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 November 3, 2001

/_/ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from _____________ to _____________

Commission file number 0-23071

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

DELAWARE	31-1241495
(State or other jurisdiction of incorporation or organization)	(I. R. S. employer identification number)

915 SECAUCUS ROAD
SECAUCUS, NEW JERSEY 07094
(Address of Principal Executive Offices) (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes /X/ No / /

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, par value $0.10 per share, outstanding at December 10, 2001: 26,358,796 shares.

THE CHILDREN'S PLACE RETAIL STORES, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE PERIOD ENDED NOVEMBER 3, 2001

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

THE CHILDREN'S PLACE RETAIL STORES, INC.

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

	NOVEMBER 3, 2001 (UNAUDITED)	FEBRUARY 3, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 8,653	$ 8,141
Accounts receivable	19,089	9,118
Inventories	79,304	68,105
Prepaid expenses and other current assets	12,706	11,054
Deferred income taxes	2,555	2,555
Total current assets	122,307	98,973
Property and equipment, net	136,456	121,975
Deferred income taxes	4,166	4,166
Other assets	11,471	6,582
Total assets	$ 274,400	$ 231,696
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Current liabilities:		
Revolving credit facility	$ 7,365	$ 3,324
Accounts payable	26,457	28,366
Taxes payable	5,565	2,656
Accrued expenses, interest and other current liabilities	30,317	23,683
Total current liabilities	69,704	58,029
Other long-term liabilities	8,557	7,000
Total liabilities	78,261	65,029
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, $0.10 par value; 100,000,000 shares authorized; 26,297,941 shares and 26,095,296 shares issued and outstanding, at November 3, 2001 and February 3, 2001, respectively	2,630	2,610
Additional paid-in capital	94,060	92,252
Translation adjustments	(13)	(12)
Retained earnings	99,462	71,817
Total stockholders' equity	196,139	166,667
Total liabilities and stockholders' equity	$ 274,400	$ 231,696

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

THE CHILDREN'S PLACE RETAIL STORES, INC.

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

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	NOVEMBER 3, 2001	OCTOBER 28, 2000	NOVEMBER 3, 2001	OCTOBER 28, 2000
Net sales	$181,433	$165,887	$458,212	$403,830
Cost of sales	97,363	93,367	265,167	234,110
Gross profit	84,070	72,520	193,045	169,720
Selling, general and administrative expenses	44,497	38,175	122,414	103,115
Pre-opening costs	1,301	766	5,243	5,035
Depreciation and amortization	7,374	5,525	19,716	15,050
Operating income	30,898	28,054	45,672	46,520
Interest expense, net	162	483	197	941
Other expense, net	33	8	140	135
Income before income taxes	30,703	27,563	45,335	45,444
Provision for income taxes	11,984	10,718	17,690	17,709
Net income	$ 18,719	$ 16,845	$ 27,645	$ 27,735
Basic net income per common share	$ 0.71	$ 0.65	$ 1.05	$ 1.07
Basic weighted average common shares outstanding	26,281	25,885	26,229	25,805
Diluted net income per common share	$ 0.70	$ 0.63	$ 1.03	$ 1.04
Diluted weighted average common shares outstanding	26,876	26,921	26,907	26,646

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

THE CHILDREN'S PLACE RETAIL STORES, INC.

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

	THIRTY-NINE WEEKS ENDED	
	NOVEMBER 3, 2001	OCTOBER 28, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 27,645	$ 27,735
Adjustments to reconcile net income to net cash (used by) provided by operating activities:		
Depreciation and amortization	19,716	15,050
Deferred financing fee amortization	47	40
Loss on disposals of property and equipment	598	315
Deferred taxes	152	302
Deferred rent		

