employee may have heard or obtained knowledge of which may result in any detriment to the Company; (iii) actions taken or contemplated by the Company with respect to any of its operations, assets or employees; (iv) policies, practices, programs or plans contemplated, initiated or effectuated by the Company; (v) information obtained by the employee on behalf of the Company from The Walt Disney Company, its affiliates or representatives; and (vi) any other information, records or data of a private nature to the Company. Confidential Information shall not include information which is then in the public domain (so long as the Employee did not, directly or indirectly, cause or permit such information to enter the public domain). Notwithstanding the foregoing, nothing contained in this Paragraph 8 shall prevent Employee from disclosing Confidential Information if compelled to do so by legal process; provided, that Employee immediately notifies Employer if disclosure of Confidential Information is required by court order or other legal process to allow

Employer sufficient time to obtain a protective order or otherwise obtain the fullest protection permitted by applicable law. In addition, notwithstanding the foregoing, nothing contained in this Section 8 shall serve as a restraint or limitation upon the Employee from exercising the Employee's general knowledge and expertise in the Employee's field or from earning a livelihood in said field, so long as the Employee complies with the foregoing restrictions.

(b) Employee agrees that all copyrights, patents, trade secrets or other intellectual property rights associated with any ideas, concepts, techniques, inventions, processes, or works of authorship developed or created by him during his employment by the Company that (i) relate, whether directly or indirectly, to the Company's actual or anticipated business, research or development or (ii) are suggested by or as a result of any work performed by Employee on the Company's behalf, shall, to the extent possible, be considered works made for hire within the meaning of the Copyright Act (17 U.S.C. § 101 et. seq.) (the "Work Product"). All Work Product shall be and remain the property of the Company. To the extent that any such Work Product may not, under applicable law, be considered works made for hire, Employee hereby grants, transfers, assigns, conveys and relinquishes, and agrees to grant, transfer, assign, convey and relinquish from time to time, on an exclusive basis, all of his right, title and interest in and to the Work Product to the Company in perpetuity or for the longest period otherwise permitted by law. Consistent with his recognition of the Company's absolute ownership of all Work Product, Employee agrees that he shall (i) not use any Work Product for the benefit of any party other than the Company and (ii) perform such acts and execute such documents and instruments as the Company may now or hereafter deem reasonably necessary or desirable to evidence the transfer of absolute ownership of all Work Product to the Company; provided, however, if following ten (10) days' written notice from the Company, Employee refuses, or is unable, due to disability, incapacity, or death, to execute such documents relating to the Work Product, he hereby appoints any of the Company's officers as his attorney-in-fact to execute such documents on his behalf. This agency is coupled with an interest and is irrevocable without the Company's prior written consent.

9. Non-Solicitation and Non-Interference With Business Operations. The Employee agrees that, for a period of one (1) year following the Separation Date, the Employee will not:

(a) Directly or indirectly employ, solicit or entice away any director, officer or employee of the Company or any of its affiliated companies;

(b) Take any action to diminish, directly or indirectly, the goodwill of the Company or any of its affiliated companies, or induce or attempt to induce any person or entity known by the Employee to be a current employee, distributor, source, supplier, customer, or contractor of the Employee to sever or decrease the activity of any relationship with the Company; or

(c) Use the name of the Company or its subsidiaries in the conduct of any business activities or for Employee's personal use without the prior written consent of the Company.

(d) Take any action that could cause the Company to be in breach of the License and Business Conduct Agreement dated as of November 21, 2004, by and among TDS Franchising, LLC, The Disney Store, LLC and The Disney Store (Canada) Ltd.

10. Injunctive Relief. Employee acknowledges that a breach of any of the terms set forth in Section 7, 8 or 9 of this Agreement shall result in an irreparable and continuing harm to the Employer for which there shall be no adequate remedy of law. The Employer shall, without posting a bond, be entitled to seek injunctive and other equitable relief, in addition to any other remedies available to the Employer in connection with Section 7, 8 or 9 of this Agreement.

11. Confirmation of Employment. The Company shall, if called upon, confirm the Employee's dates of employment and position with the Company.

12. Violation of Terms. Should the Employee violate any provision of this Agreement, then, in addition to all other damages or legal remedies available to the Company (including without limitation injunctive relief), the Employee immediately shall return to the Company all monies paid to the Employee pursuant to this Agreement. Should the Company violate any provision of this Agreement, then the Employee shall have all remedies and civil actions available to remedy Employee's damages. The parties agree that, should either party seek to enforce the terms of this Agreement through litigation, then the prevailing party, in addition to all other legal remedies, shall be reimbursed by the other party for all reasonable attorneys' fees in relation to such litigation.

13. Cooperation. Upon reasonable notice, Employee shall furnish such information as may be in his possession to, and cooperate with, the Company as may reasonably be requested by the Company in the orderly transfer of his responsibilities to other Company employees or in connection with any litigation in which the Company is or may be a party.

14. Release.

(a) In exchange for the consideration set forth in this Agreement, the Employee, on behalf of the Employee and the Employee's agents, assignees, attorneys, heirs, executors and administrators, voluntarily and knowingly releases the Company, as well as the Company's successors, predecessors, assigns, parents, subsidiaries, divisions, affiliates, officers, directors, shareholders, employees, agents and representatives, in both their individual and representative capacities (collectively, the "Released Parties"), from any and all claims, causes of action, suits, grievances, debts, sums of money, controversies, agreements, promises, damages, back and front pay, costs, expenses, attorneys' fees and remedies of any type by reason of any matter, cause, act or omission arising out of or in connection with the Employee's employment or separation from employment with the Company, including but not limited to any claims based upon common law, any federal, state or local employment statutes or civil rights laws (such as Title VII of the Civil Rights Act of 1964, as amended; the Age Discrimination in Employment Act; the Family and Medical Leave Act; the Americans with Disabilities Act; the Employee Retirement Income Security Act of 1974; the New Jersey Conscientious Employee Protection Act; Sarbanes-Oxley Act of 2002; and laws prohibiting discrimination based upon race, color, religion, creed, national origin, ancestry, family and/or medical leave, citizenship status, sex, sexual orientation or preference, marital status, age or disability), wrongful termination, failure to

pay wages, breach of contract, defamation, invasion of privacy, whistleblowing or infliction of emotional distress, or any other matter. This release shall apply to all known, unknown, unsuspected and unanticipated claims, liens, injuries and damages that have accrued to the Employee as of the date of this Agreement. This release does not waive any rights or claims that Employee has under this Agreement, including the right to indemnification set forth in paragraph 5 of this Agreement, or that may arise after this release is executed or relate to the enforcement of this Agreement.

(b) It is the intention of the Employee in executing this Agreement that it shall be effective as a bar against each and all claims, causes of action, suits, grievances, debts, sums of money, controversies, agreements, promises, damages, back and front pay, costs, expenses, attorneys' fees and remedies of any type described in Section 14(a) above. In furtherance of this intention, the Employee expressly waives any and all rights and benefits conferred upon the Employee by the provisions of Section 1542 of the California Civil Code, which states:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him would have materially affected his settlement with the debtor.

15. No Admission. Nothing contained in this Agreement nor the fact that the parties have signed this Agreement shall be construed as an admission by either party.

16. Waiver of Reinstatement. By entering into this Agreement, the Employee acknowledges that the Employee waives any claim to reinstatement and/or future employment with the Company. The Employee further acknowledges that the Employee is not and shall not be entitled to any payments, benefits or other obligations from the Released Parties whatsoever (except as expressly set forth in this Agreement).

17. Miscellaneous. This Agreement contains the entire understanding between the parties. This Agreement supersedes any and all previous agreements and plans, whether written or oral, between the Employee and the Company. There are no other representations, agreements or understandings, oral or written, between the parties relating to the subject matter of this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and executed by the parties hereto subsequent to the date of this Agreement. This Agreement shall be enforced in accordance with the laws of the State of New Jersey. This Agreement may be executed in several counterparts, and all counterparts so executed shall constitute one Agreement, binding upon the parties hereto.

18. Severability. If any term, provision or part of this Agreement shall be determined to be in conflict with any applicable federal, state or other governmental law or regulation, or otherwise shall be invalid or unlawful, such term, provision or part shall continue in effect to the extent permitted by such law or regulation. Such invalidity, unenforceability or unlawfulness shall not affect or impair any other terms, provisions and parts of this Agreement not in conflict, invalid or unlawful, and such terms, provisions and parts shall continue in full force and effect and remain binding upon the parties hereto.

