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 August 4, 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 September 10, 2001: 26,259,694 shares.

THE CHILDREN'S PLACE RETAIL STORES, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE PERIOD ENDED AUGUST 4, 2001

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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)

	AUGUST 4, 2001 (UNAUDITED)	FEBRUARY 3, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,922	$ 8,141
Accounts receivable	16,790	9,118
Inventories	68,600	68,105
Prepaid expenses and other current assets	20,766	11,054
Deferred income taxes	2,555	2,555
Total current assets	118,633	98,973
Property and equipment, net	131,377	121,975
Deferred income taxes	4,166	4,166
Other assets	10,017	6,582
Total assets	$ 264,193	$ 231,696
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Current liabilities:		
Revolving credit facility	$ 25,177	$ 3,324
Accounts payable	24,675	28,366
Taxes payable	1,934	2,656
Accrued expenses, interest and other current liabilities	27,394	23,683
Total current liabilities	79,180	58,029
Other long-term liabilities	7,929	7,000
Total liabilities	87,109	65,029
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, $0.10 par value; 100,000,000 shares authorized; 26,252,251 shares and 26,095,296 shares issued and outstanding, at August 4, 2001 and February 3, 2001, respectively	2,625	2,610
Additional paid-in capital	93,735	92,252
Translation adjustments	(21)	(12)
Retained earnings	80,745	71,817
Total stockholders' equity	177,084	166,667
Total liabilities and stockholders' equity	$ 264,193	$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		TWENTY-SIX WEEKS ENDED	
	AUGUST 4, 2001	JULY 29, 2000	AUGUST 4, 2001	JULY 29, 2000
Net sales	$116,318	$107,764	$276,779	$237,944
Cost of sales	75,499	67,313	167,804	140,744
Gross profit	40,819	40,451	108,975	97,200
Selling, general and administrative expenses	38,959	30,874	77,917	64,941
Pre-opening costs	1,654	1,586	3,942	4,269
Depreciation and amortization	6,473	5,053	12,342	9,524
Operating (loss) income	(6,267)	2,938	14,774	18,466
Interest expense, net	5	277	35	458
Other expense, net	107	124	107	127
(Loss) income before income taxes	(6,379)	2,537	14,632	17,881
(Benefit) provision for income taxes	(2,487)	1,021	5,706	6,991
Net (loss) income	$ (3,892)	$ 1,516	$ 8,926	$ 10,890
Basic net (loss) income per common share	$(0.15)	$0.06	$0.34	$0.42
Basic weighted average common shares outstanding	26,245	25,796	26,203	25,767
Diluted net (loss) income per common share (See Note 2)	$(0.15)	$0.06	$0.33	$0.41
Diluted weighted average common shares outstanding	26,245	26,662	26,922	26,511

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)

	TWENTY-SIX WEEKS ENDED	
	AUGUST 4, 2001	JULY 29, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$8,926	$ 10,890
Adjustments to reconcile net income to net cash (used by) provided by operating activities:		
Depreciation and amortization	12,342	9,524
Deferred financing fee amortization	31	26
Loss on disposals of property and equipment	226	251
Deferred taxes	152	203
Deferred rent	1,011	639
Changes in operating assets and liabilities:		
Accounts receivable	(7,672)	(9,256)
Inventories	(495)	(6,893)
Prepaid expenses and other current assets	(9,712)	(6,246)
Other assets	(4,079)	(814)
Accounts payable	(3,691)	7,057
Accrued expenses, interest and other current liabilities	2,957	4,102
Total adjustments	(8,930)	(1,407)
Net cash (used by) provided by operating activities	(4)	9,483
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(21,407)	(30,096)
Net cash used in investing activities	(21,407)	(30,096)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Exercise of stock options and employee stock purchases	1,348	845
Borrowings under revolving credit facility	313,235	270,590
Repayments under revolving credit facility	(291,382)	(248,129)
Deferred financing costs	0	(122)
Net cash provided by financing activities	23,201	23,184
Effect of exchange rate on cash	(9)	(6)
Net increase in cash and cash equivalents	1,781	2,565
Cash and cash equivalents, beginning of period	8,141	2,204
Cash and cash equivalents, end of period	$9,922	$ 4,769
OTHER CASH FLOW INFORMATION:		
Cash paid during the period for interest	$485	$721
Cash paid during the period for income taxes	15,404	11,058