1,635 1,215 Changes in operating assets and liabilities: Accounts receivable.. (9,971) (8,535) Inventories.. (11,199) (21,763) Prepaid expenses and other current assets............................. (1,652) (3,013) Other assets.. (6,007) (1,785) Accounts payable.. (1,909) 6,776 Accrued expenses, interest and other current liabilities.............. 9,333 9,683 ---------- ---------- Total adjustments... 743 (1,715) ---------- ---------- Net cash provided by operating activities.................................... 28,388 26,020 ---------- ---------- CASH FLOWS FROM INVESTING ACTIVITIES: Property and equipment purchases.. (33,594) (39,411) ---------- ---------- Net cash used in investing activities.. (33,594) (39,411) ---------- ---------- CASH FLOWS FROM FINANCING ACTIVITIES: Exercise of stock options and employee stock purchases...................... 1,678 1,482 Borrowings under revolving credit facility.................................. 489,823 437,642 Repayments under revolving credit facility................................. (485,782) (420,298) Deferred financing costs... 0 (122) ---------- ---------- Net cash provided by financing activities.................................... 5,719 18,704 ---------- ---------- Effect of exchange rate on cash.. (1) (8) Net increase in cash and cash equivalents........................... 512 5,305 Cash and cash equivalents, beginning of period...................... 8,141 2,204 ---------- ---------- Cash and cash equivalents, end of period.................................... $ 8,653 $ 7,509 ========== ========== OTHER CASH FLOW INFORMATION: Cash paid during the period for interest.................................... $ 751 $ 1,395 Cash paid during the period for income taxes................................ 15,537 13,168

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

THE CHILDREN'S PLACE RETAIL STORES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information. Certain information and footnote disclosures required by GAAP for complete financial statements have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the accompanying unaudited financial statements contain all material adjustments, consisting of normal recurring accruals, necessary to present fairly the Company's financial position, results of operations and cash flow for the periods indicated, and have been prepared in a manner consistent with the audited financial statements as of February 3, 2001. These financial statements should be read in conjunction with the audited financial statements and footnotes for the fiscal year ended February 3, 2001 included in the Company's Annual Report on Form 10-K for the year ended February 3, 2001 filed with the Securities and Exchange Commission. Due to the seasonal nature of the Company's business, the results of operations for the thirty-nine weeks ended November 3, 2001 and October 28, 2000 are not necessarily indicative of operating results for a full fiscal year.

2. NET INCOME PER COMMON SHARE

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

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	NOVEMBER 3, 2001	OCTOBER 28, 2000	NOVEMBER 3, 2001	OCTOBER 28, 2000
Net income (in thousands)........	$18,719	$16,845	$27,645	$27,735
Basic shares.....................	26,280,753	25,884,879	26,228,828	25,805,123
Dilutive effect of stock options.	595,187	1,035,669	677,990	841,309
Dilutive shares..................	26,875,940	26,920,548	26,906,818	26,646,432
Antidilutive options............	437,150	189,317	289,867	382,192

Antidilutive options consist of the weighted average of stock options for the respective periods ended November 3, 2001 and October 28, 2000 that had an exercise price greater than the average market price during the period. Such options are therefore excluded from the computation of diluted shares.