THE EMPLOYEE STATES THAT THE EMPLOYEE HAS CAREFULLY READ THIS AGREEMENT PRIOR TO SIGNING IT, THAT THE AGREEMENT HAS BEEN FULLY EXPLAINED TO THE EMPLOYEE PRIOR TO SIGNING IT, THAT THE EMPLOYEE HAS HAD THE OPPORTUNITY TO HAVE IT REVIEWED BY AN ATTORNEY AND THAT THE EMPLOYEE UNDERSTANDS THE AGREEMENT'S FINAL AND BINDING EFFECT PRIOR TO SIGNING IT, AND THAT THE EMPLOYEE IS SIGNING THE RELEASE VOLUNTARILY WITH THE FULL INTENTION OF COMPROMISING, SETTLING, AND RELEASING THE COMPANY AS STATED IN THIS AGREEMENT.

The Children's Place Services Company, LLC	Mario Ciampi
By: /S/ STEVEN BALASIANO	/S/ MARIO CIAMPI
Steven Balasiano	Mario Ciampi (signature)
Dated: April 14, 2006	Dated: April 14, 2006

EXHIBIT 10.5

SEVERANCE AGREEMENT AND RELEASE DATED APRIL 19, 2006 WITH HITEN PATEL.

Exhibit 10.5

SEVERANCE AGREEMENT AND RELEASE

This Severance Agreement and Release (the "Agreement") is made this 19th day of April 2006 between Hiten Patel (the "Employee") and The Children's Place Services Company, LLC, its parent and its direct and indirect affiliated corporations and other entities (collectively, the "Company").

1. Termination of Employment. The parties agree that the Employee's employment with the Company shall terminate effective April 15, 2006 (the "Separation Date").

2. Separation Payment. (a) In consideration for entering into this Agreement, the Company shall pay to the Employee the sum of One Hundred Eighty Thousand Dollars ($180,000), less legally required payroll deductions (the "Separation Payment"), which sum shall be paid to Employee with the Company's regular payroll practices in thirteen (13) equal bi-weekly installments commencing the first payperiod following execution of this Agreement.

(b) The Company also shall pay to the Employee the sum of Twenty Seven Thousand Six Hundred Ninety-Two Dollars ($27,692.00), less legally required payroll deductions, for Employee's accrued but unused vacation and personal day as of the Separation Date, within fourteen (14) days of full execution of this Agreement.

(c) The Company also agrees that the Transfer Restrictions under The Children's Place Retail Stores, Inc. Transfer Restriction Agreement dated January 27, 2006 (the "Transfer Restriction Agreement") shall lapse with respect to the Option Shares upon execution of this Agreement. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Transfer Restriction Agreement.

(d) The Company represents and warrants that the consideration paid to the Employee under this Agreement exceeds the amount the Employee would ordinarily be entitled to upon termination of the Employee's employment.

3. Other Benefits. Any and all other employment benefits received by the Employee shall terminate effective as of the Separation Date.

4. Return of Company Property. The Employee agrees to return to the Company all keys, locks, documents, records, materials, and other information of any type whatsoever that is the property of the Company.

5. Removal from Company Positions and Indemnification. The Company agrees that as of the Separation Date the Employee shall be removed from all positions held on behalf of the Company, its parents, subsidiaries and affiliated companies and any other related entities including, but not limited to, officer, director, agent, representative, trustee, administrator, fiduciary and signatory. In addition, with respect to all acts or omissions of Employee which occurred prior to the Separation Date, the Company agrees to continue to indemnify the Employee to the same extent that the Employee was

indemnified prior to the Separation Date and that the Employee shall retain the benefit of all directors and officer liability insurance and coverage maintained by Employer, in accordance with the terms of such policy.

6. Consultation with Counsel and Voluntariness of Agreement. (a) The Employee acknowledges that the Company has advised the Employee in writing to consult with an attorney prior to executing this Agreement. The Employee further acknowledges that, to the extent desired, the Employee has consulted with the Employee's own attorney in reviewing this Agreement, that the Employee has carefully read and fully understands all the provisions of this Agreement, and that the Employee is voluntarily entering into this Agreement.

(b) The Employee further acknowledges that the Employee has had a period of at least twenty-one (21) days in which to consider the terms of this Agreement.

(c) The Employee acknowledges that the Employee has been informed in writing that the Employee has seven (7) calendar days following the execution of this Agreement to revoke it, and that such revocation must be in writing, hand delivered or sent via overnight mail and actually received by the Company within such period. It is specifically understood that this Agreement shall not be effective or enforceable until the seven-day revocation period has expired.

7. Confidentiality of Agreement. The Employee agrees not to disclose the terms and conditions of this Agreement to any person or entity, except (a) to comply with this Agreement; (b) to the Employee's legal, financial or tax advisors, spouse, and to the Internal Revenue Service or any similar state or local taxation authority; or (c) as otherwise required by law. The Employee agrees that the Employee will not publicly or privately disparage the Company or any of the Company's products, services, affiliates, or current or former officers, directors, trustees, employees, agents, administrators, representatives or fiduciaries.

8. Confidential and Proprietary Information; Work Product. (a) The Employee acknowledges that the Employee may possess certain confidential information, property or trade secrets of the Company ("Confidential Information") which would damage the Company if disclosed or used by the Employee. Accordingly, the Employee acknowledges a continuing duty of confidentiality to the Company and agrees that the Employee will not use or disclose Confidential Information to any person or entity or use the Confidential Information in any way. Confidential information shall include, but shall not be limited to, the following: (i) documentation or data contained in any files or any other records the Company may maintain; ii) statements regarding any matters made by any employees, officers, agents, representatives or attorneys of the Company at any meeting attended by the Employee or which the Employee may have heard or obtained knowledge of which may result in any detriment to the Company; (iii) actions taken or contemplated by the Company with respect to any of its operations,

assets or employees; (iv) policies, practices, programs or plans contemplated, initiated or effectuated by the Company; and (v) any other information, records or data of a private nature to the

Company. Confidential Information shall not include information which is then in the public domain (so long as the Employee did not, directly or indirectly, cause or permit such information to enter the public domain). Notwithstanding the foregoing, nothing contained in this Paragraph 8 shall prevent Employee from disclosing Confidential Information if compelled to do so by legal process; provided, that Employee immediately notifies Employer if disclosure of Confidential Information is required by court order or other legal process to allow Employer sufficient time to obtain a protective order or otherwise obtain the fullest protection permitted by applicable law. In addition, notwithstanding the foregoing, nothing contained in this Section 8 shall serve as a restraint or limitation upon the Employee from exercising the Employee's general knowledge and expertise in the Employee's field or from earning a livelihood in said field.

(b) Employee agrees that all copyrights, patents, trade secrets or other intellectual property rights associated with any ideas, concepts, techniques, inventions, processes, or works of authorship developed or created by him during his employment by the Company and for a period of 6 months thereafter, that (i) relate, whether directly or indirectly, to the Company's actual or anticipated business, research or development or (ii) are suggested by or as a result of any work performed by Employee on the Company's behalf, shall, to the extent possible, be considered works made for hire within the meaning of the Copyright Act (17 U.S.C. § 101 et. seq.) (the "Work Product"). All Work Product shall be and remain the property of the Company. To the extent that any such Work Product may not, under applicable law, be considered works made for hire, Employee hereby grants, transfers, assigns, conveys and relinquishes, and agrees to grant, transfer, assign, convey and relinquish from time to time, on an exclusive basis, all of his right, title and interest in and to the Work Product to the Company in perpetuity or for the longest period otherwise permitted by law. Consistent with his recognition of the Company's absolute ownership of all Work Product, Employee agrees that he shall (i) not use any Work Product for the benefit of any party other than the Company and (ii) perform such acts and execute such documents and instruments as the Company may now or hereafter deem reasonably necessary or desirable to evidence the transfer of absolute ownership of all Work Product to the Company; provided, however, if following ten (10) days' written notice from the Company, Employee refuses, or is unable, due to disability, incapacity, or death, to execute such documents relating to the Work Product, she hereby appoints any of the Company's officers as his attorney-in-fact to execute such documents on his behalf. This agency is coupled with an interest and is irrevocable without the Company's prior written consent.