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 twenty-six weeks ended August 4, 2001 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		TWENTY-SIX WEEKS ENDED	
	AUGUST 4, 2001	JULY 29, 2000	AUGUST 4, 2001	JULY 29, 2000
Net (loss) income (in thousands)........	$(3,892)	$1,516	$8,926	$10,890
Basic shares............................	26,244,775	25,796,490	26,202,865	25,767,162
Dilutive effect of stock options........	0	865,443	719,392	744,129
Dilutive shares.........................	26,244,775	26,661,933	26,922,257	26,511,291
Antidilutive options....................	929,148	257,950	216,225	478,630

The net loss per share presented in the consolidated statement of income for the thirteen weeks ended August 4, 2001, excludes the dilutive effect of stock options, which would be antidilutive as a result of the net loss. If such options were included in the calculation of diluted net loss per share, this would result in a diluted net loss per share of $(0.14) for the thirteen weeks ended August 4, 2001.

Antidilutive options consist of the weighted average of stock options for the thirteen weeks ended July 29, 2000 and the twenty-six weeks ended August 4, 2001 and July 29, 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		TWENTY-SIX WEEKS ENDED	
	AUGUST 4, 2001	JULY 29, 2000	AUGUST 4, 2001	JULY 29, 2000
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	64.9	62.5	60.6	59.2
Gross profit	35.1	37.5	39.4	40.8
Selling, general and administrative expenses	33.5	28.6	28.2	27.2
Pre-opening costs	1.4	1.5	1.4	1.8
Depreciation and amortization	5.6	4.7	4.5	4.0
Operating (loss) income	(5.4)	2.7	5.3	7.8
Interest expense, net	--	0.3	--	0.2
Other expense, net	0.1	0.1	--	0.1
(Loss) income before income taxes	(5.5)	2.3	5.3	7.5
(Benefit) provision for income taxes	(2.1)	0.9	2.1	2.9
Net (loss) income	(3.4)%	1.4%	3.2%	4.6%
Number of stores, end of period	481	371	481	371

THIRTEEN WEEKS ENDED AUGUST 4, 2001 (THE "SECOND QUARTER 2001") COMPARED TO THIRTEEN WEEKS ENDED JULY 29, 2000 (THE "SECOND QUARTER 2000")

Net sales increased by $8.5 million, or 8%, to $116.3 million during the Second Quarter 2001 from $107.8 million during the Second Quarter 2000. During the Second Quarter 2001, we opened 44 new stores. Net sales for the 44 new stores, as well as the other stores that did not qualify as comparable stores, contributed $20.6 million of our net sales increase. This net sales increase was partially offset by a 16% comparable store sales decline in the Second Quarter 2001, which decreased our net sales by $12.1 million. Comparable store sales increased 7% during the Second 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 Second 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 $1.8 million to the sales of the Second Quarter 2000. Excluding the Yaak folding scooter, Second Quarter 2001 comparable store sales decreased 14% from the Second

Quarter 2000. As of August 4, 2001, we operated 481 stores in 46 states, primarily located in regional shopping malls. During the four weeks ended September 1, 2001, we experienced a 9% same store sales decline as compared to a 3% decrease for the comparable four week period in fiscal 2000. Sales were unfavorably impacted primarily by a slowdown in store traffic. Excluding sales of our Yaak folding scooter, comparable store sales during the four weeks ended September 1, 2001 decreased 1% from the comparable prior year period.

Gross profit increased by $0.3 million to $40.8 million during the Second Quarter 2001 from $40.5 million during the Second Quarter 2000. As a percentage of net sales, gross profit decreased 2.4% to 35.1% during the Second Quarter 2001 from 37.5% during the Second Quarter 2000. The decrease in gross profit, as a percentage of net sales, was principally due to higher occupancy costs and higher markdowns partially offset by higher initial markups achieved through lower product costs from our manufacturers. 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. Our markdowns were higher, as a percentage of net sales, due to the weak sales environment.

