Childrens Place, Inc.
Form PREC14A
April 13, 2015
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

Information Required in Proxy Statement

Schedule 14A Information

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant **x**

Filed by a Party other than the Registrant **o**

Check the appropriate box:

x Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

The Children's Place, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, If Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

o Fee previously paid with preliminary materials.

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

April __, 2015

Dear Fellow Stockholder:

You are cordially invited to attend our Annual Meeting of Stockholders on Friday, May 22, 2015 at 10:00 a.m. at [ ].

At the Annual Meeting, we will ask you to (i) elect the Class III members of the Board of Directors, (ii) ratify the selection of the Company s independent registered public accounting firm and (iii) hold an advisory vote concerning named executive officer compensation.

This booklet includes the Notice of Annual Meeting and Proxy Statement. The Proxy Statement describes the business we will conduct at the Annual Meeting and provides information about the Company that you should consider when you vote your shares. You should also have received a **WHITE** proxy card and postage-paid return envelope. **WHITE** proxy cards are being solicited on behalf of our Board.

Your vote will be especially important at the meeting. Barington Companies Equity Partners, L.P. (together with its affiliates and related parties, Barington) and Macellum SPV II, LP (together with its affiliates and related parties, Macellum and together with Barington, Barington/Macellum) have notified the Company that Barington/Macellum intend to nominate a slate of three nominees for election as directors at the meeting in opposition to the nominees recommended by our Board.

It is extremely important that you be represented at the Annual Meeting in light of the proxy contest being conducted by Barington/Macellum. Whether or not you plan to attend the Annual Meeting in person, we hope that you will vote on the matters to be considered. You may vote your WHITE proxy card via the internet, by telephone, or by mail by signing, dating and returning your WHITE proxy card in the envelope provided.

Very truly yours,

Norman Matthews
Chairman of the Board

Neither the Securities and Exchange Commission nor any state securities regulatory agency has passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The attached proxy statement is dated April [__], 2015 and is first being mailed to stockholders on or about April [__], 2015.

April ___, 2015

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The 2015 Annual Meeting of Stockholders of The Children s Place, Inc. will be held at [ ] on Friday, May 22, 2015, at 10:00 a.m., for the following purposes:

1. To elect three Class III members of the Board of Directors to serve for a two-year term;
2. To ratify the selection of BDO USA, LLP, as the Company s independent registered public accounting firm for fiscal 2015;
3. To conduct an advisory vote to approve the compensation of the Company s named executive officers (Say on Pay); and
4. To consider and act upon such other business as may properly come before the Annual Meeting.

Stockholders of record at the close of business on April 10, 2015 are entitled to vote at the Annual Meeting.

Please note that Barington/Macellum have notified the Company of their intent to nominate a slate of three nominees for election as directors at the meeting in opposition to the nominees by our Board. You may receive solicitation materials from Barington/Macellum, including proxy statements and proxy cards. We are not responsible for the accuracy of any information provided by or relating to Barington/Macellum or their nominees contained in solicitation materials filed or disseminated by or on behalf of Barington/Macellum or any other statements Barington/Macellum may make.

The Board does not endorse any Barington/Macellum nominees and unanimously recommends that you vote FOR the election of each of the nominees proposed by the Board. Our Board strongly urges you not to sign or return any proxy card sent to you by Barington/Macellum. If you have previously submitted a proxy card sent to you by Barington/Macellum, you can revoke that proxy and vote for our Board s nominees and on the other matters to be voted on at the meeting by using the enclosed WHITE proxy card.

YOUR VOTE IS IMPORTANT

You are urged to date, sign and promptly return the WHITE proxy card in the envelope provided to you, or to use the telephone or internet method of voting described in your WHITE proxy card, even if you plan to attend the Annual Meeting so that if you are unable to attend the meeting your shares can be voted. Voting now will not limit your right to change your vote or to attend the Annual Meeting.

By order of the Board of Directors,

Bradley P. Cost
Senior Vice President, General Counsel and Secretary
The Children s Place, Inc.
500 Plaza Drive
Secaucus, New Jersey 07094

If you have any questions or require any assistance with voting your shares, please contact:

MACKENZIE PARTNERS, INC.
105 Madison Avenue
New York, New York 10016
(212) 929-5500 (Call Collect)
or
Call Toll-Free (800) 322-2885
Email: proxy@mackenziepartners.com

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PROXY STATEMENT

The Children s Place, Inc. (referred to in this Proxy Statement as we, The Children s Place or the Company) is sendi you this Proxy Statement in connection with the solicitation by the Board of Directors (the Board) of proxies to be voted at the 2015 Annual Meeting of Stockholders (the Annual Meeting).

We are mailing a printed copy of this Proxy Statement, the accompanying **WHITE** proxy card and the 2014 Annual Report on Form 10-K of the Company to our stockholders beginning on or about April [__], 2015. The 2014 Annual Report on Form 10-K mailed with the Proxy Statement is not part of the proxy-soliciting material.

Holders of record of common stock of the Company at the close of business on April 10, 2015 will be entitled to vote at the Annual Meeting. Each share of common stock will be entitled to one vote On April 10, 2015, the record date for the Annual Meeting, there were 20,751,651 shares of common stock outstanding. There are no other voting securities of the Company outstanding.

If you are a registered stockholder, you can simplify your voting by using the internet or calling a toll-free telephone number. Internet and telephone voting information is provided on the **WHITE** proxy card. If you vote via the internet or by telephone, there is no need to return a signed proxy card. However, you may still vote by proxy by using the **WHITE** proxy card. If you beneficially hold your shares in street name through a bank, broker or other nominee, you will be able to vote using the **WHITE** voting instruction form provided to you by such nominee, and internet and telephone voting may also be available per the instructions provided on such **WHITE** voting instruction forms.

Proxies will be voted at the Annual Meeting in accordance with the specifications you make on the proxy. If you sign the **WHITE** proxy card or submit a proxy by telephone or over the internet and do not specify how your shares are to be voted, your shares will be voted in accordance with the recommendations of the Board (See **Questions and Answers about the Annual Meeting and Voting**).

Please note that Barington/Macellum have notified the Company of their intent to nominate their slate of three nominees for election as directors at the meeting in opposition to the nominees by our Board. You may receive solicitation materials from Barington or Macellum, including proxy statements and proxy cards. We are not responsible for the accuracy of any information provided by or relating to Barington/Macellum or their nominees contained in solicitation materials filed or disseminated by or on behalf of Barington or Macellum or any other statements Barington or Macellum may make.

The Board does not endorse any Barington/Macellum nominees and unanimously recommends that you vote FOR the election of each of the nominees proposed by the Board. Our Board strongly urges you not to sign or return any proxy card sent to you by Barington or Macellum. If you have previously submitted a proxy card sent to you by Barington or Macellum, you can revoke that proxy and vote for our Board s nominees and on the other matters to be voted on at the meeting by using the enclosed WHITE proxy card.

If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor at the contact listed below:

105 Madison Avenue

New York, New York 10016

(212) 929-5500 (Call Collect)

or

Call Toll-Free (800) 322-2885

PROXY SUMMARY

The below summary highlights certain information contained in this Proxy Statement. As it is only a summary, please review the complete Proxy Statement and the accompanying 2015 Annual Report on Form 10-K before you vote.

2014 Performance Highlights

Our Company performed well in fiscal 2014, across a variety of relevant metrics, including TSR, comparable retail sales and other operational measures. We delivered this performance against a backdrop of the intensely competitive, highly promotional, and over-stored specialty apparel retail industry.

- *Stockholder Value.* Our stock price increased 13.8% and our TSR was in the 80th percentile of our Peer Group in fiscal 2014. For more information on our Peer Group, see Executive Compensation Compensation Discussion and Analysis Peer Group. Additionally, our 2-year TSR was in the 61st percentile, an increase of 46 percentile points over fiscal 2013. We believe that the significant improvement in TSR over the past two years is largely attributable to the Company s execution against our strategic initiatives which focus on product, business transformation through technology, channel expansion, store fleet optimization and digital growth. Overlaying these initiatives is our focus on management talent and underlying these initiatives is the achievement of operational excellence.
- *Positive Comp. Sales.* We recorded positive comparable retail sales for fiscal 2014 compared to fiscal 2013.
- *E-Commerce Growth.* We grew e-commerce sales by approximately 14% in fiscal 2014, resulting in an 18.5% five-year compound annual growth rate (CAGR), and adding to the 35 consecutive fiscal quarters of double digit growth in e-commerce sales.
- *Return of Capital.* We repurchased approximately $75 million of our shares of common stock in fiscal 2014, resulting in the purchase of $410 million of our common stock over the past five fiscal years. We commenced the payment of quarterly cash dividends in fiscal 2014 and increased our dividend payment in the first fiscal quarter of 2015 by over 13%.
- *Strategic Initiatives Progress.* We took significant steps forward with our strategic initiatives:
  - Ø Global growth through channel expansion Added two international franchise partners in Latin America and India, bringing the total number of international franchise partners to five since we launched our international initiative in 2012. We successfully opened the first The Children s Place stores in Israel and Panama, bringing the total number of international franchise stores open at fiscal year end to 72. We also added five new wholesale customers at fiscal year-end.
  - Ø Business transformation through technology Took significant steps forward with our technology and systems initiatives to transform our interactions with our customers to provide a seamless retail experience, and to transform our inventory management, planning, allocation, global sourcing, and global logistics and distribution functions.
  - Ø Optimization of our store fleet Continued to optimize our North American store fleet by employing a disciplined analysis concerning opening and closing stores.