9. Non-Competition, Non-Solicitation, and No Interference With Business Operations. The Employee agrees that, for a period of six (6) months following the Separation Date, the Employee will not:

(a) Promote, participate or engage in any business on behalf of any Direct Competitor of the Company, whether Employee is acting as owner, partner, stockholder, employee, broker, agent, principal, trustee, corporate officer, director, consultant or in any other capacity whatsoever; provided, however, that this will not prevent Employee from

holding for investment up to 1% of any class of stock or other securities quoted or dealt in on a recognized stock exchange or on Nasdaq. For purposes of this Section, a Direct Competitor of the Company means (i) any division of The Gap, Inc. or any entity under common control with The Gap, Inc. that is engaged in the retail sale of children's apparel, (ii) any division of The Limited, Inc. or any entity under common control with The Limited, Inc. that is engaged in the retail sale of children's apparel, (iii) Gymboree or Kids R Us or any entity under common control with Gymboree or Kids R Us, as the case may be, or (iv) any entity with total sales in excess of $100,000,000 per year engaged in the retail sale of children's apparel or toys. For purposes of this section "any division" and "any entity under common control with" shall not include the parent company of any of the entities at issue (i.e. The Gap, Inc., The Limited, Inc., Gymboree or Toys R Us).

(b) Directly or indirectly employ, solicit or entice away any director, officer or employee of the Company or any of its affiliated companies;

(c) Take any action to interfere, directly or indirectly, with the goodwill of the Company or any of its affiliated companies, or induce or attempt to induce any person or entity known by the Employee to be a current employee, distributor, source, supplier, customer, or contractor of the Employee to sever or decrease the activity of any relationship with the Company;

(d) Use the name of the Company or its subsidiaries in the conduct of any business activities or for Employee's personal use without the prior written consent of the Company.

10. Injunctive Relief. Employee acknowledges that a breach or threatened breach of any of the terms set forth in section 7, 8 or 9 of this Agreement shall result in an irreparable and continuing harm to the Employer for which there shall be no adequate remedy of law. The Employer shall, without posting a bond, be entitled to obtain injunctive and other equitable relief, in addition to any other remedies available to the Employer in connection with Section 7, 8 or 9 of this Agreement.

11. Confirmation of Employment. The Company shall, if called upon, confirm the Employee's dates of employment and position with the Company.

12. Violation of Terms. Should the Employee violate any provision of this Agreement, then, in addition to all other damages or legal remedies available to the Company (including without limitation injunctive relief), the Employee immediately shall return to the Company all monies paid to the Employee pursuant to this Agreement. Should the Company violate any provision of this Agreement, then the Employee shall have all remedies and civil actions available to remedy Employee's damages. The parties agree that, should either party seek to enforce the terms of this Agreement through litigation, then the prevailing party, in addition to all other legal remedies, shall be reimbursed by the other party for all reasonable attorneys' fees in relation to such litigation.

13. Cooperation. At all times following the Separation Date, the Employee shall cooperate fully with and render such assistance to the Company as requested in the orderly transfer of his responsibilities to other Company employees and the transition of the Finance Department. The Employee also shall furnish such

information as may be in his possession to, and cooperate with and assist, the Company as may reasonably be requested by the Company in connection with any litigation or investigation in which the Company is or may be a party.

14. Release. In exchange for the consideration set forth in Section 2, the Employee, on behalf of the Employee and the Employee's agents, assignees, attorneys, heirs, executors and administrators, voluntarily and knowingly releases the Company, as well as the Company's successors, predecessors, assigns, parents, subsidiaries, divisions, affiliates, officers, directors, shareholders, employees, agents and representatives, in both their individual and representative capacities (collectively, the "Released Parties"), from any and all claims, causes of action, suits, grievances, debts, sums of money, controversies, agreements, promises, damages, back and front pay, costs, expenses, attorneys' fees and remedies of any type by reason of any matter, cause, act or omission arising out of or in connection with the Employee's employment or separation from employment with the Company, including but not limited to any claims based upon common law, any federal, state or local employment statutes or civil rights laws (such as Title VII of the Civil Rights Act of 1964, as amended; the Age Discrimination in Employment Act; the Family and Medical Leave Act; the Americans with Disabilities Act; the Employee Retirement Income Security Act of 1974; the New Jersey Conscientious Employee Protection Act; the Sarbanes-Oxley Act of 2002; and laws prohibiting discrimination based upon race, color, religion, creed, national origin, ancestry, family and/or medical leave, citizenship status, sex, sexual orientation or preference, marital status, age or disability), wrongful termination, failure to pay wages, breach of contract, defamation, invasion of privacy, whistleblowing or infliction of emotional distress, or any other matter. This release shall apply to all known, unknown, unsuspected and unanticipated claims, liens, injuries and damages that have accrued to the Employee as of the date of this Agreement. This release does not waive rights or claims that may arise after this release is executed or related to the enforcement of this Agreement.

15. No Admission. Nothing contained in this Agreement nor the fact that the parties have signed this Agreement shall be construed as an admission by either party.

16. Waiver of Reinstatement. By entering into this Agreement, the Employee acknowledges that the Employee waives any claim to reinstatement and/or future employment with the Company. The Employee further acknowledges that the Employee is not and shall not be entitled to any payments, benefits or other obligations from the Released Parties whatsoever (except as expressly set forth in this Agreement).

17. Miscellaneous. This Agreement contains the entire understanding between the parties. This Agreement supersedes any and all previous agreements and plans, whether written or oral, between the Employee and the Company. There are no other

representations, agreements or understandings, oral or written, between the parties relating to the subject matter of this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and executed by the parties hereto subsequent to the date of this Agreement. This Agreement shall be enforced in accordance with the laws of the State of New Jersey, and the parties agree that any litigation to enforce this Agreement will take place in New Jersey. This Agreement may be executed in several counterparts, and all counterparts so executed shall constitute one Agreement, binding upon the parties hereto.

18. Severability. If any term, provision or part of this Agreement shall be determined to be in conflict with any applicable federal, state or other governmental law or regulation, or otherwise shall be invalid or unlawful, such term, provision or part shall continue in effect to the extent permitted by such law or regulation. Such invalidity, unenforceability or unlawfulness shall not affect or impair any other terms, provisions and parts of this Agreement not in conflict, invalid or unlawful, and such terms, provisions and parts shall continue in full force and effect and remain binding upon the parties hereto.

THE EMPLOYEE STATES THAT THE EMPLOYEE HAS CAREFULLY READ THIS AGREEMENT PRIOR TO SIGNING IT, THAT THE AGREEMENT HAS BEEN FULLY EXPLAINED TO THE EMPLOYEE PRIOR TO SIGNING IT, THAT THE EMPLOYEE HAS HAD THE OPPORTUNITY TO HAVE IT REVIEWED BY AN ATTORNEY AND THAT THE EMPLOYEE UNDERSTANDS THE AGREEMENT'S FINAL AND BINDING EFFECT PRIOR TO SIGNING IT, AND THAT THE EMPLOYEE IS SIGNING THE RELEASE VOLUNTARILY WITH THE FULL INTENTION OF COMPROMISING, SETTLING, AND RELEASING THE COMPANY AS STATED IN THIS AGREEMENT.

The Children's Place Services Company, LLC	Hiten Patel
By: /S/ STEVEN BALASIANO	/S/ HITEN PATEL
Steven Balasiano	Hiten Patel (signature)
Dated: April 19, 2006	Dated: April 19, 2006

EXHIBIT 10.6

AMENDED AND RESTATED EMPLOYMENT AGREEMENT DATED MAY 12, 2006 WITH EZRA DABAH.

Exhibit 10.6

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

AMENDED AND RESTATED EMPLOYMENT AGREEMENT, dated as of May 12, 2006, between EZRA DABAH ("Executive") and THE CHILDREN'S PLACE RETAIL STORES, INC., a Delaware corporation ("Employer").

W I T N E S S E T H:

WHEREAS, Employer and Executive are parties to a certain Employment Agreement dated June 27, 1996, as amended by letter dated May 17, 2005 (the "Prior Agreement"); and

WHEREAS, Executive and Employer desire to amend and restate the Prior Agreement as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties agree as follows:

SECTION 1

EMPLOYMENT OF EXECUTIVE

1.01 Employer hereby agrees to employ Executive and Executive hereby agrees to be and remain in the employ of Employer upon the terms and conditions hereinafter set forth.