Selling, general and administrative expenses increased $8.1 million to $39.0 million during the Second Quarter 2001 from $30.9 million during the Second Quarter 2000. Selling, general and administrative expenses were 33.5% of net sales during the Second Quarter 2001, as compared with 28.6% during the Second Quarter 2000. The increase, as a percentage of net sales, was primarily due to higher store payroll, marketing and medical benefit costs. Store payroll, as a percentage of net sales, was unfavorably impacted by our comparable store sales decline and higher wage rates. Our marketing costs were higher, as a percentage of net sales, primarily due to 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 of fiscal 2000.

During the Second Quarter 2001, pre-opening costs were $1.7 million, or 1.4% of net sales, as compared to $1.6 million, or 1.5% of net sales, during the Second Quarter 2000. We opened 44 stores and 36 stores, during the Second Quarter 2001 and the Second Quarter 2000, respectively.

Depreciation and amortization amounted to $6.5 million, or 5.6% of net sales, during the Second Quarter 2001, as compared to $5.1 million, or 4.7% of net sales, during the Second Quarter 2000. The increase in depreciation and amortization primarily was a result of increases to our store base.

During the Second Quarter 2001, we recorded virtually no net interest expense due to lower borrowing under our working capital facility, lower interest rates and interest income recorded on our investments. During the Second Quarter 2000, we recorded net interest expense of $0.3 million, or 0.3% of net sales, primarily due to borrowings under our working capital facility. Other expense, net, for the Second Quarter 2001 and the Second Quarter 2000 primarily consisted of anniversary fees related to our working capital facility.

Our benefit for income taxes for the Second Quarter 2001 was $2.5 million, as compared to a $1.0 million provision for income taxes during the Second Quarter 2000. Our effective tax rate was 39% during the Second Quarter 2001 and 40% during the Second Quarter 2000.

We recorded a net loss of $3.9 million and net income of $1.5 million during the Second Quarter 2001 and the Second Quarter 2000, respectively.

TWENTY-SIX WEEKS ENDED AUGUST 4, 2001 COMPARED TO TWENTY-SIX WEEKS ENDED JULY 29, 2000

Net sales increased $38.9 million, or 16%, to $276.8 million during the twenty-six weeks ended August 4, 2001 from $237.9 million during the twenty-six weeks ended July 29, 2000. Net sales for the 81 stores opened during the twenty-six weeks ended August 4, 2001, as well as the other stores that did not qualify as comparable stores, contributed $53.2 million of the net sales increase. This net sales increase was partially offset by a 8% comparable store sales decline in the twenty-six weeks ended August 4, 2001, which decreased our net sales by $14.3 million. Comparable store sales increased 6% during the twenty-six weeks ended July 29, 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 twenty-six weeks ended August 4, 2001, our comparable store sales decline was attributable primarily to a slowdown in store traffic caused by the difficult economic climate.

Gross profit increased $11.8 million to $109.0 million during the twenty-six weeks ended August 4, 2001 from $97.2 million during the twenty-six weeks ended July 29, 2000. As a percentage of net sales, gross profit decreased 1.4% to 39.4% during the twenty-six weeks ended August 4, 2001 from 40.8% during the twenty-six weeks ended July 29, 2000. The decrease in gross profit, as a percentage of net sales, was principally due to higher occupancy costs and higher markdowns, partially offset by higher initial markups achieved through effective product sourcing. 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 $13.0 million to $77.9 million during the twenty-six weeks ended August 4, 2001 from $64.9 million during the twenty-six weeks ended July 29, 2000. Selling, general and administrative expenses were 28.2% of net sales during the twenty-six weeks ended August 4, 2001, as compared with 27.2% of net sales during the twenty-six weeks ended July 29, 2000. The increase, as a percentage of net sales, was primarily due to higher store payroll, medical benefits costs and marketing costs.

