UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 31, 2015

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

For the transition period from to

Commission file number 0-23071

THE CHILDREN'S PLACE, INC.

(Exact name of registrant as specified in its charter)

Delaware	**31-1241495**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
500 Plaza Drive Secaucus, New Jersey	**07094**
(Address of Principal Executive Offices)	(Zip Code)

(201) 558-2400

(Registrant's Telephone Number, Including Area Code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

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

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The number of shares outstanding of the registrant's common stock with a par value of $0.10 per share, as of December 7, 2015 was 19,967,195 shares.

THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q

FOR THE PERIOD ENDED OCTOBER 31, 2015

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PART I. FINANCIAL INFORMATION

Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)

	October 31, 2015	January 31, 2015	November 1, 2014
	(unaudited)		(unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 183,923	$ 173,291	$ 170,787
Short-term investments	34,600	52,000	39,000
Accounts receivable	36,501	31,928	28,126
Inventories	327,324	297,631	342,455
Prepaid expenses and other current assets	33,587	39,349	32,859
Deferred income taxes	18,519	15,080	16,564
Total current assets	634,454	609,279	629,791
Long-term assets:			
Property and equipment, net	302,216	310,301	318,871
Deferred income taxes	36,751	35,580	43,186
Other assets	3,937	3,458	3,573
Total assets	$ 977,358	$ 958,618	$ 995,421
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES:			
Current liabilities:			
Revolving loan	$ 34,351	$ —	$ 19,100
Accounts payable	183,738	155,323	150,426
Income taxes payable	5,141	420	4,547
Accrued expenses and other current liabilities	110,474	118,724	123,062
Total current liabilities	333,704	274,467	297,135
Long-term liabilities:			
Deferred rent liabilities	72,927	80,214	83,667
Other tax liabilities	5,878	6,446	5,151
Other long-term liabilities	15,322	8,373	8,802
Total liabilities	427,831	369,500	394,755
COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' EQUITY:			
Preferred stock, $1.00 par value, 1,000 shares authorized, 0 shares issued and outstanding	—	—	—
Common stock, $0.10 par value, 100,000 shares authorized; 20,139, 21,075 and 21,360 issued; 20,101, 21,040 and 21,316 outstanding	2,014	2,108	2,136
Additional paid-in capital	230,646	230,429	228,552
Treasury stock, at cost (38, 35, 44 shares)	(1,877)	(1,682)	(2,123)
Deferred compensation	1,877	1,682	2,123
Accumulated other comprehensive loss	(20,243)	(17,493)	(2,944)
Retained earnings	337,110	374,074	372,922
Total stockholders' equity	549,527	589,118	600,666
Total liabilities and stockholders' equity	$ 977,358	$ 958,618	$ 995,421

See accompanying notes to these condensed consolidated financial statements.

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

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 31, 2015	November 1, 2014	October 31, 2015	November 1, 2014
Net sales	$ 455,913	$ 487,304	$ 1,227,233	$ 1,282,081
Cost of sales (exclusive of depreciation and amortization)	275,400	297,193	779,607	824,591
Gross profit	180,513	190,111	447,626	457,490
Selling, general and administrative expenses	105,797	116,120	338,653	346,951
Asset impairment charges	919	3,306	2,371	6,351
Other costs (income)	14	(286)	87	(153)
Depreciation and amortization	16,136	15,168	45,782	44,952
Operating income	57,647	55,803	60,733	59,389
Interest expense	(254)	(82)	(635)	(123)
Income before income taxes	57,393	55,721	60,098	59,266
Provision for income taxes	18,898	18,779	19,687	19,415
Net income	$ 38,495	$ 36,942	$ 40,411	$ 39,851
Earnings per common share				
Basic	$ 1.90	$ 1.71	$ 1.96	$ 1.82
Diluted	$ 1.88	$ 1.70	$ 1.94	$ 1.81
Cash dividends declared and paid per common share	$ 0.15	$ 0.1325	$ 0.45	$ 0.3975
Weighted average common shares outstanding				
Basic	20,297	21,541	20,628	21,843
Diluted	20,517	21,756	20,878	22,062

See accompanying notes to these condensed consolidated financial statements.

THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In thousands)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 31, 2015	November 1, 2014	October 31, 2015	November 1, 2014
Net income	$ 38,495	$ 36,942	$ 40,411	$ 39,851
Other Comprehensive Income:				
Foreign currency translation adjustment	155	(4,037)	(2,845)	(1,415)
Change in fair value of cash flow hedges, net of income taxes of $49 and $(34), respectively	(134)	—	95	—
Comprehensive income	$ 38,516	$ 32,905	$ 37,661	$ 38,436

See accompanying notes to these condensed consolidated financial statements.

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

	Thirty-nine Weeks Ended	
	October 31, 2015	November 1, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 40,411	$ 39,851
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	45,782	44,952
Stock-based compensation	12,456	13,054
Excess tax benefits from stock-based compensation	(1,040)	(268)
Deferred taxes	(4,754)	(9,304)
Asset impairment charges	2,371	6,351
Deferred rent expense and lease incentives	(7,223)	(6,955)
Other	905	1,711
Changes in operating assets and liabilities:		
Inventories	(30,663)	(20,468)
Prepaid expenses and other assets	(7,650)	(2,746)
Income taxes payable, net of prepayments	13,757	10,868
Accounts payable and other current liabilities	14,462	(10,792)
Deferred rent and other liabilities	6,247	2,302
Total adjustments	44,650	28,705
Net cash provided by operating activities	85,061	68,556
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases, lease acquisition and software costs	(33,969)	(44,637)
Purchase of short-term investments	(70,880)	(58,000)
Redemption of short-term investments	88,280	81,500
Change in company-owned life insurance policies	(363)	17
Net cash used in investing activities	(16,932)	(21,120)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase and retirement of common stock, including transaction costs	(82,615)	(59,965)
Cash dividends paid	(9,232)	(8,684)
Borrowings under revolving credit facility	478,500	265,653
Repayments under revolving credit facility	(444,149)	(246,553)
Exercise of stock options	438	55
Excess tax benefits from stock-based compensation	1,040	268
Deferred financing costs	(320)	(306)
Net cash used in financing activities	(56,338)	(49,532)
Effect of exchange rate changes on cash	(1,159)	(1,114)
Net increase (decrease) in cash and cash equivalents	10,632	(3,210)
Cash and cash equivalents, beginning of period	173,291	173,997
Cash and cash equivalents, end of period	$ 183,923	$ 170,787

See accompanying notes to these condensed consolidated financial statements.

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

	Thirty-nine Weeks Ended	
	October 31, 2015	November 1, 2014
OTHER CASH FLOW INFORMATION:		
Net cash paid during the period for income taxes	$ 10,080	$ 18,102
Cash paid during the period for interest	1,120	676
(Decrease) increase in accrued purchases of property and equipment	(2,251)	4,056

See accompanying notes to these condensed consolidated financial statements.

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

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly the consolidated financial position of The Children's Place, Inc. (the "Company") as of October 31, 2015 and November 1, 2014 and the results of its consolidated operations and cash flows for the thirty-nine weeks ended October 31, 2015 and November 1, 2014. The consolidated financial position as of January 31, 2015 was derived from audited financial statements. Due to the seasonal nature of the Company's business, the results of operations for the thirty-nine weeks ended October 31, 2015 and November 1, 2014 are not necessarily indicative of operating results for a full fiscal year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015.

Certain reclassifications have been made to prior period financial statements to conform to the current period presentation.

Terms that are commonly used in the Company's notes to condensed consolidated financial statements are defined as follows:

- Third Quarter 2015 — The thirteen weeks ended October 31, 2015.
- Third Quarter 2014 — The thirteen weeks ended November 1, 2014.
- Year-To-Date 2015 — The thirty-nine weeks ended October 31, 2015.
- Year-To-Date 2014 — The thirty-nine weeks ended November 1, 2014.
- FASB — Financial Accounting Standards Board.
- SEC — U.S. Securities and Exchange Commission.
- U.S. GAAP — Generally Accepted Accounting Principles in the United States.
- FASB ASC — FASB Accounting Standards Codification, which serves as the source for authoritative U.S. GAAP, except that rules and interpretive releases by the SEC are also sources of authoritative U.S. GAAP for SEC registrants.