SECTION 2

EMPLOYMENT PERIOD

2.01 The terms of Executive's employment under this Agreement shall be effective as of May 12, 2006 ("Effective Date") and shall continue until May 12, 2009 and thereafter shall

continue for successive three year periods, until termination of Executive's employment in accordance with the provisions of Section 5. The period of Executive's employment by Employer shall be referred to as the "Employment Period" and the date of Executive's termination of employment with the Employer shall be referred to as the "Termination Date."

SECTION 3

3.01. Generally. During the Employment Period, Executive (a) shall be employed as Chief Executive Officer and Chairman, (b) shall serve as a member of the Executive Management Committee of Employer, and (c) shall devote his full attention and expend his efforts, energies and skills on a full-time basis to the business of Employer and other enterprises controlled by, or under common control with Employer (Employer and such entities being referred to collectively as the "Company"). Without limiting the generality of the foregoing, Executive shall have all such duties and responsibilities customarily undertaken and performed by persons in his position in similar businesses to that of Employer. Executive's employment by Employer shall constitute his exclusive employment during the Employment Period. Executive is permitted to serve as a director of any other business corporation or as a general partner of any partnership in accordance with the corporate governance guidelines of the Company.

3.02. Reporting. Executive shall report directly to the Board of Directors of Employer ("Board"). During the Employment Period, Executive will be subject to all of the policies, rules and regulations of which Executive is given notice applicable to senior executives of Employer and will comply with all directions and instructions of the Board.

SECTION 4

COMPENSATION

4.01 Compensation, Generally. For all services rendered and required to be rendered by covenants of, and restrictions imposed on, Executive under this Agreement, Employer shall pay to Executive during and with respect to the Employment Period, and Executive agrees to accept (in full payment) Base Salary and Performance Bonus, all as more fully described on Exhibit A (collectively, the "Compensation").

4.02 Other Benefits. Except as otherwise provided herein, during the Employment Period, Executive shall be entitled to receive such benefits as are at least as favorable as those provided by the Employer to Employer's other senior executives (other than those benefits provided under or pursuant to separately negotiated individual employment agreements or arrangements), including those under any pension or retirement plan, stock purchase, stock option or stock ownership plan, disability plan or insurance, group life insurance, medical insurance, or other similar plan or program of Employer. Employer shall provide Executive with life insurance in such amount so that the annual premium of such life insurance shall not exceed $20,000. Executive shall also be entitled to a personal driver. Executive's Base Salary shall constitute the compensation on the basis of which the amount of Executive's benefits under any such plan or program shall be fixed and determined.

4.03 Expense Reimbursement. Employer shall reimburse Executive for all business expenses reasonably incurred by him in the performance of his duties under this Agreement upon his presentation, not less frequently than monthly, of signed, itemized accounts of such expenditures all in accordance with Employer's policies and procedures as adopted and in effect

from time to time and applicable to its employees of comparable status.

4.04 Personal Expenses Allowance Employer shall provide Executive with an allowance of $4,000 each month during the Employment Period to cover personal expenses associated with Executive's ownership and operation of an automobile and other personal expenses. In the event the Employer makes any payments directly to a third party under this Section, said allowance shall be reduced by such amounts paid by Employer.

4.05. Vacations. Executive shall be entitled to five weeks vacation each twelve month period worked, which shall be taken at such time or times as shall not unreasonably interfere with Executive's performance of his duties under this Agreement.

SECTION 5

TERMINATION OF EMPLOYMENT PERIOD

5.01. Termination Without Cause. At any time during the Employment Period, by notice to the other, Executive or the Board may terminate Executive's employment under this Agreement without "Cause" (as defined below). Such notice shall specify the effective date of termination which shall not be less than sixty (60) days after the date of such notice.

5.02. By Employer: Cause. At any time during the Employment Period, by notice to Executive, the Board may terminate Executive's employment under this Agreement for "Cause," effective immediately. Such notice shall specify the cause for termination. For the purposes of this Section 5.02, "Cause" means:

(a) a breach by Executive of any of the material provisions of this Agreement;

(b) the commission by Executive of an act involving moral turpitude or

dishonesty, whether or not in connection with Executive's employment hereunder;

(c) Executive shall have committed any act of fraud against the Employer or engaged in any other willful misconduct in connection with his duties hereunder; or

(d) Executive shall have been convicted of a felony (other than a felony relating to motor vehicle laws).

In each case, an event giving rise to "Cause" shall not be finally determined to have occurred unless admitted to in writing by the Executive or set forth in a final determination of an arbitrator as provided in Section 10.04 hereof. Notwithstanding the foregoing, no Cause for termination shall be deemed to exist with respect to the Executive's acts described in (a) through (c) above unless the Board shall have given prior written notice to the Executive specifying the Cause with reasonable particularity and, within thirty (30) days after such notice, the Executive shall not have cured or eliminated the problem or thing giving rise to such Cause.

5.03. By Executive for Good Reason. Executive may, at any time during the Employment Period by notice to the Board, terminate the Employment Period under this Agreement for "Good Reason" effective immediately. For the purposes hereof, "Good Reason" means:

(a) any material breach by Employer of any provision of this Agreement which, if susceptible of being cured, is not cured within thirty (30) days of delivery of notice thereof to Employer by Executive;

(b) the assignment to Executive by Employer of duties inconsistent with Executive's position, responsibilities or status with Employer as in effect on the Effective Date including, but not limited to, any significant reduction in such position, duties, responsibilities or

status, any change in Executive's titles, offices or perquisites, as then in effect, or any removal of Executive from or any failure to re-elect Executive to, any such positions, except in connection with the termination of his employment on account of his death, disability, or for Cause;

(c) a relocation by Employer of Executive's place of employment described in Section 7.01 hereto;

(d) any purported termination of Executive's employment for cause which is not effected in accordance with the requirements of Section 5.02 hereof (and for purposes of this Agreement no such purported termination shall be effective).

5.04 Disability. During the Employment Period, if, as a result of physical or mental incapacity or infirmity (including alcoholism or drug addiction), Executive shall be unable to perform his duties under this Agreement for:

(a) a continuous period of at least 120 days, or

(b) periods aggregating at least 180 days during any period of 12 consecutive months (each a "Disability Period"), and at the end of the Disability Period the Board of Directors shall have determined, in good faith, that by reason of such physical or mental disability ("Disability") the Executive shall be unable to perform the services required of him hereunder, the Employer may terminate the Employment Period for Disability by delivery to Executive or Executive's representative of sixty (60) days prior written notice.

SECTION 6

TERMINATION COMPENSATION

6.01 Entitlement to Payment. (a) Subject to the provisions of Section 9.04, if

Executive's employment hereunder is terminated pursuant to Section 5.01, 5.03, 5.04 or 8.01 at any time hereafter, then Employer will pay to Executive within thirty (30) days following termination an amount (the "Severance Payment"), in a lump sum, equal to the product determined by multiplying Executive's annual rate of Base Salary in effect immediately prior to such termination by three (3); provided, however, that to the extent necessary to comply with the restriction of Section 409A(a)(2)(B) of the Internal Revenue Code of 1986, as amended ("Code") concerning payments to "specified employees," in no event shall such Severance Payment be made earlier than the first business day of the seventh month following Executive's Termination Date ("Delayed Payment Date"). If as a result of the foregoing restriction, such Severance Payment is delayed, the amount of the Severance Payment shall be increased to include interest calculated from the Termination Date until the Delayed Payment Date using the applicable federal short-term rate (compounded monthly) in effect under Section 1274(d) of the Code on the Termination Date. Executive shall be a "specified employee" for the 12-month period beginning on the first day of the fourth month following each "Identification Date" if Executive is a "key employee" (as defined in Section 416(i) of the Code without regard to Section 416(i)(5) thereof) of Employer at any time during the 12-month period ending on the Identification Date. For purposes of this Agreement, the Identification Date shall be December 31.

(b) Upon such termination, Executive shall also be entitled to any accrued but unpaid bonus compensation and all outstanding unvested stock options under the Employer's stock option plan shall be deemed to immediately vest. In addition, Executive shall be entitled to life insurance and medical benefits and all other benefits, referred to in Section 4.02 and 4.03, for a period of thirty-six (36) months.

6.02. No Other Termination Compensation. Executive shall not be entitled to any benefit or compensation following termination of his employment hereunder, except as set forth in Section 6.01.