Executive Compensation Program

Our executive compensation program is designed to reward our management for delivering results and building sustainable stockholder value. We regularly review our compensation programs and policies to reflect feedback from our stockholders, including from the stockholder outreach activities undertaken by the Chair of our Compensation Committee following the 2014 annual meeting and continuing into January and February of 2015. As part of this outreach, our Compensation Committee Chair contacted institutional stockholders holding over 70% of our common stock. This resulted in meetings or conversations with stockholders holding almost 40% of our common stock. Additional stockholders responded to our Compensation Committee Chair s

outreach by indicating that they did not need to have a conversation given the discussions they had with the Chair during earlier outreach activities.

Important features of our executive compensation program include:

- 84% of our CEO s total compensation in fiscal 2014 was performance-based.
- CEO total compensation in fiscal 2014 was in-line with our Peer Group s CEOs, ranking in the 52nd percentile when compared to 2013 Peer Group CEO median total compensation, at target.
- We made important changes to our executive compensation program to further strengthen the link between pay and performance:
  - Ø Redesigned our long-term incentive plan (LTIP) to introduce the use of performance metrics (including a TSR modifier) for performance-based equity awards made to members of our management, including our CEO in fiscal 2015, which differ from the metric used for our annual bonus plan.
  - Ø Redesigned our LTIP to use a three-year cliff vesting performance period for performance-based equity awards made to members of management, including our CEO in 2015.

Corporate Governance

We regularly review our corporate governance to ensure that our approach reflects best practices and input from our stockholders. We have made a number of important enhancements over the past 2-3 years. Highlights of our governance features include:

- Declassification of our Board of Directors.
- Elimination of single-trigger equity vesting on a going forward basis upon a change in control.
- Elimination of all excise tax and other tax gross-ups, other than in connection with standard relocation expenses.
- Enhanced stock ownership guidelines for our CEO and other senior executives.
- Separation of the roles of our CEO and Chairman of the Board.
- Annual Board and director performance evaluations.
- Prohibition on hedging and pledging arrangements in our common stock.
- Clawback of incentive compensation under certain circumstances, including restatement of financial statements.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Why did I receive these proxy materials?

You have received these proxy materials because you are a stockholder of The Children s Place, and our Board is soliciting authority, or proxy, to vote your shares at the 2015 annual meeting of stockholders. The proxy materials include our notice of annual meeting of stockholders, proxy statement and 2014 annual report. These materials also include the **WHITE** proxy card and postage-paid return envelope or voting instruction form for the Annual Meeting. **WHITE** proxy cards are being solicited on behalf of our Board. The proxy materials include detailed information about the matters that will be discussed and voted on at the meeting, and provide updated information about our Company that you should consider in order to make an informed decision when voting your shares. The proxy materials are first being furnished to stockholders on or about April [__], 2015.

There are three proposals scheduled to be voted on at the Annual Meeting:

- Proposal 1: Election of three Class III directors;
- Proposal 2: Ratification of selection of independent registered public accounting firm; and
- Proposal 3: Advisory vote to approve the compensation of the named executive officers.

Have other candidates been nominated for election as directors at the Annual Meeting in opposition to the Board s nominees?

Yes. Barington and Macellum, two stockholders of the Company, have notified the Company of their intent to nominate their slate of three nominees for election as directors at the Annual Meeting in opposition to the nominees recommended by our Board. Our Board does not endorse any Barington/Macellum nominees and unanimously recommends that you vote **FOR** the election of each of the nominees proposed by the Board by using the **WHITE** proxy card accompanying this proxy statement. Our Board strongly urges you not to sign or return any proxy card sent to you by Barington/Macellum.

Can I access the proxy materials on the internet?

Yes. The Company s proxy statement and 2014 annual report are available at the Company s website at http://www.childrensplace.com in the section entitled Investor Relations.

Who is entitled to vote at the Annual Meeting?

The Company has one class of voting stock outstanding: Common Stock. If you were a record owner of Common Stock on April 10, 2015, the record date for voting at the Annual Meeting, you are entitled to vote at the Annual Meeting. At the close of business on April 10, 2015, there were 20,751,651 shares of Common Stock outstanding and entitled to vote. Each share of Common Stock has one vote.

How can I vote my shares?

You can vote your shares in two ways: either by proxy or in person at the Annual Meeting by written ballot. If you choose to vote by proxy, you may do so by mail, using the internet or by telephone. Each of these procedures is more fully explained below. Even if you plan to attend the Annual Meeting, the Board recommends that you vote by proxy by using the **WHITE** proxy card accompanying this proxy statement.

How do I vote my shares by proxy?

Because many stockholders cannot attend the Annual Meeting in person, it is necessary that a large number of stockholders be represented by proxy. You may vote your proxy by mail, using the internet or by telephone, each as more fully explained below.

Vote by Mail
You can vote your shares by completing and mailing the enclosed **WHITE** proxy card to us so that we receive it before 11:59 p.m. (Eastern Time) on Thursday, May 21, 2015.

Vote by Internet
You can vote your shares via the internet on the voting web site, which is www.voteproxy.com. Internet voting is available 24 hours a day, seven days a week, until 11:59 p.m. (Eastern Time) on Thursday, May 21, 2015. Our internet voting procedures are designed to authenticate stockholders through individual control numbers. **If you received a WHITE proxy card in the mail and choose to vote via the internet, you do not need to return your proxy card.**

Vote by Telephone
If you reside in the United States, Canada or Puerto Rico, you can also vote your shares by telephone by calling the toll-free number provided on the voting web site (www.voteproxy.com) and on the proxy card. Telephone voting is available 24 hours a day, seven days a week, until 11:59 p.m. (Eastern Time) on Thursday, May 21, 2015. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly

recorded. Our telephone voting procedures are designed to authenticate stockholders through individual control numbers. **If you received a WHITE proxy card in the mail and choose to vote by telephone, you do not need to return your proxy card.**

How do I vote at the Annual Meeting?

If you wish to vote at the Annual Meeting, written ballots will be available from the ushers present at the annual meeting. You should be prepared to present valid government-issued photo identification, such as a driver s license or passport, for admittance to the Annual Meeting. In addition, if you are a stockholder of record, your name will be verified against the list of stockholders of record prior to admittance to the Annual Meeting. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the Annual Meeting. Voting by proxy, whether by mail, using the internet or by telephone, will not limit your right to vote at the Annual Meeting if you decide to attend in person. However, if you vote by proxy and also attend the Annual Meeting, there is no need to vote again at the Annual Meeting unless you wish to change your vote.

How do I change my vote?

You can revoke your proxy at any time before it is exercised at the Annual Meeting by taking any one of the following actions: (1) you can follow the instructions given for changing your vote using the internet or by telephone or deliver a valid written proxy with a later date; (2) you can notify the Secretary of the Company in writing that you have revoked your proxy (using the address in the Notice of Annual Meeting of Stockholders above); or (3) you can vote in person by written ballot at the Annual Meeting.

If you have previously signed a proxy card sent to you by Barington/Macellum, you may change your vote by marking, signing, dating and returning the enclosed **WHITE** proxy card in the accompanying post-paid envelope or by voting by telephone or via the Internet by following the instructions above. Submitting a proxy card sent to you by Barington/Macellum will revoke votes you have previously made via the Company s **WHITE** proxy card.

Only the latest validly executed proxy that you submit will be counted.

What is a quorum?

To carry on the business of the Annual Meeting, a minimum number of shares, constituting a quorum, must be present. The quorum for the Annual Meeting is a majority of the votes represented by the outstanding Common Stock of the Company. This majority may be present in person or by proxy. Abstentions and broker non-votes (which are explained below) are counted as present to determine whether there is a quorum for the Annual Meeting.

What is a broker non-vote ?

A broker non-vote occurs when your broker submits a proxy for your shares but does not indicate a vote for a particular proposal because the broker does not have authority to vote on that proposal and has not received voting instructions from you. Broker non-votes are not counted as votes for or against the proposal in question or as abstentions, nor are they counted to determine the number of votes present for the particular proposal (but, are counted for purposes of determining whether a quorum for the Annual Meeting exists).

If you are beneficial owner whose shares are held by a broker, your broker has discretionary voting authority under Nasdaq rules to vote on routine matters but does not have authority to vote on non-routine matters. The ratification of the appointment of BDO USA, LLP as our independent registered public accounting firm for fiscal year 2015 (Proposal Two) is normally considered routine under Nasdaq rules. **However, if Barington or Macellum provides proxy materials in opposition to our Board to your broker to forward to you on their behalf, Proposal Two will be a non-routine matter, and therefore your broker will not be able to vote your shares without your instruction.**

In any event, if your shares are held of record by a bank, broker, or other nominee, we urge you to give instructions to your bank, broker, or other nominee as to how you wish your shares to be voted so you may participate in the stockholder voting on these important matters.

What vote is required to approve each of the proposals?

Proposal 1: Election of three Class III directors: Barington/Macellum have notified the Board of their intent to nominate their slate of three nominees for election as Class III directors of the Company at the Annual Meeting in opposition to the nominees recommended by our Board. As a result, the election of directors is considered a contested election as defined in the Company s by-laws. This means that, although the Company does not know whether Barington or Macellum will, in fact, nominate any individuals for election as directors at the Annual Meeting, the three nominees receiving the highest number of FOR votes will be elected at the Annual Meeting. Withholdings will be counted as present for the purposes of this vote but are not counted as votes cast. Broker non-votes will not be counted as present and are not entitled to vote on the proposal.

Proposal 2: Ratification of selection of independent registered public accountants: The affirmative vote of a majority of the votes cast at the Annual Meeting, either in person or by proxy, is required to ratify the selection of the independent registered public accounting firm. This means that if you abstain from voting on this proposal, your vote will not count for or against this proposal. When voting your proxy, the Proxy Committee will vote for this proposal unless you instruct otherwise. See above under What is a broker non-vote ? for an explanation of whether a broker holding your shares will be entitled to vote on this proposal without your instructions.