During the twenty-six weeks ended August 4, 2001, pre-opening costs were $3.9 million, or 1.4% of net sales, as compared with $4.3 million, or 1.8% of net sales, during the twenty-six weeks ended July 29, 2000. We opened 81 stores and 79 stores during the twenty-six weeks ended August 4, 2001 and the twenty-six weeks ended July 29, 2000, respectively. During the twenty-six weeks ended July 29, 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 $12.3 million, or 4.5% of net sales, during the twenty-six weeks ended August 4, 2001, as compared to $9.5 million, or 4.0% of net sales, during the twenty-six weeks ended July 29, 2000. The increase in depreciation and amortization primarily was a result of increases to our store base.

During the twenty-six weeks ended August 4, 2001, we recorded a minimal net interest expense due to lower borrowings under our working capital facility, lower interest rates and interest income recorded on our investments. During the twenty-six weeks ended July 29, 2000, we recorded net interest expense of $0.5 million, or 0.2% of net sales, due to borrowings under our working capital facility.

Our provision for income taxes during the twenty-six weeks ended August 4, 2001 was $5.7 million, compared to $7.0 million during the twenty-six weeks ended July 29, 2000. Our effective tax rate was 39.0% during both the twenty-six weeks ended August 4, 2001 and the twenty-six weeks ended July 29, 2000.

We recorded net income of $8.9 million and $10.9 million during the twenty-six weeks ended August 4, 2001 and the twenty-six weeks ended July 29, 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 August 4, 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 August 4, 2001, we had $25.2 million in borrowings under our working capital facility and had outstanding letters of credit of $13.5 million. Availability under our working capital facility was $34.7 million. During the Second Quarter 2001, the interest rate charged under our working capital facility for reference rate borrowings was 6.8% per annum and LIBOR borrowings bore interest at 5.1% per annum. The maximum borrowings and outstanding letter of credit usage under our working capital facility during the twenty-six weeks ended August 4, 2001 was $42.5 million. As of August 4, 2001, we were in compliance with all of our covenants under our working capital facility.

CASH FLOWS/CAPITAL EXPENDITURES

During the twenty-six weeks ended August 4, 2001, operating activities used minimal cash flow as compared to $9.5 million in cash flow provided by operating activities during the twenty-six weeks ended July 29, 2000. During the twenty-six weeks ended August 4, 2001, cash flows provided by operating activities decreased primarily as a result of a decrease in our accounts payable and operating earnings, partially offset by a smaller inventory buildup for the back to school season resulting from conservative inventory management.

Cash flows used in investing activities were $21.4 million and $30.1 million in the twenty-six weeks ended August 4, 2001 and the twenty-six weeks ended July 29, 2000, respectively. During the twenty-six weeks ended August 4, 2001 and the twenty-six weeks ended July 29, 2000, cash flows used in investing activities were primarily used in capital expenditures for new store openings and remodelings. The decrease in cash flows used in investing activities during the twenty-six weeks ended August 4, 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 twenty-six weeks ended August 4, 2001.

In the twenty-six weeks ended August 4, 2001 and the twenty-six weeks ended July 29, 2000, we opened 81 and 79 stores and remodeled 8 and 9 stores, respectively. During the Second Quarter 2001, we also opened our West Coast Distribution Center and re-launched our on-line store. 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 $50 to $60 million, all of which we plan to fund with cash flows from operations.

Cash flows provided by financing activities were $23.2 million during both the twenty-six weeks ended August 4, 2001 and the twenty-six weeks ended July 29, 2000. During the twenty-six weeks ended August 4, 2001 and the twenty-six weeks ended July 29, 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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company's Annual Meeting of Stockholders was held on July 10, 2001. The following matters were voted on by the stockholders:

1. Election of two Directors. Messrs. Silverstein and Oddi were elected to the Company's Board of Directors for terms expiring in 2004. The results of the voting were as follows: 25,094,298 votes in favor of Mr. Silverstein, with 174,527 votes against; 25,005,601 votes in favor of Mr. Oddi, with 263,224 votes against.

2. Ratification of selection of Arthur Andersen LLP as independent public accountants for the Company for the fiscal year ending February 2, 2002. The result of the vote was 25,218,109 in favor, 48,874 against, and 1,842 abstaning.

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: September 17, 2001

By: /S/ EZRA DABAH

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

Date: September 17, 2001

By: /S/ SETH L. UDASIN

Vice President and
Chief Financial Officer
(Principal Financial Officer)