6.03 Mitigation Executive shall not be required to mitigate the amount of any payments or benefits provided for hereunder upon termination of Employment by seeking employment with any other person, or otherwise, nor shall the amount of any such payments or benefits be reduced by any compensation, benefit or other amount earned by, accrued for or paid to Executive as the result of Executive's employment by or consulting or other association with any other person, provided, that any medical, dental or hospitalization insurance or benefits provided to Executive with his employment by or consulting with an unaffiliated person during such period shall be primary to the benefits to be provided to Executive pursuant to this Agreement for the purposes of coordination of benefits.

SECTION 7

LOCATION OF EXECUTIVE'S ACTIVITIES

7.01. Principal Place of Business. Executive's principal place of business in the performance of his duties and obligations under this Agreement shall be in the New York metropolitan area, which includes Secaucus, New Jersey. For so long as Employer's headquarters are located in the New York City metropolitan area, Executive's principal place of business shall be located at such headquarters.

7.02. Travel**.** Notwithstanding the provisions of Section 7.01, Executive will engage in such travel and spend time in other places as may be necessary or appropriate in furtherance of

his duties hereunder.

SECTION 8

CHANGE IN CONTROL

8.01. Effect of Change in Control. If a Change in Control (as hereinafter defined) shall occur, the Executive may terminate his employment hereunder and such termination shall be deemed to be a termination by Employer without Cause. As used in this Agreement, "Change in Control" means the occurrence during the Employment Period of any of the following events:

(a) The sale to any purchaser of (i) all or substantially all of the assets of the Employer or (ii) capital stock representing more than 50% of the stock of the Employer entitled to vote generally in the election of directors of the Employer; or

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

(c) There is a report filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form, or report or item therein), each promulgated pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), disclosing that any person (as the term "person" is used in Section 13(d)(3) or Section 14(d) (2) of the Exchange Act) has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor

rule or regulation promulgated under the Exchange Act) of securities representing 50% or more of the combined voting power of the voting stock of Employer; or

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

SECTION 9

EXCLUSIVITY OF SERVICES, CONFIDENTIAL

INFORMATION AND RESTRICTIVE COVENANTS

9.01. Exclusivity of Services. During the Employment Period and continuing through the fifth anniversary of the Executive's Termination Date (the "Covenant Period"), Executive will not:

(a) Promote, participate or engage in any business on behalf of any Direct Competitor of the Company, whether Executive is acting as owner, partner, stockholder, employee, broker, agent, principal, trustee, corporate officer, director, consultant or in any other capacity whatsoever; provided, however, that this will not prevent Executive from holding for investment up to 1% of any class of stock or other securities quoted or dealt in on a recognized stock exchange or on Nasdaq. For purposes of this Section, a "Direct Competitor of the Company" means (i) The Gap, Inc. or any Person under common control with The Gap, Inc., (ii) The Limited, Inc. or any Person under common control with The Limited, Inc., (iii) Gymboree or

any Person under common control with Gymboree, as the case may be, or (iv) any Person engaged in the sale of children's apparel and who derives more than fifty percent of its gross revenues from the retail sales of children's apparel.

(b) Directly or indirectly employ other than on behalf of the Company, solicit or entice away any director, officer or employee of the Company or any of its subsidiaries; or

(c) Take any action to interfere, directly or indirectly, with the goodwill of the Company or any of its subsidiaries, or induce or attempt to induce with any Person doing business with the Company to cease doing business with the Company.

9.02 Confidential Information. During the Covenant Period, Executive will not (except in furtherance of the Company's business or as required by law) furnish confidential information relating to the business or affairs of the Company, its subsidiaries or any Person having dealings therewith, or permit or encourage the use of such confidential information by another. During the Covenant Period, Executive will not use the name of the Company or its subsidiaries in the conduct of any business activities (except in furtherance of the Company's business) or for Executive's personal use without the prior written consent of the Company.

9.03. Mutual Non-Disparagement. Neither Executive nor Employer will make or authorize any public statement disparaging the other in its or his business interests and affairs. Notwithstanding the foregoing, neither party shall be (a) required to make any statement that it or he believes to be false or inaccurate, or (b) restricted in connection with any litigation, arbitration or similar proceeding or with respect to its response to any legal process.

9.04. Breaches of Provisions. If Executive breaches any of the provisions of this Section 9 then, and in any such event, in addition to other remedies available to Employer,

Executive shall not be entitled to any Severance Payment, if any, made to him hereunder prior to Employer's discovery of such breach.

SECTION 10

MISCELLANEOUS

10.01. Notices. Any notice, consent, or authorization required or permitted to be given pursuant to this Agreement shall be in writing and sent to the party for or to whom intended, at the address of such party set forth below, by certified mail, postage paid, or at such other address as either party shall designate by notice given to the other in the manner provided herein.

If to Employer:

Attention: Steven Balasiano, Esq.
Senior Vice President, General Counsel
and Chief Administrative Officer
The Children's Place Retail Stores, Inc.
915 Secaucus Road
Secaucus, New Jersey 07094

If to Executive:

Ezra Dabah
The Children's Place Retail Stores, Inc.
915 Secaucus Road
Secaucus, New Jersey 07094

10.02. Taxes. Employer is authorized to withhold from payments made hereunder to Executive such amounts for income tax, social security, unemployment compensation and other judgment of Employer to comply with applicable laws and regulations.

10.03. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York applicable to agreements made

and to be performed therein.

10.04. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in New York, New York in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitration award in any court having jurisdiction; provided, however, that Executive shall be entitled to seek specific performance of his right to be paid until expiration of the Employment Period during the pendency of any arbitration.

10.05. Headings. All descriptive headings in this Agreement are inserted for convenience only and shall be disregarded in construing or applying any provision of this Agreement.

10.06. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

10.07. Severability. If any provision of this Agreement or part thereof, is held to be unenforceable, the remainder of such provisions of this Agreement, as the case may be, shall nevertheless remain in full force and effect.

[The remainder of this page is intentionally left blank.]

10.08. Entire Agreement and Integration. This Agreement contains the entire agreement and understanding between Employer and Executive with respect to the subject matter hereof. Such Agreement supersedes any prior agreement between the parties relating to the subject matter hereof, including without limitation the Prior Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

THE CHILDREN'S PLACE RETAIL STORES, INC.

By: /S/ STEVEN BALASIANO

Steven Balasiano

/S/ EZRA DABAH
Ezra Dabah

EXHIBIT A

COMPENSATION

1. **Base Salary:** At the initial rate of $1,000,000 per year, payable in equal installments not less frequently than monthly during the Employment Period. Base Salary shall be subject to annual review, as the Board may determine.

2. **Performance Bonus:** Following each Bonus Period (as hereinafter defined), Executive shall be entitled to receive a Performance Bonus based upon the Employer's performance during such Bonus Period. The Performance Bonus for each such Period will be payable within ninety (90) days after the last day of such period; provided, however, that in no event shall such Performance Bonus be paid later than the latest of (i) the 15th day of the third month following Executive's first taxable year in which the Bonus Period ends, or (ii) the 15th day of the third month following the end of Employer's first taxable year coincident with or next following the last day of the Bonus Period. The amount of the Performance Bonus for each Bonus Period will be equal to a product equal to (a) Executive's annual Base Salary, times (b) a percentage equal to or greater than 100% as directed by the Compensation Committee, times (c) the Bonus Percentage (as hereinafter defined). The following provisions shall apply to determinations relating to Performance Bonus.

"Bonus Percentage" shall mean, for each Bonus Period, a percentage for such period that is based upon the Employer's performance in accordance with a schedule adopted by the Compensation Committee for all senior executives prior to commencement of such period or as soon thereafter as possible, except that the Bonus percentage shall not be more than 200% for

any Bonus Period. In addition, if the Annual Management Incentive Bonus Plan is approved by the stockholders at the Employer's 2007 annual meeting of stockholders, then the Bonus Percentage shall be determined pursuant to the requirements of such plan. If the Annual Management Incentive Bonus Plan is *not* approved by the stockholders at the Employer's 2007 annual meeting of stockholders, then the Bonus Percentage shall be determined in accordance with the procedures adopted by the Compensation Committee.

"Bonus Period" shall mean each fiscal year of Employer.

EXHIBIT 10.7

AMENDED AND RESTATED EMPLOYMENT AGREEMENT DATED MAY 12, 2006 WITH NEAL GOLDBERG.

EXHIBIT 10.7

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

AMENDED AND RESTATED EMPLOYMENT AGREEMENT, dated as of May 12, 2006 between Neal Goldberg ("Executive") and THE CHILDREN'S PLACE RETAIL STORES, INC., a Delaware corporation ("Employer").