3. LITIGATION

The Company is involved in various legal proceedings arising in the normal course of its business. In the opinion of management, any ultimate liability arising out of such proceedings will not have a material adverse effect on the Company's financial position or results of operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THIS QUARTERLY REPORT ON FORM 10-Q CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF FEDERAL SECURITIES LAWS, WHICH ARE INTENDED TO BE COVERED BY THE SAFE HARBORS CREATED THEREBY. THOSE STATEMENTS INCLUDE, BUT MAY NOT BE LIMITED TO, THE DISCUSSIONS OF THE COMPANY'S OPERATING AND GROWTH STRATEGY. INVESTORS ARE CAUTIONED THAT ALL FORWARD-LOOKING STATEMENTS INVOLVE RISKS AND UNCERTAINTIES INCLUDING, WITHOUT LIMITATION, THOSE SET FORTH UNDER THE CAPTION "RISK FACTORS" IN THE BUSINESS SECTION OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED FEBRUARY 3, 2001. ALTHOUGH THE COMPANY BELIEVES THAT THE ASSUMPTIONS UNDERLYING THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN ARE REASONABLE, ANY OF THE ASSUMPTIONS COULD PROVE TO BE INACCURATE, AND THEREFORE, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS QUARTERLY REPORT ON FORM 10-Q WILL PROVE TO BE ACCURATE. IN LIGHT OF THE SIGNIFICANT UNCERTAINTIES INHERENT IN THE FORWARD-LOOKING STATEMENTS INCLUDED HEREIN, THE INCLUSION OF SUCH INFORMATION SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE COMPANY OR ANY OTHER PERSON THAT THE OBJECTIVES AND PLANS OF THE COMPANY WILL BE ACHIEVED. THE COMPANY UNDERTAKES NO OBLIGATION TO PUBLICLY RELEASE ANY REVISIONS TO ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN TO REFLECT EVENTS AND CIRCUMSTANCES OCCURRING AFTER THE DATE HEREOF OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

THE FOLLOWING DISCUSSION SHOULD BE READ IN CONJUNCTION WITH THE COMPANY'S UNAUDITED FINANCIAL STATEMENTS AND NOTES THERETO INCLUDED ELSEWHERE IN THIS

QUARTERLY REPORT ON FORM 10-Q AND THE ANNUAL AUDITED FINANCIAL STATEMENTS AND NOTES THERETO INCLUDED IN THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED FEBRUARY 3, 2001 FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, selected income statement data expressed as a percentage of net sales:

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	NOVEMBER 3, 2001	OCTOBER 28, 2000	NOVEMBER 3, 2001	OCTOBER 28, 2000
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	53.7	56.3	57.9	58.0
Gross profit	46.3	43.7	42.1	42.0
Selling, general and administrative expenses	24.5	23.0	26.7	25.5
Pre-opening costs	0.7	0.5	1.1	1.3
Depreciation and amortization	4.1	3.3	4.3	3.7
Operating income	17.0	16.9	10.0	11.5
Interest expense, net	0.1	0.3	0.1	0.2
Other expense, net	--	--	--	--
Income before income taxes	16.9	16.6	9.9	11.3
Provision for income taxes	6.6	6.4	3.9	4.4
Net income	10.3%	10.2%	6.0%	6.9%
Number of stores, end of period	513	392	513	392

THIRTEEN WEEKS ENDED NOVEMBER 3, 2001 (THE "THIRD QUARTER 2001") COMPARED TO THIRTEEN WEEKS ENDED OCTOBER 28, 2000 (THE "THIRD QUARTER 2000")

Net sales increased by $15.5 million, or 9%, to $181.4 million during the Third Quarter 2001 from $165.9 million during the Third Quarter 2000. During the Third Quarter 2001, we opened 33 new stores and closed one store. Net sales for the 33 new stores, as well as the other stores that did not qualify as comparable stores, contributed $27.8 million of our net sales increase. This net sales increase was partially offset by a 9% comparable store sales decline in the Third Quarter 2001, which decreased our net sales by $12.3 million. Comparable store sales increased 5% during the Third Quarter 2000. To more closely match the same period last year, comparable store sales calculations for fiscal 2001 have shifted last year's sales by one week since fiscal 2000 was a fifty-three week year.

During the Third Quarter 2001, our comparable store sales decline was primarily attributable to a slowdown in store traffic caused by the difficult economic climate which affected a large segment of the retail sector. In addition, sales for our folding "Yaak"

scooter, which was a trend item introduced in the latter portion of the second quarter 2000, contributed $9.1 million to our sales in the Third Quarter 2000. Excluding sales of the Yaak folding scooter, Third Quarter 2001 comparable store sales decreased 4% from the Third Quarter 2000. As of November 3, 2001, we operated 513 stores in 46 states, primarily located in regional shopping malls. During November 2001, we opened an additional 7 stores to end the year with 520 stores.