Short-term Investments

Short-term investments consist of investments which the Company expects to convert into cash within one year, including time deposits, which have original maturities greater than 90 days. The Company classifies its investments in securities at the time of purchase as held-to-maturity and reevaluates such classifications on a quarterly basis. Held-to-maturity investments consist of securities that the Company has the intent and ability to retain until maturity. These securities are recorded at cost and adjusted for the amortization of premiums and discounts, which approximates fair value. Cash inflows and outflows related to the sale and purchase of investments are classified as investing activities in the Company's consolidated statements of cash flows. All of the Company's short-term investments are U.S. dollar denominated time deposits with banking institutions in Hong Kong that have six month maturity dates.

Stock-based Compensation

The Company generally grants time vesting stock awards ("Deferred Awards") and performance-based stock awards ("Performance Awards") to employees at management levels. The Company also grants Deferred Awards to its non-employee directors. Deferred Awards are granted in the form of restricted stock units that require each recipient to complete a service period. Deferred Awards generally vest ratably over three years, except for those granted to non-employee directors, which generally vest after one year. Performance Awards are granted in the form of restricted stock units which have performance criteria that must be achieved for the awards to vest in addition to a service period requirement. For Performance Awards issued during fiscal 2013, each award has a defined number of shares that an employee can earn (the "Target Shares") and, based on the adjusted operating income level achieved for the three-fiscal year period, the employee can earn from 0% to 200% of their Target Shares. The fair value of these Performance Awards and all Deferred Awards granted is based on the closing price of our common stock on the grant date. The 2013 Performance Awards cliff vest, if earned, after completion of the three year performance period. For Performance Awards issued during fiscal 2014 and 2015 (the "2014 and 2015 Performance

Awards”), the employee can earn from 0% to 300% of their Target Shares based on the achievement of adjusted earnings per share for a cumulative three-fiscal year performance period and our total shareholder return (“TSR”) relative to that of companies in our peer group. The 2014 and 2015 Performance Awards cliff vest, if earned, after completion of the applicable three year performance period. The 2014 and 2015 Performance Awards grant date fair value was estimated using a Monte Carlo simulation covering the period from the valuation date through the end of the applicable performance period using our simulated stock price as well as the TSR of companies in our peer group. Stock-based compensation expense is recognized ratably over the related service period reduced for estimated forfeitures of those awards not expected to vest due to employee turnover. Stock-based compensation expense, as it relates to Performance Awards, is also adjusted based on the Company's estimate of adjusted operating income and adjusted earnings per share as they occur.

Deferred Compensation Plan

The Company has a deferred compensation plan (the “Deferred Compensation Plan”), which is a nonqualified plan, for eligible senior level employees. Under the plan, participants may elect to defer up to 80% of his or her base salary and/or up to 100% of his or her bonus to be earned for the year following the year in which the deferral election is made. The Deferred Compensation Plan also permits members of the Board of Directors to elect to defer payment of all or a portion of their retainer and other fees to be earned for the year following the year in which a deferral election is made. In addition, eligible employees and directors of the Company may also elect to defer payment of any shares of Company stock that is earned with respect to stock-based awards. Directors may elect to have all or a certain portion of their fees earned for their service on the Board invested in shares of the Company’s common stock. Such elections are irrevocable. The Company is not required to contribute to the Deferred Compensation Plan, but at its sole discretion, can make additional contributions on behalf of the participants. Deferred amounts are not subject to forfeiture and are deemed invested among investment funds offered under the Deferred Compensation Plan, as directed by each participant. Payments of deferred amounts (as adjusted for earnings and losses) are payable following separation from service or at a date or dates elected by the participant at the time the deferral is elected. Payments of deferred amounts are generally made in either a lump sum or in annual installments over a period not exceeding 15.0 years. All deferred amounts are payable in the form in which they were made except for board fees invested in shares of the Company's common stock, which will be settled in shares of Company common stock. Earlier distributions are not permitted except in the case of an unforeseen hardship.