W I T N E S S E T H:

WHEREAS, Employer and Executive are parties to a certain Employment Agreement dated January 22, 2004, as amended by letter dated May 17, 2005 (the "Prior Agreement"); and

WHEREAS, Executive and Employer desire to amend and restate the Prior Agreement as set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties agree as follows:

SECTION 1

EMPLOYMENT OF EXECUTIVE

1.01. Employer hereby agrees to employ Executive and Executive hereby agrees to be and remain in the employ of Employer upon the terms and conditions hereinafter set forth.

SECTION 2

EMPLOYMENT PERIOD

2.01. The term of Executive's employment under this Agreement shall be effective as of May 12, 2006 ("Effective Date") and shall continue until termination of Executive's employment in accordance with the provisions of Section 5. The period of Executive's employment by Employer shall be referred to as the "Employment Period" and the date of Executive's termination of employment with the Employer shall be referred to as the "Termination Date."

SECTION 3

DUTIES

3.01. Generally. During the Employment Period, Executive (a) shall be employed as President of Employer, (b) shall serve as a member of the Executive Management Committee of Employer, (c) shall devote all of his business time and attention to the business and affairs of Employer and other enterprises controlled by, or under common control with, Employer (Employer and such entities being referred to collectively as the "Company"), and (d) shall use his best efforts, skills and abilities in the diligent and faithful performance of his duties and responsibilities hereunder. Notwithstanding the foregoing, Executive shall have the right to (a) engage in personal investment activities for himself and his family and (b) engage in charitable and civic activities, provided the outside activities set forth in (a) and (b) hereof do not interfere with Executive's performance of his duties and responsibilities hereunder. In no event shall Executive serve as an officer or director of any other business corporation or as a general partner

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of any partnership except with the prior written approval of the Chief Executive Officer of Employer.

3.02. Reporting. Executive shall report directly to the Chief Executive Officer of Employer. During the Employment Period, Executive will be subject to all of the written policies, rules and regulations of which Executive is given notice applicable to senior executives of Employer and will comply with all directions and instructions of the Chairman of the Board and the Chief Executive Officer.

SECTION 4

COMPENSATION

4.01. Compensation, Generally. For all services rendered and required to be rendered by Executive under this Agreement, Employer shall pay to Executive during and with respect to the Employment Period, and Executive agrees to accept (in full payment), Base Salary and Performance Bonus, all as more fully described on Exhibit A (collectively, the "Compensation").

4.02 Other Benefits. Except as otherwise provided herein, during the Employment Period, Executive shall be eligible to receive such benefits that the Employer generally makes available to Employer's senior executives from time to time (other than those benefits provided under or pursuant to separately negotiated individual employment agreements or arrangements). Executive's Base Salary shall constitute the compensation on the basis of

which the amount of Executive's benefits under any such plan or program shall be fixed and determined.

4.03 Expense Reimbursement. Employer shall reimburse Executive for all business expenses reasonably incurred by him in the performance of his duties under this Agreement upon his presentation, not less frequently than monthly, of signed, itemized accounts of such expenditures all in accordance with Employer's policies and procedures as adopted and in effect from time to time and applicable to its senior executives.

4.04 Vacations. Executive shall be entitled to three weeks vacation with additional vacation as approved by the Chief Executive Officer, each twelve-month period worked, which vacation will accrue ratably over the course of such twelve-month period, which shall be taken at such time or times as may be approved by the Chief Executive Officer and shall not unreasonably interfere with Executive's performance of his duties under this Agreement.

4.05 Options. Executive was granted stock options on January 22, 2004 to purchase 250,000 shares of Common Stock of the Company at an exercise price equal to the Fair Market Value (as that term is defined in the Company's current stock option plan) of the Company's common stock as of the close of business on January 22, 2004 (the "Initial Stock Option") and pursuant to the vesting schedule set forth in this Section 4.05(a). Subject to Sections 6.02 and 8.01 hereof, Executive shall vest in the Initial Stock Option granted herein in accordance with the following schedule: 50,000 shares on January 31, 2005 and 50,000 shares on each of the next four anniversaries thereof.

SECTION 5

TERMINATION OF EMPLOYMENT PERIOD

5.01. Termination Without Cause. At any time during the Employment Period, by notice to the other, Employer or Executive may terminate Executive's employment under this Agreement without cause. Such notice shall specify the effective date of termination, which in the case of termination by Executive shall not be less than thirty (30) days after the date of such notice.

5.02. By Employer: Cause. At any time during the Employment Period, by notice to Executive, Employer may terminate Executive's employment under this Agreement for "Cause," effective immediately. Such notice shall specify the cause for termination. For the purposes of this Section 5.02, "Cause" means:

(a) a breach by Executive of any of the material provisions of this Agreement that Executive fails to remedy or cease within ten (10) business days after notice thereof to Executive; or

(b) any conduct, action or behavior by Executive that has or may reasonably be expected to have a material adverse effect on the reputation or interests of the Company or Executive; or

(c) the commission by Executive of an act involving moral turpitude, dishonesty or fraud, or the engagement in any other willful or intentional misconduct, whether or not in connection with Executive's employment hereunder; or

(d) Executive shall have committed an act constituting a felony under the laws of the United States or any state or political subdivision thereof.

5.03. By Executive for Good Reason. Executive may, at any time during the Employment Period by notice to the Employer, terminate Executive's employment under this Agreement "for Good Reason" effective immediately. For the purposes of this Section 5.03, "Good Reason" means:

(a) a relocation of Employer's headquarters outside the New York City metropolitan area;

(b) a demotion of Executive's position, a material, adverse change in Executive's duties and responsibilities, or an adverse change in Executive's reporting as set forth in Section 3.02;

(c) Employer's failure to pay any amount or benefits when due, which failure is not cured within ten (10) business days after notice to Employer;

(d) Employer's material breach of this Agreement which breach is not cured within ten (10) business days after notice to Employer; or

(e) Ezra Dabah no longer holds the position of Chief Executive Officer of Employer.

5.04. Disability. If during the Employment Period, Executive becomes incapable of fulfilling his obligations hereunder because of injury or physical or mental illness, and such incapacity exists for a period of at least 120 consecutive days or for shorter periods aggregating at least 180 days during any period of twelve consecutive months ("Disability"), Employer may, upon at least fifteen (15) days' prior written notice to Executive, terminate Executive's employment under this Agreement. The Disability of Executive shall be determined by an independent physician acceptable to both Employer and Executive or his representative.

SECTION 6

TERMINATION COMPENSATION

6.01 Entitlement to Payment Upon Termination Without Cause. Subject to the provisions of Sections 6.02 and 9.08, if Executive's employment hereunder is terminated by Employer pursuant to Sections 5.01, 5.03, or 8.01 at any time thereafter, Executive shall be entitled to continuation of his Base Salary for a period of one (1) year following such termination ("Severance Payment"), which Severance Payment shall be paid to Executive in equal consecutive monthly installments with the first such installment paid on the first day of the month next following the effective date of termination of Executive's employment hereunder; provided, however, that to the extent necessary to comply with the restriction of Section 409A(a)(2)(B) of the Internal Revenue Code of 1986, as amended ("Code") concerning payments to "specified employees," in no event shall any portion of the Severance Payment be made earlier than the first business day of the seventh month following Executive's Termination Date ("Delayed Payment Date"). Executive shall be a "specified employee" for the 12-month

period beginning on the first day of the fourth month following each "Identification Date" if Executive is a "key employee" (as defined in Section 416(i) of the Code without regard to Section 416(i)(5) thereof) of Employer at any time during the 12-month period ending on the Identification Date. For purposes of this Agreement, the Identification Date shall be December 31. Receipt of the Severance Payment shall be subject to execution of a separation agreement and general release (the terms of which shall be consistent with this Agreement) in a form reasonably satisfactory to Employer.