Proposal 3: Advisory vote to approve the compensation of the named executive officers: The affirmative vote of a majority of the votes cast at the Annual Meeting, either in person or by proxy, is required to approve the advisory vote on named executive officer compensation. This means that if you abstain from voting on this proposal, your vote will not count for or against this proposal. As discussed above, if your broker holds your shares, your broker is not entitled to vote your shares on this proposal without your instructions.

If other matters are properly brought before the Annual Meeting, the vote required will be determined in accordance with applicable law, the Nasdaq Rules and our Amended and Restated Certificate of Incorporation and Bylaws, as applicable.

What if I do not specify how I want my shares to be voted?

If you are the record holder of your shares and do not specify on your **WHITE** proxy card (or when giving your proxy by telephone or the internet) how you want to vote your shares, your shares will be voted:

FOR the election of three Class III directors nominated herein;
FOR the proposal to ratify the selection of BDO USA, LLP as independent auditors for the fiscal year ending January 30, 2016; and
FOR the advisory approval of the compensation of our named executive officers.

If you are a beneficial owner of shares and do not specify how you want to vote, your shares may not be voted by the record holder and will not be considered as present and entitled to vote on any matter to be considered at the Annual Meeting. If your shares are held of record by a bank, broker, or other nominee, we urge you to give instructions to your bank, broker, or other nominee as to how you wish your shares to be voted so you may participate in the stockholder voting on these important matters.

What are the recommendations of the Board?

The Board recommends that you vote your shares on your **WHITE** proxy card:

FOR the election of three Class III directors nominated herein,
FOR the proposal to ratify the selection of BDO USA, LLP as independent auditors for the fiscal year ending January 30, 2016, and
FOR the advisory approval of the compensation of our named executive officers.

The Board strongly urges you not to sign or return any proxy card sent to you by Barington or Macellum.

What should I do with the proxy cards sent to me by Barington and/or Macellum?

Barington/Macellum have notified the Company of their intent to propose their own director nominees for election at the Annual Meeting. The Company does not know whether Barington/Macellum will in fact nominate individuals for election as directors at the Annual Meeting. The nominations made by Barington/Macellum have **NOT** been endorsed by the Board. The Company is not responsible for the accuracy of any information contained in any proxy solicitation materials used by Barington/Macellum or any other statements that they may otherwise make.

Our Board does not endorse any Barington/Macellum nominees and unanimously recommends that you disregard any proxy card that may be sent to you by Barington or Macellum. Voting to withhold with respect to any of Barington/Macellum s nominees on its proxy card is not the same as voting for our Board s nominees, because a vote to withhold with respect to any of Barington/Macellum s nominees on its proxy card will revoke any previous proxy submitted by you. If you have already voted using a proxy card sent to you by Barington/Macellum, you have every right to change it and we urge you to revoke that proxy by voting in favor of our Board s nominees by using the enclosed WHITE proxy card. Only the latest validly executed proxy that you submit will be counted any proxy may be revoked at any time prior to its exercise at the Annual Meeting by following the instructions under How do I change my vote? on page five of this Proxy Statement. If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor, MacKenzie Partners Inc., toll-free at (800) 322-2885 or directly at (212) 929-5500.

What does it mean if I receive more than one WHITE proxy card on or about the same time?

It generally means you hold shares registered in more than one account. In order to vote all of your shares, please sign and return each **WHITE** proxy card or, if you vote via the internet or telephone, vote once for each **WHITE** proxy card you receive.

If Barington/Macellum proceeds with their previously announced alternative director nominations, we will likely conduct multiple mailings prior to the Annual Meeting date so that stockholders have our latest proxy information and materials to vote. We will send you a new **WHITE** proxy card with each mailing, regardless of whether you have previously voted. The latest-dated proxy you submit will be counted, and, if you wish to vote as recommended by the Board then you should only submit **WHITE** proxy cards.

What is the effect of an ABSTAIN vote?

Abstentions are considered to be present and entitled to vote with respect to each relevant proposal, but will not be considered a vote cast with respect to that proposal. Therefore, an abstention will effectively be a vote against each of the proposals, except for the election of directors.

Confidential Voting

All proxies, ballots and vote tabulations that identify stockholders are confidential. An independent tabulator will receive, inspect and tabulate your proxy whether you vote by mail, using the internet or by telephone. Your vote will not be disclosed to anyone other than the independent tabulator without your consent, except if doing so is necessary to meet legal requirements.

Who will pay for the costs of this proxy solicitation?

We pay the cost of soliciting proxies for the Annual Meeting. Proxies may be solicited in person by our employees, or by mail, courier, telephone, facsimile or e-mail. In addition, we have retained MacKenzie Partners, Inc. ("MacKenzie") to perform proxy solicitation services for us, involving conducting bank/broker search, distributing proxy solicitation materials to stockholders, providing information to stockholders from the materials, and soliciting proxies by mail, courier, telephone, facsimile and e-mail. In connection with its retention, MacKenzie has agreed to provide consulting and analytic services upon request. MacKenzie estimates that approximately 45 of its employees will assist in this proxy solicitation. We will pay a fee not to exceed $350,000 to MacKenzie Partners, Inc. plus out-of-pocket expenses for these services. Some personal solicitation may be made by directors, officers and employees named in Annex A without special compensation, other than reimbursement for expenses. Additional information about persons who are participants in this proxy solicitation is set forth in Annex A. Our aggregate expenses, including those of MacKenzie, related to the solicitation in excess of those normally spent for an annual meeting as a result of the potential proxy contest including fees of outside counsel and financial and other advisors to advise the Company in connection with a contested solicitation of proxies and excluding salaries and wages of our officers and regular employees, are expected to be approximately $4.5 million, of which approximately $2.5 million has been spent to date.

What should I do if I have other questions?

If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor, MacKenzie Partners Inc., toll-free at (800) 322-2885 or directly at (212) 929-5500.

BACKGROUND TO SOLICITATION

On April 10, 2015, the Company received notice from Barington and Macellum of their intent to nominate, Janet E. Grove, Seth Johnson and Robert L. Mettler for election to the Board at the Annual Meeting. The discussion below outlines the key events and significant contacts between representatives of the Company, on the one hand, and of Barington and Macellum, on the other.

On June 26, 2014, at Barington s request, representatives of the Company held a conference call with representatives of Barington in which the Barington representatives asked a number of questions regarding the Company s industry and strategy for the future. On July 22, 2014, representatives of Barington and the Company had a second phone conversation in which the participants further discussed the Company s industry and strategy for the future.

On October 17, 2014, at Macellum s request, a representative of Macellum held a call with a representative of the Company to discuss the Company s recent performance. On December 17, 2014, at Macellum s request, representatives of Macellum held a call with a representative of the Company to further discuss the Company s recent performance.

In late 2014, Jonathan Duskin of Macellum called Kenneth Reiss, a Company director, and an individual with whom Mr. Duskin had served on the board of directors of The Wet Seal, Inc. In that conversation, Mr. Duskin questioned the Company s performance, to which Mr. Reiss responded that Mr. Duskin s assessment was incorrect. Mr. Reiss further emphasized that Company had made significant improvements since Jane Elfers became the Company s CEO and was pursuing a strategy consistent with improving shareholder value.

There were no further communications between the Company and either Barington or Macellum until March 11, 2015, when James Mitarotonda of Barington, and Mr. Duskin, sent a letter to the Company s Chairman, Norman S. Matthews, a copy of which was included in a press release issued by Barington and Macellum. In the letter, Messrs. Mitarotonda and Duskin stated that they represented a group of shareholders that collectively owned over two percent of the Company s common stock, and expressed their views regarding the Company s operations and performance. According to information provided in their notice of nomination, Barrington and Macellum collectively own less than 1.7% of the Company s common stock.

On March 11, 2015, Mr. Duskin left a voicemail for Mr. Reiss notifying him of the letter that Barington and Macellum had published and expressing his respect for Mr. Reiss.

On March 12, 2015, the Company held its fourth quarter 2014 earnings call. On that call, the Company read a statement from Mr. Matthews acknowledging that the Company had received the March 11 letter, noting that the Board and management team of the Company appreciate constructive input from all of the Company s stockholders on ways to enhance value for investors and stating that Ms. Elfers had the full and unequivocal support and confidence of the Board.

Over the following weeks, the Board engaged with Company management and advisors to evaluate the March 11 letter.

On March 22, 2015, Mr. Joseph Gromek, who has been an investor in a publicly traded special purpose acquisition vehicle sponsored by Mr. Mitarotonda, had a phone conversation with Mr. Mitarotonda in which Mr. Gromek indicated that he would have to dispose of his investment if Barington intended to engage in an activist campaign against the Company. In that conversation, Mr. Mitarotonda indicated that he did not intend to engage in such a campaign.

On March 24, 2015, Mr. Mitarotonda contacted Mr. Gromek and asked for a meeting to discuss the Company. Mr. Gromek responded that he was not comfortable talking separately with Mr. Mitarotonda and recommended that he contact either the Company s management or Mr. Matthews.

On March 26, 2015, at a previously scheduled meeting, the Board set the date of the Annual Meeting for May 22, 2015, and determined that the notice period for the nomination of individuals for election to the Board would run from March 26, 2015 until April 10, 2015. Also on that date, the Company issued a press release and a Current Report on Form 8-K announcing both the meeting date and the deadline for nominations.

On April 1, 2015, Mr. Duskin emailed Mr. Matthews to request a phone call with Mr. Matthews which was scheduled for April 6, 2015.