The Company has established a rabbi trust that serves as an investment to shadow the Deferred Compensation Plan liability. The assets of the rabbi trust are general assets of the Company and as such, would be subject to the claims of creditors in the event of bankruptcy or insolvency. Investments of the rabbi trust consist of mutual funds and Company common stock. The Deferred Compensation Plan liability, excluding Company common stock, is included in other long-term liabilities and changes in the balance, except those relating to payments, are recognized as compensation expense. The value of the mutual funds is included in other assets and related earnings and losses are recognized as investment income or loss, which is included in selling, general and administrative expenses. Company stock deferrals are included in the equity section of the Company’s consolidated balance sheet as treasury stock and as a deferred compensation liability. Deferred stock is recorded at fair market value at the time of deferral and any subsequent changes in fair market value are not recognized.

The Deferred Compensation Plan liability, excluding Company stock, at fair value, was approximately $0.7 million, $0.5 million, and $0.5 million at October 31, 2015, January 31, 2015 and November 1, 2014, respectively. The value of the Deferred Compensation Plan assets was approximately $0.7 million, $0.3 million and $0.3 million at October 31, 2015, January 31, 2015 and November 1, 2014, respectively. Company stock was $1.9 million, $1.7 million, and $2.1 million at October 31, 2015, January 31, 2015 and November 1, 2014, respectively.

Exit or Disposal Cost Obligations

In accordance with the “*Exit or Disposal Cost Obligations*” topic of the FASB ASC, the Company records its exit and disposal costs at fair value to terminate an operating lease or contract when termination occurs before the end of its term and without future economic benefit to the Company. In cases of employee termination benefits, the Company recognizes an obligation only when all of the following criteria are met:

- management, having the authority to approve the action, commits to a plan of termination;
- the plan identifies the number of employees to be terminated, their job classifications or functions and their locations, and the expected completion date;
- the plan establishes the terms of the benefit arrangement, including the benefits that employees will receive upon termination (including but not limited to cash payments), in sufficient detail to enable employees to determine the type and amount of benefits they will receive if they are involuntarily terminated; and
- actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

During the first quarter of fiscal 2012, management approved a plan to exit its distribution center in Ontario, California (the "West Coast DC") and move the operations to its distribution center in Fort Payne, Alabama (the "Southeast DC"). The Company ceased operations at the West Coast DC in May 2012. The lease of the West Coast DC expires in March 2016 and the Company has subleased this facility through March 2016.

During the third quarter of fiscal 2012, management approved a plan to close the Company's distribution center in Dayton, New Jersey ("Northeast DC") and move the operations to its Southeast DC. The Company ceased operations in the Northeast DC during the fourth quarter of fiscal 2012. The lease of the Northeast DC expires in January 2021 and the Company has subleased this facility through January 2021.

The following table provides details of the remaining accruals for the West Coast DC and Northeast DC as of October 31, 2015, of which approximately $0.6 million was included in accrued expenses and other current liabilities and approximately $0.4 million was included in other long-term liabilities (dollars in thousands):

	Other Associated Costs	Lease Termination Costs	Total
Balance at January 31, 2015	$ —	$ 1,508	$ 1,508
Restructuring costs	36	51	87
Payments and reductions	(36)	(600)	(636)
Balance at October 31, 2015	$ —	$ 959	$ 959

Fair Value Measurement and Financial Instruments

The “Fair Value Measurements and Disclosure” topic of the FASB ASC provides a single definition of fair value, together with a framework for measuring it, and requires additional disclosure about the use of fair value to measure assets and liabilities.

This topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a three-level hierarchy, which encourages an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the hierarchy are defined as follows:

- Level 1 - inputs to the valuation techniques that are quoted prices in active markets for identical assets or liabilities
- Level 2 - inputs to the valuation techniques that are other than quoted prices but are observable for the assets or liabilities, either directly or indirectly
- Level 3 - inputs to the valuation techniques that are unobservable for the assets or liabilities

The Company’s cash and cash equivalents, short-term investments, assets of the Company’s Deferred Compensation Plan, accounts receivable, accounts payable and credit facility are all short-term in nature. As such, their carrying amounts approximate fair value and fall within Level 1 of the fair value hierarchy. The Company stock that is included in the Deferred Compensation Plan is not subject to fair value measurement.