6.02 Stock Options Upon Termination. In the event Executive's employment hereunder is terminated by Employer pursuant to Section 5.01 or by Executive pursuant to Section 5.03, (a) the stock options scheduled to vest pursuant to Sections 4.05(a) and 4.05(b) on the next anniversary date following the date of termination of Executive's employment, which number of shares shall be prorated based on the date of termination of Executive's employment, shall immediately vest, and (b) Executive shall have a period of three months during which any vested options held by Executive may be exercised (at the conclusion of which period any unexercised options shall permanently expire). In the event that Executive's employment is terminated by Employer pursuant to Section 5.02 or Executive voluntarily terminates his employment for any reason other than "Good Reason," (a) all stock options previously granted to Executive that have not yet vested shall be forfeited, and (b) Executive shall have a period of three months during which any vested options held by Executive may be exercised (at the conclusion of which period any unexercised options shall permanently expire). In the event that Executive's employment is terminated by Employer or Executive for any reason following a

Change in Control as defined in Section 8, (a) all stock options previously granted to Executive that have not yet vested shall vest immediately; and (b) Executive shall have a period of three months during which any vested options held by Executive may be exercised (at the conclusion of which period any unexercised options shall permanently expire). In the event that Executive's employment is terminated by Employer by reason of Disability pursuant to Section 5.04, or if Executive dies, (a) all stock options previously granted to Executive that have not yet vested shall vest immediately, and (b) Executive (or his estate or personal representative) shall have a period of twelve months during which any vested options held by Executive may be exercised (at the conclusion of which period any unexercised options shall permanently expire).

6.03 No Other Termination Compensation. Executive shall not be entitled to any benefit or compensation following termination of his employment hereunder, except as set forth in this Section 6 and Section 8.01, if applicable.

SECTION 7

LOCATION OF EXECUTIVE'S ACTIVITIES

7.01. Principal Place of Business. Executive's principal place of business in the performance of his duties and obligations under this Agreement shall be in the New York metropolitan area, which includes Secaucus, New Jersey. For so long as Employer's headquarters are located in the New York City metropolitan area, Executive's principal place of business shall be located at such headquarters.

7.02. Travel. Notwithstanding the provisions of Section 7.01, Executive will engage in such travel and spend time in other places as may be necessary or appropriate in furtherance of his duties hereunder.

SECTION 8

CHANGE IN CONTROL

8.01. Effect of Change in Control. If a Change in Control (as hereinafter defined) shall occur and if Executive is terminated by Employer or Executive for any reason, all outstanding stock options under the stock option plan shall immediately vest and Executive shall be entitled to all the payments in Section 6.01.

As used in this Agreement, "Change in Control" means the occurrence during the Term of any of the following events:

(a) The sale to any purchaser of (i) all or substantially all of the assets of the Employer or (ii) capital stock representing more than 50% of the stock of the Employer entitled to vote generally in the election of directors of the Employer; or

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

(c) There is a report filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form, or report or item therein), each promulgated pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), disclosing that any person (as the term "person" is used in Section 13(d)(3) or Section 14(d) (2) of the Exchange Act) has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of securities representing 50% or more of the combined voting power of the voting stock of Employer; or

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

SECTION 9

EXCLUSIVITY OF SERVICES, CONFIDENTIAL

INFORMATION AND RESTRICTIVE COVENANTS

9.01. Exclusivity of Services; Use of Name. During the Employment Period and continuing through the first anniversary of the date in which Executive ceases to be an employee of the Company (the "Covenant Period"), Executive will not:

(a) Promote, participate or engage in any business on behalf of any Direct Competitor of the Company, whether Executive is acting as owner, partner, stockholder,

employee, broker, agent, principal, trustee, corporate officer, director, consultant or in any other capacity whatsoever; provided, however, that this will not prevent Executive from holding for investment up to 1% of any class of stock or other securities quoted or dealt in on a recognized stock exchange or on Nasdaq. For purposes of this Section, a Direct Competitor of the Company means (i) any division of The Gap, Inc. or any Person under common control with The Gap, Inc. that is engaged in the retail sale of children's apparel, (ii) any division of The Limited, Inc. or any Person under common control with The Limited, Inc. that is engaged in the retail sale of children's apparel, (iii) Gymboree or Kids R Us or any Person under common control with Gymboree or Kids R Us, as the case may be, or (iv) any other Person engaged in the retail sale of children's apparel.

(b) Directly or indirectly employ (other than on behalf of the Company), solicit or entice away any director, officer or employee of the Company or any of its subsidiaries; or

(c) Take any action to interfere, directly or indirectly, with the goodwill of the Company or any of its subsidiaries, or induce or attempt to induce any Person doing business with the Company to cease doing business with the Company; or

(d) Use the name of the Company or its subsidiaries in the conduct of any business activities (except in furtherance of the Company's business) or for Executive's personal use without the prior written consent of the Company.

9.02. Confidential and Proprietary Information; Work Product; Warranty.

(a) Confidentiality. Executive acknowledges and agrees that there are certain trade secrets and confidential and proprietary information (collectively, "Confidential Information") which have been developed by the Company and which are used by the Company in its business. Confidential Information shall include, without limitation: (i) customer lists and supplier lists; (ii) the details of the Company's relationships with its customers, including the financial relationship with a customer; (iii) the Company's marketing and development plans, business plans; and (iv) other information proprietary to the Company's business. Executive shall not, at any time during or after his employment hereunder, use or disclose such Confidential Information, except to authorized representatives of the Company or as required in the performance of his duties and responsibilities hereunder. Executive shall return all Company property, such as computers, software and cell phones, and documents (and any copies including in machine or human-readable form), to the Company when his employment terminates. Executive shall not be required to keep confidential any information, which is or becomes publicly available or is already in his possession (unless obtained from the Company). Further, Executive shall be free to use and employ his general skills, know-how and expertise, and to use, disclose and employ any generalized ideas, concepts, know-how, methods, techniques or skills, including those gained or learned during the course of the performance of any services hereunder, so long as he applies such information without disclosure or use of any Confidential Information. Executive hereby acknowledges that his employment under this Agreement does not conflict with, or breach any existing confidentiality, non-competition or other agreement to which Executive is a party or to which he may be subject.

(b) Work Product. Executive agrees that all copyrights, patents, trade secrets or other intellectual property rights associated with any ideas, concepts, techniques, inventions, processes, or works of authorship developed or created by him during his employment by the Company and for a period of 6 months thereafter, that (i) relate, whether directly or indirectly, to the Company's actual or anticipated business, research or development or (ii) are derived from any work performed by Executive on the Company's behalf, shall, to the extent possible, be considered works made for hire within the meaning of the Copyright Act (17 U.S.C. § 101 et. seq.) (the "Work Product"). All Work Product shall be and remain the property of the Company. To the extent that any such Work Product may not, under applicable law, be considered works made for hire, Executive hereby grants, transfers, assigns, conveys and relinquishes, and agrees to grant, transfer, assign, convey and relinquish from time to time, on an exclusive basis, all of his right, title and interest in and to the Work Product to the Company in perpetuity or for the longest period otherwise permitted by law. Consistent with his recognition of the Company's absolute ownership of all Work Product, Executive agrees that he shall (i) not use any Work Product for the benefit of any party other than the Company and (ii) perform such acts and execute such documents and instruments as the Company may now or hereafter deem reasonably necessary or desirable to evidence the transfer of absolute ownership of all Work Product to the Company; provided, however, if following ten (10) business days' written notice from the Company, Executive refuses, or is unable, due to disability, incapacity, or death, to execute such documents relating to the Work Product, he hereby appoints any of the Company's officers as his

attorney-in-fact to execute such documents on his behalf. This agency is coupled with an interest and is irrevocable without the Company's prior written consent.

(c) Warranty. Executive represents and warrants to the Company that (i) there are no claims that would adversely affect his ability to assign all right, title and interest in and to the Work Product to the Company; (ii) the Work Product does not violate any patent, copyright or other proprietary right of any third party; (iii) Executive has the legal right to grant the Company the assignment of his interest in the Work Product as set forth in this Agreement; and (iv) he has not brought and will not bring to his employment hereunder, or use in connection with such employment, any trade secret, confidential or proprietary information of another, or computer software, except for software that he has a right to use for the purpose for which it shall be used, in his employment hereunder.

9.03. Injunctive Relief. Executive acknowledges that a breach or threatened breach of any of the terms set forth in this Section 9 shall result in an irreparable and continuing harm to the Company for which there shall be no adequate remedy at law. The Company shall, without posting a bond, be entitled to obtain injunctive and other equitable relief, in addition to any other remedies available to the Company.