On April 6, 2015, Mr. Matthews had a telephone conversation with Messrs. Mitarotonda and Duskin in which he acknowledged receipt of the March 11 letter. During the telephone conversation, Messrs. Mitarotonda and Duskin proposed that Barington and Macellum be provided with representation on the Board, but did not provide Mr. Matthews with the names of any possible candidates. Messrs. Mitarotonda and Duskin noted that the deadline to submit nominees was April 10. Mr. Matthews responded that he would discuss the proposal with the full Board of Directors and respond in a timely manner.

On April 8, 2015, the Board, members of management and the Company s advisors held a meeting to discuss the request by Barington and Macellum for representation on the Board. After careful deliberation, the Board unanimously determined that it would not be in the best interests of the Company to grant such request.

On April 9, 2015, Mr. Matthews called Messrs. Mitarotonda and Duskin in the morning and informed them of the Board s decision to reject their request for representation on the Board. He noted that the Board of Directors remained fully supportive of the Company s current strategy and management team and that, while the directors and management are always interested in sharing constructive ideas with stockholders on how the Company could be improved, the Board of Directors believe that the Company is on the right path.

On April 10, 2015, Barington and Macellum delivered a notice to the Company stating their intent to nominate their slate of three nominees to stand for election at the Company s 2015 Annual Meeting.

After reviewing Barington and Macellum s notice of intent and information concerning their proposed nominees assembled by financial, legal and other advisors, the Board met via telephonic conference on April 12, 2015 to discuss the proposed nominations. After careful evaluation, the members of the Board who are also on the Nominating & Corporate Governance Committee concluded that the current makeup of the Board, including the Company s existing three nominees for election at the 2015 Annual Meeting, represented the right combination of expertise, experience and independence, and determined to recommend that the Board reject the nomination of Barington and Macellum s nominees. Following deliberation and due consideration and after hearing the recommendation of members of the Nominating & Corporate Governance Committee, the Board determined to reject Barington and Macellum s nominees and to continue to recommend the slate of nominees previously disclosed by the Company and disclosed in this proxy statement. On April 13, 2015, the Company issued a press release announcing the Board s decision.

GOVERNANCE OF THE COMPANY

The Company s Corporate Governance Commitment

The Company s Board strongly believes that good corporate governance accompanies and greatly aids our long-term business success. Reflecting its commitment to continuous improvement, the Board reviews its governance practices on an ongoing basis to ensure that they reflect best practices and promote stockholder value.

Board Independence, Experience and Diversity

Strict Director Independence Standards. With the exception of Jane Elfers, the Company s President and Chief Executive Officer (the CEO), all directors are independent within the meaning of the standards applied by the Company. In addition, because Ms. Elfers does not serve on any of the Audit Committee, the Compensation Committee or the Nominating and Corporate Governance Committee, all members of such Board committees are also independent under our standards. For more information regarding the Company s independence standards and the Board s determinations of the same, see Director Independence below.

Executive Sessions. The independent directors of the Board meet in executive session, without the CEO or other members of management present, at every regularly scheduled Board meeting. The Chairman of the Board leads these sessions. For more information regarding the role of the Chairman of the Board and the Board s leadership structure, see Board Leadership Structure below.

Audit Committee Independence and Financial Literacy. All members of the Audit Committee are independent directors. The Board has also determined that Kenneth Reiss, the Chair of the Audit Committee, and Stanley W. Reynolds, a member of the Audit Committee, are audit committee financial experts, as that term is defined in the rules of the Securities and Exchange Commission (the SEC), and that all members of the Audit Committee meet the independence and financial sophistication requirements of applicable SEC rules and regulations and the listing rules of the Nasdaq Stock Market.

Compensation Committee Independence and Independent Compensation Consultant. All members of the Compensation Committee are independent directors, and the Committee is advised on executive compensation matters by an independent compensation consultant. For more information regarding the Compensation Committee s independent compensation consultant, see Compensation Committee below. The Compensation Committee, its charter and the compensation consultant meet the requirements of applicable SEC rules and regulations and the listing rules of the Nasdaq Stock Market. For more information regarding the Compensation Committee s independent compensation consultant, see Compensation Committee below.

Board Experience and Diversity. As its present directors exemplify, the Company values diverse backgrounds and experience, educational achievement, and strong ethical character.

Established Policies Guide Governance and Business Integrity

Charters for Board Committees. Each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee has a committee charter developed under the leadership of its committee chair. The committee charters describe the purpose, responsibilities, structure and operations of each committee. The Audit Committee charter and the Compensation Committee charter reflect the authority and responsibilities of the committees under the corporate governance rules of the SEC and the Nasdaq Stock Market. The committee charters are available on the Company s web site at http://www.childrensplace.com under the Corporate Governance tab in the section entitled Investor Relations.

Corporate Governance Guidelines. The Company s Corporate Governance Guidelines reflect the Board s views and Company policy regarding significant corporate governance issues. As part of its ongoing review of best practices in corporate governance, the Board periodically updates the guidelines. The Board believes the guidelines reflect best practices. The guidelines are available on the Company s web site at http://www.childrensplace.com under the Corporate Governance tab in the section entitled Investor Relations.

Code of Business Conduct. The Company s Code of Business Conduct is designed to promote the highest ethical standards in all of the Company s business dealings. The Code of Business Conduct applies to the Company s directors, officers (including its principal executive officer, principal financial officer and principal accounting officer) and employees. The Code of Business Conduct is available on the Company s web site at http://www.childrensplace.com under the Corporate Governance tab in the section entitled Investor Relations.

Board Focused on Key Business Priorities

Oversight Role of Board. The Board plays a major role in overseeing the Company s business strategy. It reviews the Company s strategic and annual plans, conducts periodic offsite retreats with senior management, and receives detailed briefings throughout the year on critical aspects of the implementation of the strategic and annual plans. These include performance reviews, presentations regarding development initiatives and reports from specific disciplines such as finance, design, merchandising, store operations, planning and allocation, supply chain, real estate, information technology, human resources and legal.

Direct Access to Management

Management Participation at Board Meetings. Topics are presented to the Board by the members of management who are most knowledgeable about the issue at hand. An open and informal environment allows dialogue to develop between directors and management, which often produces new ideas and areas of focus.

Direct Access to Management. The Board s direct access to management continues outside the boardroom during discussions with corporate officers and other employees. Directors are invited to contact senior executives directly with questions and suggestions.

Ensuring Management Accountability

Performance-Based Compensation. The Company has linked the pay of its executives and managers directly to the Company s performance. As described in greater detail under the heading Executive Compensation - Compensation Discussion and Analysis below, the Compensation Committee adheres to this pay-for-performance philosophy, and performance-based incentives (cash and equity) comprise a significant component of management s overall compensation.

CEO Evaluation Process. The Board s evaluation of the CEO is an annual process. As part of the overall evaluation process, Board members meet and speak informally with the CEO to give and seek feedback on a regular basis.

Board Practices Promote Effective Oversight

Board Size. Designed to maximize board effectiveness, the Corporate Governance Guidelines provide that the Board will periodically evaluate whether a larger or smaller board would be preferable based on the Company s circumstances.

Directorship Limits. To devote sufficient time to properly discharge their duties, the Corporate Governance Guidelines provide that, without Board approval, (i) directors should not serve on more than five other public company boards, (ii) directors who also serve as CEOs or in equivalent positions of other companies should not serve on more than one other public company board in addition to their employer s board and the Company s Board, and (iii) the Company s CEO should not serve on more than one other public company board in addition to the Company s Board.

Continuous Improvement through Evaluation

Board Self-Evaluation Process. Each year, the Board evaluates its performance against criteria that it has determined are important to its success. The Board then considers the results of the evaluation and identifies steps to enhance its performance.

Board Committee Evaluations. Self-evaluations of the Board s committees are also conducted annually. The results of these evaluations are reviewed with the Board, and, as necessary, enhancements are agreed for each committee.

Individual Director Evaluations. Complementing the Board and committee self-evaluations, the Board has also developed an individual director evaluation process. Using director effectiveness criteria selected following a review of external best practices, directors evaluate their peers and the resulting feedback is shared with individual directors. The process enables the directors to provide valuable feedback to one another and identifies areas of strength and areas of focus for enhanced effectiveness.

The Board of Directors

The Board oversees the business, assets, affairs, performance and financial integrity of the Company. In accordance with the Company s long-standing practice, the Board is fully independent, other than Jane Elfers, who is the President and Chief Executive Officer of the Company. At the end of fiscal 2014, the Board had eight directors, with seven independent directors and one employee director, the Chief Executive Officer.

During fiscal 2014, the Board met six times, and the independent directors met regularly in executive session without Ms. Elfers present. All members of the Board attended all meetings of the Board.

At the Company s annual meeting of stockholders held in 2014, our stockholders adopted and approved an amendment to our Amended and Restated Certificate of Incorporation to declassify our Board of Directors. The declassification of our Board will be phased in commencing with this Annual Meeting, and will result in the Board being fully declassified (and all Board members standing for annual elections) commencing with the 2017 annual meeting of stockholders.

The table below summarizes the implementation of the declassification of our Board pursuant to the amendment:

Annual Meeting Year	Length of Term for Directors Elected	Year that Term Would Expire
2015	Two years	2017
2016	One year	2017
2017 and thereafter	Annual election	One year later

Board Nominees

The Company s Corporate Governance Guidelines outline the characteristics expected of all directors, including independence, integrity, high personal and professional ethics, sound business judgment and the ability and willingness to commit sufficient time to the Board. The Nominating and Corporate Governance Committee annually reviews the individual skills and characteristics of the directors, as well as the composition of the Board as a whole.