The Company's assets and liabilities include foreign exchange forward contracts that are measured at fair value using observable market inputs such as forward rates, the Company's credit risk and our counterparties’ credit risks. Based on these inputs, the Company's derivative assets and liabilities are classified within Level 2 of the valuation hierarchy.

The Company’s assets measured at fair value on a nonrecurring basis include long-lived assets. The Company reviews the carrying amounts of such assets when events indicate that their carrying amounts may not be recoverable. Any resulting asset impairment would require that the asset be recorded at its fair value. The resulting fair value measurements of the assets are considered to fall within Level 3 of the fair value hierarchy.

Recently Adopted Accounting Standards

In May 2014, the FASB issued guidance relating to revenue recognition from contracts with customers. This guidance requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. In August 2015, the FASB issued guidance to defer the effective date by one year and, therefore, the standard is effective for fiscal years and interim periods within those years beginning after December 15, 2017 and is to be applied retrospectively. We are currently reviewing the potential impact of this standard.

2. STOCKHOLDERS' EQUITY

The Company's Board of Directors authorizes the Company's share repurchase programs, including: (1) $100 million on November 26, 2012 (the "2012 Share Repurchase Program"); (2) $100 million on March 3, 2014 (the "2014 Share Repurchase Program") and (3) $100 million on January 7, 2015 (the "2015 Share Repurchase Program"). The 2012 Share Repurchase Program and the 2014 Share Repurchase Program have been completed. At October 31, 2015, there was approximately $59.0 million remaining on the 2015 Share Repurchase Program. Under the 2015 Share Repurchase Program, the Company may repurchase shares in the open market at current market prices at the time of purchase or in privately negotiated transactions. The timing and actual number of shares repurchased under a program will depend on a variety of factors including price, corporate and regulatory requirements, and other market and business conditions. The Company may suspend or discontinue a program at any time, and may thereafter reinstitute purchases, all without prior announcement.

Pursuant to restrictions imposed by the Company's insider trading policy during black-out periods, the Company withholds and retires shares of vesting stock awards and makes payments to taxing authorities as required by law to satisfy the withholding tax requirements of certain recipients. The Company's payment of the withholding taxes in exchange for the retired shares constitutes a purchase of its common stock. The Company also acquires shares of its common stock in conjunction with liabilities owed under the Company's Deferred Compensation Plan, which are held in treasury.

The following table summarizes the Company's share repurchases (in thousands):

	Thirty-nine Weeks Ended			
	October 31, 2015		November 1, 2014	
	Shares	Value	Shares	Value
Shares repurchases related to:				
2012 Share Repurchase Program	—	$ —	282	$ 14,671
2014 Share Repurchase Program	640	39,791	896	44,037
2015 Share Repurchase Program [(1)]	662	41,026	—	—
Withholding taxes and other	28	1,798	25	1,257
Shares acquired and held in treasury	3	$ 195	11	$ 548

(1) Subsequent to October 31, 2015 and through December 7, 2015, the Company repurchased 0.1 million shares for approximately $7.5 million.

In accordance with the "*Equity*" topic of the FASB ASC, the par value of the shares retired is charged against common stock and the remaining purchase price is allocated between additional paid-in capital and retained earnings. The portion charged against additional paid-in capital is done using a pro rata allocation based on total shares outstanding. Related to all shares retired during Year-To-Date 2015 and Year-To-Date 2014, approximately $67.7 million and $47.4 million, respectively, were charged to retained earnings.