9.04. Essential and Independent Agreements. It is understood by the parties hereto that Executive's obligations and the restrictions and remedies set forth in this Section 9 are essential elements of this Agreement and that but for his agreement to comply with and/or agree to such obligations, restrictions and remedies, the Company would not have entered into this Agreement or employed him. Executive's obligations and the restrictions and remedies set forth in this

Section 9 are independent agreements and the existence of any claim or claims by him against the Company under this Agreement or otherwise will not excuse his breach of any of his obligations or affect the restrictions and remedies set forth under this Section 9.

9.05. Survival of Terms; Representations. Obligations under this Section 9 hereof shall remain in full force and effect notwithstanding the termination of Executive's employment. Executive acknowledges that he is sophisticated in business, and that the restrictions and remedies set forth in this Section 9 do not create an undue hardship on him and will not prevent him from earning a livelihood. He further acknowledges that he has had a sufficient period of time within which to review this Agreement, including this Section 9, with an attorney of his choice and he has done so to the extent he desired. Executive and the Company agree that the restrictions and remedies contained in this Section 9 are reasonable and necessary to protect the Company's legitimate business interests regardless of the reason for or circumstances giving rise to such termination and that he and the Company intend that such restrictions and remedies shall be enforceable to the fullest extent permissible by law. Executive agrees that given the scope of the Company's business and the sophistication of the information highway, any further geographic limitation on such remedies and restrictions would deny the Company the protection to which it is entitled hereunder. If it shall be found by a court of competent jurisdiction that any such restriction or remedy is unenforceable but would be enforceable if some part thereof were deleted or modified, then such restriction or remedy shall apply with such modification as shall be necessary to make it enforceable to the fullest extent permissible under law.

9.06. Mutual Non-Disparagement. Neither Executive nor senior executives of Employer will make or authorize any public statement disparaging the other in its or his business interests and affairs. Notwithstanding the foregoing, neither party shall be (a) required to make any statement that it or he believes to be false or inaccurate, or (b) restricted in connection with any litigation, arbitration or similar proceeding or with respect to its response to any legal process.

9.07. Other Duties of Employee During and After Employment Period. Both during and after the Employment Period, Executive shall, upon reasonable notice, furnish such information as may be in his possession to, and cooperate with, the Company as may reasonably be requested by the Company in connection with any litigation in which the Company is or may be a party.

9.08. Breaches of Provisions. If Executive breaches any of the provisions of this Section 9 then, and in any such event, in addition to other remedies available to Employer, Executive shall not be entitled to any Termination Compensation, including any Termination Compensation made to him hereunder prior to Employer's discovery of such breach.

SECTION 10

MISCELLANEOUS

10.01. Notices. Any notice, consent, or authorization required or permitted to be given pursuant to this Agreement shall be in writing and sent to the party for or to whom intended, at the address of such party set forth below, by certified mail, postage paid, or at such

other address as either party shall designate by notice given to the other in the manner provided herein.

If to Employer:

Attention: Steven Balasiano, Esq.
Senior Vice President, General Counsel
and Chief Administrative Officer
The Children's Place Retail Stores, Inc.
915 Secaucus Road
Secaucus, NJ 07094

With Copies to:

Ezra Dabah
Chairman/Chief Executive Officer
The Children's Place Retail Stores, Inc.
915 Secaucus Road
Secaucus, NJ 07094

If to Executive:

Neal Goldberg
The Children's Place Retail Stores, Inc.
915 Secaucus Road
Secaucus, NJ 07094

With Copies to:

Hollis Gonerka Bart, Esq.
McGuire Woods LLP
65 E. 55th Street
New York, NY 10022

10.02. Taxes. Employer is authorized to withhold from payments made hereunder to Executive such amounts for income tax, social security, unemployment compensation and other judgment of Employer to comply with applicable laws and regulations.

10.03. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to agreements made and to be performed therein.

10.04. Headings. All descriptive headings in this Agreement are inserted for convenience only and shall be disregarded in construing or applying any provision of this Agreement. Should any provision of this Agreement require judicial interpretation, the court interpreting or construing the same shall not construe the provision against any party by reason of the rule of interpretation that a document is to be construed more strictly against the party who prepared the same.

10.05. Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement by the other party must be in writing and shall not operate or be construed as a waiver of any other or subsequent breach by such other party.

10.06. Assignment. This Agreement is personal in its nature and the parties shall not, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided, however, that Employer may assign this Agreement to any of its affiliates or in connection with the reorganization, merger or sale of Employer or the sale of substantially

all the assets of Employer, and the provisions of this Agreement shall inure to the benefit of, and be binding upon, each successor of Employer , whether by merger, consolidation, transfer of all or substantially all of its assets, or otherwise.

10.07. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

10.08. Severability. If any provision of this Agreement or part thereof, is held to be unenforceable, the remainder of such provisions of this Agreement, as the case may be, shall nevertheless remain in full force and effect.

10.09. Entire Agreement and Integration. This Agreement contains the entire agreement and understanding between Employer and Executive with respect to the subject matter hereof. Such Agreement supersedes any prior agreement between the parties relating to the subject matter hereof, including without limitation the Prior Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

THE CHILDREN'S PLACE RETAIL STORES, INC.

By: /S/ EZRA DABAH
EZRA DABAH

/S/ NEAL GOLDBERG
NEAL GOLDBERG

Exhibit A

COMPENSATION

1. **Base Salary:** At the initial rate of $690,000 per year, payable in equal installments not less frequently than monthly during each year of the Employment Period. Base Salary shall be subject to annual review by the Compensation Committee.

2. **Performance Bonus:** Following each Bonus Period (as hereinafter defined) and provided that Executive is employed by Employer on the date of the Performance Bonus payout, Executive shall be entitled to receive a Performance Bonus based upon the Employer's performance during such Bonus Period. The Performance Bonus for each Bonus Period will be payable within 90 days after the last day of such period; provided, however, that in no event shall such Performance Bonus be paid later than the latest of (i) the 15th day of the third month following Executive's first taxable year in which the Bonus Period ends, or (ii) the 15th day of the third month following the end of Employer's first taxable year coincident with or next following the last day of the Bonus Period. The amount of the Performance Bonus for each Bonus Period will be equal to a product equal to (a) Executive's annual Base Salary, times (b) a percentage equal to or greater than 60% as directed by the Compensation Committee, times (c) the Bonus Percentage (as hereinafter defined). The following provisions shall apply to determinations relating to Performance Bonus.

"Bonus Percentage" shall mean, for each Bonus Period, a percentage for such period that is based upon the Employer's performance in accordance with a schedule adopted by the Compensation Committee for all senior executives prior to commencement of such period or as

soon thereafter as possible, except that the Bonus percentage shall not be more than 200% for any Bonus Period. In addition, if the Annual Management Incentive Bonus Plan is approved by the stockholders at the Employer's 2007 annual meeting of stockholders, then the Bonus Percentage shall be determined pursuant to the requirements of such plan. If the Annual Management Incentive Bonus Plan is *not* approved by the stockholders at the Employer's 2007 annual meeting of stockholders, then the Bonus Percentage shall be determined in accordance with the procedures adopted by the Compensation Committee.

"Bonus Period" shall mean each fiscal year of Employer.

3. Additional Payments: Employer shall pay Executive $130,000 on January 31, 2007, January 31, 2008 and January 31, 2009, provided that the Employee is employed by Employer on each such date.

EXHIBIT 31

SECTION 302 CERTIFICATIONS

CERTIFICATIONS

I, Ezra Dabah, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Children's Place Retail Stores, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 6, 2006

By: /S/ EZRA DABAH
EZRA DABAH
Chairman of the Board and
Chief Executive Officer

CERTIFICATIONS

I, Susan J. Riley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Children's Place Retail Stores, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with

generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 6, 2006

By: /S/ SUSAN J. RILEY
SUSAN J. RILEY
Senior Vice President and
Chief Financial Officer

EXHIBIT 32

SECTION 906 CERTIFICATIONS

CERTIFICATIONS

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

1. The quarterly report of the Company on Form 10-Q for the period ended April 29, 2006 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, I have executed this Certification this 6th day of June, 2006.

By: /s/ EZRA DABAH
EZRA DABAH
Chairman of the Board and
Chief Executive Officer

I, Susan J. Riley, Senior Vice President and Chief Financial Officer of The Children's Place Retail Stores, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify that to my knowledge:

1. The quarterly report of the Company on Form 10-Q for the period ended April 29, 2006 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, I have executed this Certification this 6th day of June, 2006.

By: /s/ SUSAN J. RILEY
SUSAN J. RILEY
Senior Vice President and
Chief Financial Officer