In evaluating the suitability of individual Board members, the Nominating and Corporate Governance Committee seeks directors with strong reputations and experience in areas relevant to the strategy and operations of our business and takes into account many factors, including the depth of experience in retailing, apparel, marketing, finance and other disciplines, domestically and internationally, relevant to the success of a publicly traded specialty apparel retailer in today s business environment, educational and professional background, personal accomplishment, gender, age and ethnic diversity. The Nominating and Corporate Governance Committee, however, does not base its nomination of a candidate solely on these factors.

The Nominating and Corporate Governance Committee strives to nominate directors with a variety of complementary skills so that, as a group, the Board will possess the appropriate talent, skills and expertise to oversee the Company s business. Each nominee and continuing director set forth below satisfies the above criteria. Each nominee and continuing director has served in a senior executive position in a large, complex organization and has gained extensive experience in core management skills, such as strategic and financial planning, financial reporting, corporate governance, risk management and leadership development. This variety and depth of experience enables the nominees to make significant contributions to the deliberations of the Board.

Biographical information for each director nominee for election at this year s Annual Meeting is set forth below. Of the nominees, Mr. Matthews has been a director since 2009, Mr. Reiss has been a director since 2012 and Mr. Reynolds has been a director since 2014.

Norman Matthews, 82 Independent Class III Director since 2009	Mr. Matthews currently serves as our Chairman of the Board and as a member of our Compensation Committee and Nominating and Corporate Governance Committee. Mr. Matthews served as President of Federated Department Stores until his retirement in 1988. He joined Federated Department Stores in 1978 as Chairman Gold Circle Stores Division. He was promoted to Executive Vice President of Federated Department Stores in 1982, to Vice Chairman in 1984 and to President in 1987. Prior to joining Federated Department Stores, Mr. Matthews served as Senior Vice President, General Merchandise Manager for E.J. Korvette, and as Senior Vice President, Marketing and Corporate Development for Broyhill Furniture Industries. In 2005, Mr. Matthews was named as one of eight outstanding directors by the Outstanding Directors Exchange. Mr. Matthews received an MBA from the Harvard University Graduate Business School. Mr. Matthews possesses an extensive knowledge of the apparel and retail industries and corporate governance practices from his years as a senior executive and a member of the boards of directors of several public companies. Mr. Matthews experience provides him with a deep understanding of corporate governance processes and trends, and the complex strategic, risk and other oversight responsibilities associated with the role of the chairman of a public company. *Public Company Directorships:* Henry Schein, Inc. (2002 current), Spectrum Brands (2010 current), and Duff & Phelps Corporation (2012 current).
Kenneth Reiss, 72 Independent Class III Director since 2012	Mr. Reiss currently serves as the Chair of our Audit Committee. Prior to his retirement in June 2003, Mr. Reiss was a partner at the accounting firm of Ernst & Young, L.L.P. since 1977, where he served as the lead external auditor for several publicly traded companies, including Toys R Us, Inc., Staples, Inc., Phillips-Van Heusen, Inc. and Kenneth Cole Productions, Inc. At Ernst & Young, L.L.P., Mr. Reiss served as the Managing Partner of Audit for the New York office, the Director of the Audit Practice for the Retail and Consumer Products Industry, and the Chair of the Audit Practice Service Delivery Committee. As noted below, Mr. Reiss serves on the Boards of Directors of The Wet Seal, Inc. and Harman International Industries, Inc., and serves as the Chairman of the

Audit Committees at those companies. Mr. Reiss received an MBA from the Rutgers University School of Business.

Mr. Reiss provides significant experience and expertise in accounting, auditing and risk management in the retail and apparel industries. Mr. Reiss qualifies as an audit committee financial expert under applicable SEC rules.

Public Company Directorships: The Wet Seal, Inc. (2005 current) and Harmon International Industries, Inc. (2008 current).

Stanley W. Reynolds, 50 Independent Class III Director since 2014	Mr. Reynolds currently serves as a member of our Audit Committee. He is the Executive Vice President & Chief Financial Officer of 7-Eleven, Inc. Mr. Reynolds joined 7-Eleven, Inc. in 1997 and held positions of increasing responsibility prior to his appointment in 2005 as Chief Financial Officer.

Mr. Reynolds provides the Company with years of senior level executive experience in global retail operations with a focus on finance and accounting, international operations, and global supply chain management and distribution. Mr. Reynolds has a track record of successfully developing, implementing and overseeing long-term strategic business plans that encompass and balance global operations and growth with efficient and effective capital allocation. Mr. Reynolds qualifies as an audit committee financial expert under applicable SEC rules.

Continuing Directors

The following table sets forth certain information with respect to the Class I and Class II Directors, whose term of office continues beyond the Annual Meeting. Each of our continuing directors possesses strong experience and educational and professional background in areas relevant to the strategy and operations of our business. Each has complementary skills in areas such as strategic and financial planning, financial reporting, corporate governance and leadership development which enables our continuing directors to make significant contributions to our Board.

Joseph Alutto, 73 Independent Class II Director since 2008	Dr. Alutto currently serves as the Chair of our Nominating and Corporate Governance Committee. From June 2014 to present, Dr. Alutto has served as the Distinguished Professor of Organizational Behavior at The Ohio State University. From July 2013 to June 2014, Dr. Alutto served as Interim President of The Ohio State University. Prior to that, from October 2007 to July 2013, Dr. Alutto served as Executive Vice President and Provost of The Ohio State University. Dr. Alutto also served as the institution s Interim President and Provost from July 2007 to October 2007. Prior to these positions, Dr. Alutto served as the Dean of the Max M. Fischer College of Business at The Ohio State University for 16 years.

Dr. Alutto s experience in senior leadership positions with an institution such as The Ohio State University brings to the Company an in-depth understanding of organizational behavior, operations, processes, strategy, risk management and talent management.

Public Company Directorship: M/I Homes, Inc. (2005 current).

Jane Elfers, 54 **Class I** **Director since** **2010**	Ms. Elfers has served as our President and Chief Executive Officer since January 2010. Ms. Elfers has over 30 years of experience as a retail executive, having begun her career with Macy s.
	Ms. Elfers formerly served as President and Chief Executive Officer of Lord & Taylor from May 2000 to September 2008. She is a graduate of Bucknell University where she received a degree in Business Administration and where she serves on the Board of Trustees.
	Ms. Elfers brings to the Company significant leadership skills, indepth experience as a Chief Executive Officer, and a talent for assembling best in class management teams. Ms. Elfers has deep turnaround experience and her vision for The Children s Place is to become a leading global omni-channel brand. Her strategic growth plan focuses on product, business transformation through technology, alternative channels of distribution, store fleet optimization, and digital growth. Overlaying these initiatives is a focus on talent and underlying these initiatives is the achievement of operational excellence.
Susan Patricia **Griffith, 50** **Independent** **Class I** **Director since** **2012**	Ms. Griffith currently serves as a member of our Nominating and Corporate Governance Committee and our Compensation Committee. She is the Personal Lines Chief Operating Officer for The Progressive Corporation where Ms. Griffith has responsibility for the direct management of the insurance Claims, Personal Lines and Customer Relationship Management organizations, overseeing over 19,000 employees across the United States. Ms. Griffith joined Progressive in 1988 and has held positions of increasing responsibility, including serving as President of Customer Operations from 2014 to 2015, Claims Group President from 2008 to 2014 and as Chief Human Resources Officer from 2002 to 2008.
	Ms. Griffith provides the Company with years of experience in areas that are particularly relevant to the retail industry, including senior management roles in a leading consumer-facing company. Ms. Griffith is skilled in the management of a large, complex organization, customer service, and human resource and performance management.
Joseph **Gromek, 68** **Independent** **Class II** **Director since** **2011**	Mr. Gromek currently serves as the Chair of our Compensation Committee. Until his retirement in February 2012, Mr. Gromek served as President and Chief Executive Officer of The Warnaco Group, Inc. and as a member of Warnaco s Board of Directors from April 2003. From 1996 to 2002, Mr. Gromek served as President and Chief Executive Officer of Brooks Brothers, Inc. For over 30 years, Mr. Gromek has held senior management positions with Saks Fifth Avenue, Limited Brands, Inc. and Ann Taylor Stores, Inc. Mr. Gromek is the Chair of the Board of Trustees of The New School, serves on the Boards of Directors of Ronald McDonald House, Stanley M. Proctor Company and J. McLaughlin Clothing, as a member of the Board of Governors of Parsons The New School for Design, and as a member of the Boards of Trustees of St. Peter s University and the Trevor Day School.

Mr. Gromek provides the Company with his significant experience as a Chief Executive Officer and a senior executive in the apparel and retail industries, where he has created significant value for stockholders as an expert in the growth, management and operation of global businesses. Mr. Gromek also has extensive public company board experience, including as a Chairman of the Board and as the Chairman of committees.

Public Company Directorships: Wolverine World Wide, Inc. (2008 current), Tumi Holdings, Inc. (2012 current) (Chairman of the Board since December 2013), and Guess, Inc. (2014 current).

Susan Sobbott, 50
Independent Class II Director since 2014

Ms. Sobbott is the President of Global Corporate Payments, a multi- billion dollar global division of the American Express Company serving the payment needs of mid-sized and large companies. From 2004 to early 2014, she was President and General Manager of American Express OPEN, a multi-billion dollar business unit within American Express Company serving small businesses. Since 2009, Ms. Sobbott has also served as a member of the Business Operating Committee, a group of senior leaders at American Express Company working with the Chief Executive Officer to develop strategic direction. Ms. Sobbott has held various executive positions of increasing responsibility since joining American Express Company in 1990. Ms. Sobbott received an MBA from The Darden School of Business, University of Virginia.