In the first quarter of fiscal 2014 the Company's Board of Directors first authorized a quarterly cash dividend. The Third Quarter 2015 dividend of $0.15 per share was paid on October 8, 2015 to shareholders of record on the close of business on September 17, 2015. Related to the fiscal 2015 dividends, $9.7 million was charged to retained earnings, of which $9.2 million related to cash dividends paid and $0.5 million related to dividend share equivalents on unvested Deferred Awards and Performance Awards. Related to the fiscal 2014 dividends, $9.1 million was charged to retained earnings, of which $8.7 million related to cash dividends paid and $0.4 million related to dividend share equivalents on unvested Deferred Awards and Performance Awards.

The Company's Board of Directors declared a quarterly cash dividend of $0.15 per share to be paid on January 7, 2016 to shareholders of record on the close of business on December 17, 2015. Future declarations of quarterly dividends and the establishment of future record and payment dates are subject to approval by the Company's Board of Directors based on a number of factors, including business and market conditions, the Company's future financial performance and other investment priorities.

3. STOCK-BASED COMPENSATION

The following table summarizes the Company's stock-based compensation expense (in thousands):

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 31, 2015	November 1, 2014	October 31, 2015	November 1, 2014
Deferred Awards	$ 2,429	$ 2,856	$ 8,123	$ 8,615
Performance Awards	1,853	1,825	4,333	4,439
Total stock-based compensation expense [1]	$ 4,282	$ 4,681	$ 12,456	$ 13,054

(1) During the Third Quarter 2015 and the Third Quarter 2014, approximately $0.9 million and $1.0 million, respectively, were included in cost of sales. During Year-To-Date 2015 and Year-To-Date 2014, approximately $2.3 million and $2.5 million, respectively, were included in cost of sales. All other stock-based compensation is included in selling, general & administrative expenses.

The Company recognized a tax benefit related to stock-based compensation expense of approximately $4.8 million and $5.1 million for Year-To-Date 2015 and Year-To-Date 2014, respectively.

Awards Granted During Year-To-Date 2015

The Company granted Deferred Awards and Performance Awards to various executives and members of our Board of Directors during Year-To-Date 2015. Awards were also granted in connection with new hires and contractual obligations. Generally, the Deferred Awards have a three year vesting period with one third of the award vesting annually. Generally, the Deferred Awards granted to the Board of Directors vest after one year. Performance Awards granted have a cumulative three-year performance period, and, if earned, vest upon completion of the three-year performance period. Depending on the final adjusted earnings per share achieved for the cumulative three-year performance period and the Company's TSR relative to that of the Company's peer group, the percentage of Target Shares earned can be 0% and range up to 300%.

Changes in the Company's Unvested Stock Awards during Year-To-Date 2015

Deferred Awards

	Number of Shares	Weighted Average Grant Date Fair Value
	(in thousands)	
Unvested Deferred Awards, beginning of period	592	$ 49.02
Granted	184	65.55
Vested	(237)	48.91
Forfeited	(20)	54.53
Unvested Deferred Awards, end of period	519	$ 54.71

Total unrecognized stock-based compensation expense related to unvested Deferred Awards approximated $17.9 million as of October 31, 2015, which will be recognized over a weighted average period of approximately 2.1 years.

Performance Awards

	Number of Shares [1]	Weighted Average Grant Date Fair Value
	(in thousands)	
Unvested Performance Awards, beginning of period	345	$ 50.18
Granted	195	70.91
Vested shares, including shares vested in excess of target	(147)	48.02
Forfeited	(7)	52.33
Unvested Performance Awards, end of period	386	$ 61.45

[1] For those awards in which the performance period is complete, the number of unvested shares is based on actual shares that will vest upon completion of the service period. For those awards in which the performance period is not yet complete, the number of unvested shares is based on the participants earning their Target Shares at 100%.

For those awards in which the performance period is not yet complete, the number of unvested shares in the table above is based on the participants earning their Target Shares at 100%; however, the cumulative expense recognized reflects changes in estimated adjusted operating income and adjusted earnings per share as they occur. Total unrecognized stock-based compensation expense related to unvested Performance Awards approximated $15.1 million as of October 31, 2015, which will be recognized over a weighted average period of approximately 2.2 years.

Stock Options

At October 31, 2015, there were no unvested stock options.