During the four weeks ended December 1, 2001, we experienced a 16% same store sales decline as compared to a 8% increase for the comparable four week period in fiscal 2000. Sales continued to be impacted by a difficult economic climate and unseasonable, spring-like weather that weakened demand for cold weather merchandise categories. Excluding sales of our Yaak folding scooter, comparable store sales during the four weeks ended December 1, 2001 decreased 14% from the comparable prior year period.

Gross profit increased by $11.6 million to $84.1 million during the Third Quarter 2001 from $72.5 million during the Third Quarter 2000. As a percentage of net sales, gross profit increased 2.6% to 46.3% during the Third Quarter 2001 from 43.7% during the Third Quarter 2000. The increase in gross profit, as a percentage of net sales, was principally due to higher initial markups achieved through lower product costs from our manufacturers, partially offset by higher occupancy costs. Occupancy costs were higher, as a percentage of net sales, due to our comparable store sales decline and increased occupancy costs from new stores that have not been open long enough to leverage their rent through an established sales base.

Selling, general and administrative expenses increased $6.3 million to $44.5 million during the Third Quarter 2001 from $38.2 million during the Third Quarter 2000. Selling, general and administrative expenses were 24.5% of net sales during the Third Quarter 2001, as compared with 23.0% during the Third Quarter 2000. The increase, as a percentage of net sales, was primarily due to higher store payroll and medical benefit costs, partially offset by lower marketing costs. Store payroll, as a percentage of net sales, was unfavorably impacted by our comparable store sales decline and by higher wage rates. Our marketing costs were lower, as a percentage of net sales, primarily due to the timing of our back to school marketing campaign, which was launched in the second quarter 2001. During fiscal 2000, our back to school marketing campaign was launched in the Third Quarter 2000.

During the Third Quarter 2001, pre-opening costs were $1.3 million, or 0.7% of net sales, as compared to $0.8 million, or 0.5% of net sales, during the Third Quarter 2000. We opened 33 stores and 21 stores, during the Third Quarter 2001 and the Third Quarter 2000, respectively.

Depreciation and amortization amounted to $7.4 million, or 4.1% of net sales, during the Third Quarter 2001, as compared to $5.5 million, or 3.3% of net sales, during the Third Quarter 2000. The increase in depreciation and amortization primarily was a result of increases to our store base.

During the Third Quarter 2001, we recorded net interest expense of $0.2 million, or 0.1% of net sales, as compared to interest expense of $0.5 million, or 0.3% of net sales, during the Third Quarter 2000. Our lower interest expense was due to lower borrowings under our working capital facility, lower interest rates and interest income recorded on our investments.

Our provision for income taxes for the Third Quarter 2001 was $12.0 million, as compared to a $10.7 million provision for income taxes during the Third Quarter 2000. Our effective tax rate was 39% during the Third Quarter 2001 and the Third Quarter 2000.

We recorded net income of $18.7 million and $16.8 million during the Third Quarter 2001 and the Third Quarter 2000, respectively.

THIRTY-NINE WEEKS ENDED NOVEMBER 3, 2001 COMPARED TO THIRTY-NINE WEEKS ENDED OCTOBER 28, 2000

Net sales increased $54.4 million, or 13%, to $458.2 million during the thirty-nine weeks ended November 3, 2001 from $403.8 million during the thirty-nine weeks ended October 28, 2000. Net sales for the 114 stores opened during the thirty-nine weeks ended November 3, 2001, as well as the other stores that did not qualify as comparable stores, contributed $79.0 million of the net sales increase. This net sales increase was partially offset by a 8% comparable store sales decline in the thirty-nine weeks ended November 3, 2001, which decreased our net sales by $24.6 million. Comparable store sales increased 6% during the thirty-nine weeks ended October 28, 2000. To more closely match the same period last year, comparable store sales calculations for fiscal 2001 have shifted last year's sales by one week since fiscal 2000 was a fifty-three week year.