Ms. Sobbott brings to the Company leadership experience in developing and executing business strategies in such areas as new product innovation, business development, and relationship management. In these roles, Ms. Sobbott has developed and overseen growth strategies at a global company focused on superior customer service, compelling product offerings, technology and digital initiatives, and sophisticated advertising and promotion campaigns.

Director Independence

All of the members of our Board (other than Ms. Elfers) are non-management directors who meet the criteria for director independence of the listing standards of The Nasdaq Stock Market. Because Ms. Elfers does not serve on any of the Audit Committee, Compensation Committee or Nominating and Corporate Governance Committee, all members of such Board committees are independent directors, applying such standards.

The Company s Corporate Governance Guidelines provide that the Board intends that a substantial majority of our directors will be independent. The Board has determined that an independent director is one who the Board affirmatively determines has no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company) and is considered independent under the listing standards of The Nasdaq Stock Market and under the rules and regulations promulgated by the SEC. The Board will also consider all other relevant factors and circumstances bearing on independence.

Each year, each director (and any director-nominee) completes and submits to the Company a questionnaire which, among other purposes, is used by the Nominating and Corporate Governance Committee to help evaluate whether the director has any material relationship with us (whether directly or as a partner, stockholder, or officer of an organization that has a relationship with us), including any material relationship with our affiliates or management, pertinent to determining the director s independence. With the assistance of the Nominating and Corporate Governance Committee, our Board made a determination that (i) our directors (other than Ms. Elfers) are independent within the meaning of the listing standards of The Nasdaq Stock Market and the Company s standards, (ii) with respect to the members of the Audit Committee, such directors are independent within the meaning of applicable provisions of SEC rules and regulations, and (iii) with respect to the members of the Compensation Committee, such directors are non-employee directors within the meaning of Rule 16b-3 of the Exchange Act, outside directors within the meaning of regulations promulgated under Section 162(m) of the U.S. Internal Revenue Code (the IRC) and independent within the meaning of all other SEC rules and regulations applicable to members of the Compensation Committee.

Board Leadership Structure Separate Chairman and CEO

The Board selects the Company s CEO and Chairman of the Board in the manner that it determines to be in the best interests of the Company s stockholders. The Board has determined that having an independent director serve as Chairman is in the best interest of the Company s stockholders at this time. This structure ensures a greater role for the independent directors in the oversight of the Company and active participation of the independent directors in setting agendas and establishing Board priorities and procedures. Further, this structure permits the Chief Executive Officer to focus on strategic matters and the management of the Company s day-to-day operations.

The Board does not have a policy as to whether the Chairman of the Board should be an independent director, an affiliated director, or a member of management. The Company s Corporate Governance Guidelines provide that, when the Chairman is an affiliated director or a member of Company management, the independent directors shall and otherwise may, from time to time, select an independent director to act as the Lead Independent Director of the Board, with responsibility for coordinating the activities of the other independent directors and for performing the duties specified in these guidelines, including but not limited to (i) presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors, (ii) serving as liaison between the Chairman and the independent directors, (iii) approving information sent to the Board, (iv) approving meeting agendas for the Board, and (v) approving meeting schedules to assure that there is sufficient time for discussion, and such other duties as are assigned from time to time by the Board.

Board Role in Risk Oversight

The Company faces a variety of risks, including strategic, operational, financial and compliance risks. The Board believes an effective risk management system will (i) timely identify the material risks that the Company faces, (ii) communicate necessary information with respect to material risks to senior executives and, as appropriate, to the Board or relevant committee, (iii) implement appropriate and responsive risk management strategies consistent with the Company s risk profile, and (iv) integrate risk management into Company decision-making.

Management performs an annual risk assessment to identify and prioritize the major risks to the Company and to develop mitigation strategies or ensure that mitigation strategies are in place to address identified risks, and periodically reports to the Board and to the Audit Committee on their status. The Board and the Audit Committee reach conclusions regarding the adequacy of the Company s risk management processes based upon the briefings provided by management and advisors as well as upon periodic reports the Board receives from the Audit Committee regarding the Audit Committee s assessment of financial statement reporting risk and from the Compensation Committee regarding the Compensation Committee s assessment of the risk, if any, arising from the Company s compensation policies and practices. In addition to the formal compliance program, the Board encourages management to promote a corporate culture that incorporates risk management into the Company s corporate strategy and day-to-day business operations. The Board also continually works, with the input of the Company s executive officers, to assess and analyze the most likely areas of future risk for the Company.

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Consideration of Board Nominees

The Nominating and Corporate Governance Committee acts on behalf of the Board to recruit, consider the qualifications of and recommend to the Board nominees for election as directors by the stockholders and candidates to be elected by the Board to fill vacancies on the Board. Our Corporate Governance Guidelines provide that the Nominating and Corporate Governance Committee will consider candidates recommended by stockholders and will have a policy that there will be no differences in the manner in which it evaluates nominees recommended by stockholders and nominees recommended by the Nominating and Corporate Governance Committee or Company management. Stockholders wishing to suggest director candidates should submit their suggestions in writing to the attention of the Secretary of the Company, providing the candidate s name and qualifications for service as a Board member, a document signed by the candidate indicating the candidate s willingness to serve, if elected, and evidence of the stockholder s ownership of Company stock. A stockholder wishing to formally nominate a candidate must do so by following the procedures described in our Bylaws which are available from the Secretary of the Company.

Communications to the Board of Directors

Stockholders and other interested parties may communicate directly with the Company s independent directors by sending an e-mail to childrensplaceboard@childrensplace.com or by writing to Board of Directors, c/o Secretary, The Children s Place, Inc., 500 Plaza Drive, Secaucus, New Jersey 07094. Stockholders and other interested parties may also communicate with committee chairs by writing to them at the above mailing address, in care of the Secretary. The sender should specify in each communication the applicable addressee or addressees to be contacted. We will initially review communications before forwarding them to the addressee. Our Secretary generally will not forward to the directors a stockholder communication that relates to an improper or irrelevant topic, that requests information about the Company that is generally available (which will instead be forwarded to our Investor Relations Department) or that is unrelated to the stockholder s ownership of our stock.

Concerns about accounting, internal controls over financial reporting, auditing matters or possible violations of the Company s Code of Business Conduct are to be reported pursuant to the procedures outlined in our Code of Business Conduct, which is available on our website, http://www.childrensplace.com, under the Corporate Governance tab in the section entitled Investor Relations.

Director Attendance at Annual Meetings

It is the Company s policy that all members of the Board should attend the Company s annual meeting of stockholders, unless extraordinary circumstances prevent a director s attendance. All directors of the Company attended the 2014 annual meeting of stockholders other than Mr. Reynolds who was not a director of the Company at the time of the 2014 annual meeting.

Committees of the Board of Directors

The Board has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The charters for each committee are available on our website, http://www.childrensplace.com, under the Corporate Governance tab in the section entitled Investor Relations. The members of these committees and a summary of the responsibilities of these committees are set forth below.

Committee Membership *(* indicates Chair)*

Audit Committee[(1)]	Compensation Committee	Nominating and Corporate Governance Committee
Kenneth Reiss*	Joseph Gromek*	Joseph Alutto*
Joseph Alutto[(2)]	Susan Patricia Griffith	Susan Patricia Griffith
Stanley W. Reynolds[(3)]	Norman Matthews	Norman Matthews

(1) Louis Lipschitz served as a director and Chair of the Company s Audit Committee until his death on July 25, 2014.
(2) Following this Annual Meeting, Susan Sobbott, a Class II independent director, will replace Dr. Alutto on the Audit Committee.
(3) Mr. Reynolds was appointed to the Audit Committee on November 4, 2014.

Audit Committee

The Audit Committee, which is a separately designated standing audit committee established in accordance with Section 3(a)(58) of the Securities and Exchange Act of 1934, as amended, or the Exchange Act, monitors the preparation and integrity of our financial statements, our other financial reports and our overall disclosure practices; the soundness of our system of internal financial controls and our compliance with good accounting practices; and the appointment, qualifications, independence and performance of our independent registered public accounting firm. Additionally, the Audit Committee has oversight responsibility for the performance of our internal audit function and compliance with related legal and regulatory requirements. The Board has determined that all members of the Audit Committee are independent, as required by the Exchange Act and the listing standards of The Nasdaq Stock Market and meet the financial sophistication requirement within the meaning of The Nasdaq Stock Market rules, and has also determined that Messrs. Reiss and Reynolds qualify as audit committee financial experts as defined in Item 407(d)(5) of Regulation S-K.

The Audit Committee met 11 times during fiscal 2014. The Audit Committee also met separately on four occasions in executive session with the Company s independent registered public accounting firm, head of Internal Audit and other members of management. All members of the Audit Committee attended all meetings of the Committee.

Compensation Committee

The Compensation Committee has been charged with the responsibilities of our Board relating to compensation of our executive officers. The Compensation Committee reviews and recommends to the Board our CEO s compensation, and with the input from senior management, reviews and approves the compensation of our executive officers. The Compensation Committee establishes our management compensation policies and reviews and recommends to the Board the terms of the Company s incentive compensation plans and programs. The Compensation Committee oversees the implementation of these plans and programs, including the granting of equity awards, to ensure alignment with the Company s strategy and performance and determines all aspects of the compensation of our executive officers. In addition, the Compensation Committee makes recommendations to the Board regarding the compensation of directors. For more information on the role played by the Compensation Committee in setting the compensation of our executives, see the Compensation Committee s written charter, a copy of which is available on the Company s website, http://www.childrensplace.com under the Corporate Governance tab in the section entitled Investor Relations, and the section of this Proxy Statement captioned Executive Compensation - Compensation Discussion and Analysis below. The Compensation Committee met six times during fiscal 2014. All members of the Compensation Committee attended all meetings of the Committee.