During the thirty-nine weeks ended November 3, 2001, our comparable store sales decline was attributable primarily to a slowdown in store traffic caused by the difficult economic climate. In addition, sales of our folding Yaak scooter, contributed $10.9

million to the sales of the thirty-nine weeks ended October 28, 2000. Excluding the Yaak folding scooter, comparable store sales for the thirty-nine weeks ended November 3, 2001 decreased 6% from the thirty-nine weeks ended October 28, 2000.

Gross profit increased $23.3 million to $193.0 million during the thirty-nine weeks ended November 3, 2001 from $169.7 million during the thirty-nine weeks ended October 28, 2000. As a percentage of net sales, gross profit increased 0.1% to 42.1% during the thirty-nine weeks ended November 3, 2001 from 42.0% during the thirty-nine weeks ended October 28, 2000. During the thirty-nine weeks ended November 3, 2001, gross profit, as a percentage of net sales, increased due to higher initial markups achieved through effective product sourcing. These increases were offset by higher occupancy costs and higher markdowns. Occupancy costs were higher, as a percentage of net sales, due to our comparable store sales declines and increased occupancy costs from new stores that have not been open long enough to leverage their rent through an established sales base. Our markdowns were higher, as a percentage of net sales, due to the weak sales environment.

Selling, general and administrative expenses increased $19.3 million to $122.4 million during the thirty-nine weeks ended November 3, 2001 from $103.1 million during the thirty-nine weeks ended October 28, 2000. Selling, general and administrative expenses were 26.7% of net sales during the thirty-nine weeks ended November 3, 2001, as compared with 25.5% of net sales during the thirty-nine weeks ended October 28, 2000. The increase, as a percentage of net sales, was primarily due to higher store payroll and medical benefits costs, partially offset by the leveraging of corporate administrative expenses and marketing costs.

During the thirty-nine weeks ended November 3, 2001, pre-opening costs were $5.2 million, or 1.1% of net sales, as compared with $5.1 million, or 1.3% of net sales, during the thirty-nine weeks ended October 28, 2000. We opened 114 stores and 100 stores during the thirty-nine weeks ended November 3, 2001 and the thirty-nine weeks ended October 28, 2000, respectively. During the thirty-nine weeks ended October 28, 2000, we incurred higher pre-opening expenses due to higher travel, freight and marketing costs to introduce The Children's Place brand in new markets and to open our first stores on the West Coast.

Depreciation and amortization amounted to $19.7 million, or 4.3% of net sales, during the thirty-nine weeks ended November 3, 2001, as compared to $15.1 million, or 3.7% of net sales, during the thirty-nine weeks ended October 28, 2000. The increase in depreciation and amortization primarily was a result of increases to our store base.

During the thirty-nine weeks ended November 3, 2001, we recorded net interest expense of $0.2 million, or 0.1% of net sales, due to lower borrowings under our working capital facility, lower interest rates and interest income recorded on our investments. During the thirty-nine weeks ended October 28, 2000, we recorded net interest expense of $0.9 million, or 0.2% of net sales, due to borrowings under our working capital facility. Other expense, net, during the thirty-nine weeks ended November 3, 2001 and the thirty-nine weeks ended October 28, 2000 primarily consisted of anniversary fees related to our working capital facility.

Our provision for income taxes during both the thirty-nine weeks ended November 3, 2001 and the thirty-nine weeks ended October 28, 2000 was $17.7 million. Our effective tax rate was 39.0% during the thirty-nine weeks ended November 3, 2001 and the thirty-nine weeks ended October 28, 2000.

We recorded net income of $27.6 million and $27.7 million during the thirty-nine weeks ended November 3, 2001 and the thirty-nine weeks ended October 28, 2000, respectively.

LIQUIDITY AND CAPITAL RESOURCES

DEBT SERVICE/LIQUIDITY

Our primary uses of cash are financing new store openings and providing for working capital, which principally represents the purchase of inventory. Our working capital needs follow a seasonal pattern, peaking during the second and third quarters when inventory is purchased for the back to school and holiday seasons. We have been able to meet our cash needs principally by using cash flows from operations and seasonal borrowings under our working capital facility. As of November 3, 2001, we had no long-term debt obligations.

Our working capital facility provides for borrowings up to $75 million (including a sublimit for letters of credit of $60 million). As of November 3, 2001, we had $7.4 million in outstanding borrowings under our working capital facility and had outstanding letters of credit of $14.4 million. Availability under our working capital facility was $49.1 million. During the Third Quarter 2001, the interest rate charged under our working capital facility for reference rate borrowings was 6.1% per annum and LIBOR borrowings bore interest at 4.6%

per annum. The maximum borrowings and outstanding letter of credit usage under our working capital facility during the thirty-nine weeks ended November 3, 2001 was $45.2 million. As of November 3, 2001, we were in compliance with all of our covenants under our working capital facility.

CASH FLOWS/CAPITAL EXPENDITURES

During the thirty-nine weeks ended November 3, 2001, operating activities provided $28.4 million in cash flow as compared to $26.0 million in cash flow provided by operating activities during the thirty-nine weeks ended October 28, 2000. During the thirty-nine weeks ended November 3, 2001, cash flows provided by operating activities increased primarily as a result of a a smaller inventory buildup for the holiday season resulting from conservative inventory management and greater cash generated from operations, partially offset by decreases in accounts payable and increases in our other assets.

Cash flows used in investing activities were $33.6 million and $39.4 million in the thirty-nine weeks ended November 3, 2001 and the thirty-nine weeks ended October 28, 2000, respectively. During the thirty-nine weeks ended November 3, 2001 and the thirty-nine weeks ended October 28, 2000, cash flows used in investing activities primarily represented capital expenditures for new store openings and remodelings. The decrease in cash flows used in investing activities during the thirty-nine weeks ended November 3, 2001, was primarily due to the timing and location of our new store openings and store remodelings, as well as increased landlord contributions during the thirty-nine weeks ended November 3, 2001.

In the thirty-nine weeks ended November 3, 2001 and the thirty-nine weeks ended October 28, 2000, we opened 114 and 100 stores, respectively. In the thirty-nine weeks ended November 3, 2001 and the thirty-nine weeks ended October 28, 2000, we remodeled 12 stores in each of the respective periods. During fiscal 2001, we plan to open a total of approximately 120 stores and remodel 14 stores. We anticipate that total capital expenditures during fiscal 2001 will approximate $40 to $50 million, all of which we plan to fund with cash flows from operations.

Cash flows provided by financing activities were $5.7 million during the thirty-nine weeks ended November 3, 2001 as compared to $18.7 million provided by financing activities in the thirty-nine weeks ended October 28, 2000. During the thirty-nine weeks ended November 3, 2001 and the thirty-nine weeks ended October 28, 2000, cash flows provided by financing activities reflected net borrowings under our working capital facility and funds received from the exercise of employee stock options and employee stock purchases.

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

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

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

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings arising in the normal course of its business. In the opinion of management, any ultimate liability arising out of such proceedings will not have a material adverse effect on the Company's financial position or results of operations.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

None.

(b) REPORTS ON FORM 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE CHILDREN'S PLACE RETAIL STORES, INC.

Date: December 17, 2001

By: /s/ Ezra Dabah

Chairman of the Board and Chief Executive Officer (Principal Executive Officer)

Date: December 17, 2001

By: /s/ Seth L. Udasin

Vice President and Chief Financial Officer (Principal Financial Officer)