All members of the Compensation Committee are independent under the Company s standards. In arriving at this conclusion, the Board considered, among other factors, the listing rules of the

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Nasdaq Stock Market, the fact that the Company does not pay any compensatory consideration to Compensation Committee members other than fees in their capacities as directors and committee members, and that Compensation Committee members are not affiliated with the Company or members of its management in any way other than membership on the Compensation Committee. The Board also determined that such directors are non-employee directors within the meaning of Rule 16b-3 of the Exchange Act, outside directors within the meaning of regulations promulgated under Section 162(m) of the IRC and independent within the meaning of all other SEC rules and regulations applicable to members of the Compensation Committee.

The Compensation Committee has the authority to retain the services of compensation consultants to provide it with recommendations and advice on the appropriateness of the Company s compensation of the CEO, other executive officers and directors. The Compensation Committee has retained Semler Brossy Consulting Group, LLC (Semler Brossy) to advise it with respect to such matters, the design and implementation of executive compensation plans and programs, and such other matters as the Compensation Committee may direct. At the Compensation Committee s request, Semler Brossy also provides the Compensation Committee with benchmarking data concerning the compensation paid to officers and directors by companies in the Company s Peer Group and the retail industry. Semler Brossy works directly with the Compensation Committee and its Chair, and meets with the Committee in executive session. Semler Brossy does not provide any services to the Company. The Compensation Committee has determined that Semler Brossy is independent and does not have any conflict of interest in its dealings with the Compensation Committee (or the Company). The Compensation Committee made this determination, in part, by reviewing and considering the factors set out by the applicable SEC rules and regulations covering independence, conflicts of interest and compensation advisors.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee is or has been an officer of the Company, none was an employee of the Company during fiscal 2014, and none had any relationship with the Company or any of its subsidiaries during fiscal 2014 that would be required to be disclosed as a transaction with a related person. None of the executive officers of the Company has served on the board of directors or compensation committee of another company at any time during which an executive officer of such other company served on the Company s Board or the Compensation Committee.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee recommends nominees for the Board and develops and implements formal Board self-evaluation procedures. It also makes recommendations to the Board regarding Board and committee structure and corporate governance. In the event of an uncontested election, the Nominating and Corporate Governance Committee also must assess the appropriateness of accepting the resignation of a nominee of the Board for election as a director who is in office as a director and does not receive a majority of the votes cast by the stockholders in respect of his or her election. All members of the Nominating and Corporate Governance Committee are independent directors. The Nominating and Corporate Committee met three times during fiscal 2014. All members of the Nominating and Corporate Governance Committee attended all meetings of the Committee.

Audit Committee Report

The Audit Committee reviews the Company s financial reporting process on behalf of the Board. The Audit Committee has authority to appoint, discharge and replace our independent registered public accounting firm, and is directly responsible for the oversight of the scope of its audit work and the determination of its compensation.

As stated in the Audit Committee s written charter, a copy of which is available on the Company s website, http://www.childrensplace.com, under the Corporate Governance tab in the section entitled Investor Relations, the Audit Committee s responsibility is one of oversight. It is the responsibility of our management to establish and maintain a system of internal control over financial reporting and to prepare financial statements of the Company and its subsidiaries in accordance with generally accepted accounting principles and to prepare other financial reports and disclosures. Our independent registered public accounting firm is responsible for performing an independent audit of our consolidated financial statements and to issue a report thereon. The Audit Committee does not provide any expert or other special assurance as to our financial statements or any expert or professional certification as to the work of our independent registered public accounting firm.

In fulfilling its oversight responsibilities, the Audit Committee has, among other things, reviewed and discussed with management our audited consolidated financial statements for fiscal 2014, met and held discussions with management and with our independent registered public accounting firm and the head of our internal audit function (both with and without management present) regarding the fair and complete presentation of our financial results and discussed the significant accounting policies applied in our financial statements as well as alternative treatments. The Audit Committee also reviewed and discussed with management, the head of our internal audit function and our independent registered public accounting firm the reports required by Section 404 of the Sarbanes Oxley Act of 2002, namely, management s annual assessment of our internal control over financial reporting and our independent registered public accounting firm s attestation report thereon. The Audit Committee has discussed with our independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees,* issued by the Public Company Accounting Oversight Board, or PCAOB. In addition, the Audit Committee has received the written disclosures and the letter from our independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent registered public accounting firm s communications with the Audit Committee concerning independence and has discussed with the independent registered public accounting firm such firm s independence.

Based on the review and discussions referred to above, the Audit Committee recommended to our Board that our audited consolidated financial statements for fiscal 2014 be included in our Annual Report on Form 10-K for such fiscal year for filing with the SEC.

The foregoing Audit Committee report has been submitted by the members of the Audit Committee: Kenneth Reiss (Chair), Joseph Alutto and Stanley Reynolds.

EXECUTIVE OFFICERS

Set forth below are the names, ages and titles of our executive officers as of March 24, 2015:

Name	Age	Position
Jane Elfers	54	Chief Executive Officer and President, Director
Michael Scarpa	59	Chief Operating Officer
Anurup Pruthi	46	Senior Vice President, Chief Financial Officer
Bradley Cost	61	Senior Vice President, General Counsel, and Secretary
Kevin Low	43	Senior Vice President, Store Operations
Lawrence McClure	66	Senior Vice President, Human Resources
Gregory Poole	53	Senior Vice President, Global Sourcing

The biography of Ms. Elfers is set forth above under the heading Governance of the Company Continuing Directors.

Michael Scarpa joined the Company in November 2012. Mr. Scarpa has more than 30 years of financial and operational management experience. Most recently, he was Chief Operating Officer and Chief Financial Officer of The Talbots, Inc. with responsibility for finance, treasury, planning and allocation, supply chain, information technology and corporate strategy. Previously, Mr. Scarpa spent 25 years with Liz Claiborne, Inc. where he held positions of increasing responsibility, culminating in his appointment as Chief Operating Officer. He began his career in financial positions with Maidenform, Inc. and Krementz and Company. Mr. Scarpa earned his BS and MBA degrees from Rutgers University, and is a CPA.

Anurup Pruthi joined the Company in December 2014. Mr. Pruthi has more than 23 years of global financial and operational management experience. Most recently, he was the Chief Financial Officer of the largest retailer in India, Reliance Retail Limited in Mumbai, India, where he was responsible for the financial management of a $2.5 billion retail business. Prior to that position, Mr. Pruthi served as the Chief Executive Officer for a Future Group business consulting and services company, in Mumbai, India, Chief Financial Officer of Global Merchandising and Supply Chain at Burberry PLC, based in London, England, Chief Operating Officer and Chief Financial Officer for Mexx Europe Holding, a subsidiary of Liz Claiborne, Inc., and Group Finance Director for Liz Claiborne, Inc. Mr. Pruthi holds a Master s Degree in Finance and a BS in Finance from Bentley College.

Bradley Cost joined the Company in December 2010. Prior to joining us, Mr. Cost had been a partner with Bachelder Law LLP since September 2006, where he specialized in corporate governance, securities and senior executive compensation matters. Prior to that, Mr. Cost was a partner in law firms in private practice in New York City for over 20 years representing numerous public and private companies in securities, mergers & acquisitions and corporate matters. He earned his undergraduate degree from Georgetown University, and law and graduate business degrees from Northwestern University.

Kevin Low joined the Company in September 2011. Mr. Low has more than 20 years of retail field operations experience. Prior to joining us, Mr. Low spent 15 years with GAP, Inc. culminating in his appointment as Vice President of U.S. stores where he was responsible for in-store operations for seven U.S. regions. During his tenure at

GAP, Inc., Mr. Low held positions of increasing responsibility as a manager of stores, District Manager, Regional Manager and Zone Vice President.

Lawrence McClure joined the Company in March 2010. Prior to joining us, Mr. McClure served as Senior Vice President of Human Resources at Liz Claiborne Inc. for over eight years where he helped establish a global human resources presence within a diverse set of brands. Prior to that, he held senior human resources leadership roles with The Dexter Corporation, Aetna, and United Technologies. Mr. McClure has a BA and MA from Trinity College.

Gregory Poole joined the Company in September 2012. Mr. Poole has more than 25 years of global sourcing and supply chain leadership experience. Most recently, he spent four years with The Talbots, Inc. where he served as Executive Vice President, Chief Supply Chain Officer, and was responsible for product development, global sourcing, global logistics, distribution, quality assurances, social compliance and technical design, and prior to that, Ann Taylor Stores, where he served as Senior Vice President, Chief Procurement Officer. Mr. Poole spent over 12 years with Gap Inc., where he held several senior level sourcing positions, culminating in his role as Senior Vice President, Sourcing & Vendor Development. Prior to Gap Inc., Mr. Poole served in sourcing and manufacturing roles of increasing responsibility for Esprit de Corp., The North Face, Inc., American Marketing Works, Inc., and Body Glove, Inc. He has a degree in Engineering from the Auckland Technical Institute, New Zealand.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION & ANALYSIS

INTRODUCTION

This Compensation Discussion and Analysis describes our executive compensation programs and policies applicable to our named executive officers, or NEO s:

- Jane Elfers, President and Chief Executive Officer
- Michael Scarpa, Chief Operating Officer (and Chief Financial Officer until December 1, 2014)
- Anurup Pruthi, Chief Financial Officer
- Natalie Levy (Ms. Levy left the Company on January 30, 2015)
- Gregory Poole, Senior Vice President, Global Sourcing
- Brian Ferguson, Senior Vice President, Merchandising

EXECUTIVE SUMMARY

2014 Say-On-Pay Vote and Stockholder Outreach Activities

We recognize and acknowledge the need to achieve strong stockholder support for our executive compensation and corporate governance practices.

At our 2014 Annual Meeting, stockholders holding approximately 62% of our shares of common stock voted for the Company s say-on-pay resolution. Following that vote and continuing into early 2015, the Chair of our Compensation Committee, working closely with our independent compensation consultant, Semler Brossy, engaged in the stockholder outreach activities described below.

Our Compensation Committee Chair contacted institutional stockholders holding over 70% of our common stock. This resulted in meetings or conversations among the Chair of our Compensation Committee, representatives from Semler Brossy, and stockholders holding almost 40% of our common stock. Other stockholders who did not participate in the meetings or conversations responded to our Compensation Committee Chair s outreach by indicating that they did not need to have a conversation given the discussions they had with the Chair during earlier outreach activities. In conducting these outreach efforts, the Chair of our Compensation Committee was also mindful of the views expressed by the major proxy advisory firms that the Chair of our Compensation Committee also spoke with during his outreach.

During these outreach sessions, we discussed the many changes to our executive compensation program and corporate governance practices that we have made in response to our stockholder outreach efforts over the past three years, and discussed matters of current interest to our stockholders. These changes now include:

- Redesign of our long-term incentive plan (LTIP) to institute the use of performance metrics (adjusted earnings per share, or EPS, and a TSR modifier) for performance-based equity awards made to all members of management, including our CEO and other NEOs, which differ from the metric (adjusted operating income) used for our annual bonus plan.
- Redesign of our LTIP to use a three-year cliff vesting performance period for performance-based equity awards made to all members of management, including our CEO and other NEOs.
- Elimination of single trigger equity vesting on a going forward basis upon a change in control.
- Elimination of all excise tax and other tax gross-ups, other than in connection with standard relocation expenses.
- Enhanced stock ownership guidelines for our CEO and our other senior executives.

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- Provide for the clawback of incentive compensation.
- Prohibit hedging activities involving our common stock.
- Provide for an annual peer group review.
- Declassification of our Board of Directors.

The Compensation Committee believes that its recent stockholder outreach activities, coupled with like activities in prior years, have lead to clear understanding by our Compensation Committee of our stockholders views concerning the Company s executive compensation, corporate governance and related practices, and have resulted in substantial changes in these programs and practices.

Key Compensation Issues Identified by Our Stockholders in 2014

- Ø **CEO historical compensation levels were high relative to the Company s Total Stockholder Return (TSR) performance.**
- Ø **CEO performance-based LTIP equity award terms should be aligned with those applicable to other members of management.**
- Ø **Single trigger equity vesting on a change in control.**

The Compensation Committee Addressed the Key Issues Identified by Our Stockholders in 2014, Having Addressed Other Issues in Prior Years

CEO COMPENSATION

- Ø **Absolute level of compensation CEO compensation in fiscal 2014 remained at a level comparable to fiscal 2013, reflecting significant decreases from fiscal 2012 and 2011:**

  Fiscal 2014 CEO total compensation reflects a 57% reduction compared to fiscal 2012, including a 67% reduction in total equity opportunity, at target.

(1) See Summary Compensation Table for a breakdown of total compensation.

- Ø **Relative level of compensation CEO compensation in fiscal 2014 was in-line with our Peer Group s CEOs and our other NEOs:**

Fiscal Year	**CEO s 2014 total compensation compared to 2013 median target CEO total compensation of Peer Group[1]**
2014	1.01x (52nd percentile)

(1) See Peer Group below.

Fiscal Year	CEO s total compensation compared to the average total compensation of our other NEOs[1]	CEO s total compensation compared to the next highest NEO total compensation
2014	2.83x	1.80x

(1) Other than Anurup Pruthi who joined as our CFO in December 2014.

Ø **Type of compensation CEO compensation in fiscal 2014 (and 2013) was predominantly performance-based as the Company continues through a critical period of implementing its strategic initiatives:**

84% of CEO total compensation was performance-based in fiscal 2014 and 82% was performance-based in fiscal 2013 (a significant increase from 36% in fiscal 2012).

100% of CEO equity opportunity was performance-based in fiscal 2014 and 2013 (a significant increase from one-third in fiscal 2012).

No time-vesting equity was awarded to our CEO in fiscal 2013, 2014 or 2015. The Compensation Committee considered a mix of time-based and performance-based equity awards for our CEO s fiscal 2015 grant, but determined to continue with an award which was all performance-based for at least one more year because the Compensation Committee believes it is important to continue to drive and reward performance as the Company continues to implement its strategic initiatives instituted by our CEO.

(1) Fiscal 2012 only.

Ø **Alignment of compensation and performance CEO compensation in fiscal 2014 was aligned with our TSR performance:**

Our stock price increased 13.8% in fiscal 2014 and has increased 88.5% over the past five fiscal years:

In 2014, our one-year TSR was in the 80th percentile of our Peer Group, an increase of 32 percentile points over fiscal 2013, and our two-year TSR was in the 61st percentile of our Peer Group, an increase of 46 percentile points over fiscal 2013. We believe that the significant improvement in TSR over the past two years is attributable in large part to the traction we are experiencing as we implement our strategic initiatives, including channel expansion, fleet optimization, digital growth, and business transformation through technology.

(1) Total Shareholder Return (TSR) is the price per share of our common stock plus cumulative dividends per share for the applicable period. See Peer Group below.

CEO S PERFORMANCE-BASED EQUITY AWARD IN FISCAL 2015 USES THE SAME PERFORMANCE METRICS (INCLUDING A TSR MODIFIER) AND THE SAME 3-YEAR CLIFF PERFORMANCE PERIOD AS OTHER MEMBERS OF MANAGEMENT

- Ø **Our CEO s fiscal 2015 PRSU performance metrics (adjusted earnings per share and a relative TSR modifier) are the same as applicable to other members of management and are different from the metric used under our annual bonus plan (adjusted operating income).**
- Ø **Our CEO s fiscal 2015 PRSUs use the same three-year cliff performance period as the PRSUs of other members of management.**

ELIMINATED SINGLE TRIGGER EQUITY VESTING ON A GOING FORWARD BASIS UPON A CHANGE IN CONTROL FOR ALL MEMBERS OF MANAGEMENT, INCLUDING OUR CEO.

- Ø **Equity awards granted in 2015 to all members of management, including our CEO and the other NEOs, vest only upon both the occurrence of a change in control and an involuntary employment termination (double trigger).**

Fiscal 2014 Performance Measured by Creation of Stockholder Value, Financial Results, Maintenance of Market Share, and Progress on Strategic Initiatives

In fiscal 2014, we created significant stockholder value, achieved solid financial results, maintained market share, significantly advanced our strategic initiatives and strengthened our management team, all in the face of an intensely competitive and changing retail environment and difficult economic factors that continued to adversely affect our target customer. We successfully managed in this difficult environment by a strong focus on our strategic initiatives and on design and merchandising activities that resulted in trend-right product assortments that resonated with our customers, diligent expense control and disciplined inventory management.

Our fiscal 2014 performance should be viewed in light of the state of specialty apparel retail resulting from the intensely competitive and changing retail environment in which we operated in fiscal 2014. Fiscal 2014 saw nine U.S. specialty apparel retailers file for Chapter 11 bankruptcy protection, with four such filings in the fourth fiscal quarter of 2014 alone. In addition, there were a large number of specialty apparel retailers who could only be described as struggling , experiencing significant declines in comparable retail sales, earnings per share and stock price. Further, in fiscal 2014, Target announced that it was terminating its Canadian operations and shuttering all of its 133 retail stores in Canada. Finally, significant changes in the CEO suite of U.S. retailers occurred in fiscal 2014, with 25 companies with revenues of $1 billion or more announcing CEO transitions, including some of the most well-known retailers in the United States. CEO turnover was not limited to 2014. According to a nationally recognized executive search firm, CEO turnover occurred at 47% of public retail companies with revenues of $1 billion or more during 2011-2014.

Creation of Stockholder Value

Our stock price has performed well over the past five years, increasing 88.5% over that period, including a 13.8% increase in fiscal 2014. Our TSR was in the 80th percentile of our Peer Group in fiscal 2014.

In addition to our stock repurchase program in fiscal 2014, which is continuing in fiscal 2015 with the announcement of a new $100 million program, we commenced the payment of quarterly cash dividends in fiscal 2014 and increased our dividend in the first fiscal quarter of 2015 by over 13%.

Achievement of Financial Results

- Ø Recorded positive comparable retail sales for fiscal 2014 compared to fiscal 2013.
- Ø Grew e-commerce sales by approximately 14% in fiscal 2014, at an 18.5% five-year compound annual growth rate (CAGR), adding to the 35 consecutive fiscal quarters of double digit growth in e-commerce sales.
- Ø Generated cash from operations of over $160 million and ended the fiscal year with no debt on the balance sheet, permitting the Company to return excess capital to our stockholders:

Repurchased approximately $75 million of shares of our common stock in fiscal 2014, resulting in the Company s purchase of over $410 million of our common stock during the past five fiscal years and $481 million since we began our capital return program in 2009.

Initiated the payment of quarterly cash dividends, totaling over $11 million in fiscal 2014 and increased our dividend payment in the first fiscal quarter of 2015 by over 13%.

Maintained Market Share

- Ø Maintained market share over the past six years despite a declining birth rate in the United States and a significant increase in store count by competitors:

Year	Birth Rate (in millions)(1)	Competitive Specialty Store Count(2)	TCP Market Share (%)(3)
2009	4.13	2,290	4.1
2010	3.89	2,443	5.9
2011	3.95	2,592	5.8