Outstanding Stock Options

Changes in the Company's outstanding stock options for Year-To-Date 2015 were as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
	(in thousands)		(in years)	(in thousands)
Options outstanding, beginning of period	30	$ 29.05	3.3	$ 927
Exercised	(15)	29.05	N/A	455
Options outstanding and exercisable, end of period	15	$ 29.05	2.5	$ 369

4. NET INCOME PER COMMON SHARE

The following table reconciles net income and share amounts utilized to calculate basic and diluted net income per common share (in thousands):

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 31, 2015	November 1, 2014	October 31, 2015	November 1, 2014
Net income	$ 38,495	$ 36,942	$ 40,411	$ 39,851
Basic weighted average common shares	20,297	21,541	20,628	21,843
Dilutive effect of stock awards	220	215	250	219
Diluted weighted average common shares	20,517	21,756	20,878	22,062
Antidilutive stock awards	1	2	1	1

Antidilutive stock awards (stock options, Deferred Awards and Performance Awards) represent those awards that are excluded from the earnings per share calculation as a result of their antidilutive effect in the application of the treasury stock method in accordance with the "*Earnings per Share*" topic of the FASB ASC.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following (in thousands):

	Asset Life	October 31, 2015	January 31, 2015	November 1, 2014
Property and equipment:				
Land and land improvements	—	$ 3,403	$ 3,403	$ 3,403
Building and improvements	20-25 yrs	35,548	35,548	35,548
Material handling equipment	10-15 yrs	48,345	48,479	48,479
Leasehold improvements	3-15 yrs	333,602	339,474	348,466
Store fixtures and equipment	3-10 yrs	231,090	231,797	236,342
Capitalized software	3-10 yrs	170,364	120,054	116,426
Construction in progress	—	6,302	24,644	19,961
		828,654	803,399	808,625
Accumulated depreciation and amortization		(526,438)	(493,098)	(489,754)
Property and equipment, net		$ 302,216	$ 310,301	$ 318,871

At October 31, 2015, the Company performed impairment testing on 1,059 stores with a total net book value of approximately $118.8 million. During the Third Quarter 2015, the Company recorded asset impairment charges of $0.9 million for 15 stores, of which nine were fully impaired and six were partially impaired. During Year-To-Date 2015, the Company recorded asset impairment charges of $2.4 million for 22 stores, of which 10 were fully impaired and 12 were partially impaired. At October 31, 2015, the aggregate net book value of the stores that were partially impaired was approximately $2.4 million, which the Company determined to be recoverable based on an estimate of discounted future cash flows.

At November 1, 2014, the Company performed impairment testing on 1,017 stores with a total net book value of approximately $142.9 million. During the Third Quarter 2014, the Company recorded asset impairment charges of $3.3 million for 15 stores, of which 14 were fully impaired and one was partially impaired. During Year-To-Date 2014, the Company recorded asset impairment charges of $6.4 million for 45 stores, of which 34 were fully impaired and 11 were partially impaired.

As of October 31, 2015, January 31, 2015 and November 1, 2014, the Company had approximately $4.3 million, $6.6 million and $14.3 million, respectively, in property and equipment for which payment had not yet been made. These amounts are included in Accounts payable and Accrued expenses and other current liabilities.

6. CREDIT FACILITY

The Company and certain of its domestic subsidiaries maintain a credit agreement with Wells Fargo Bank, National Association ("Wells Fargo"), Bank of America, N.A., HSBC Business Credit (USA) Inc., and JPMorgan Chase Bank, N.A. as lenders (collectively, the "Lenders") and Wells Fargo, as Administrative Agent, Collateral Agent and Swing Line Lender (the "Credit Agreement"). The Credit Agreement was amended on September 15, 2015 and the provisions below reflect the amended and extended Credit Agreement.

The Credit Agreement, which expires in September 2020, consists of a $250 million asset based revolving credit facility, with a $50 million sublimit for standby and documentary letters of credit and an uncommitted accordion feature that could provide up to $50 million of additional availability. Revolving credit loans outstanding under the Credit Agreement bear interest, at the Company's option, at:

(i) the prime rate plus a margin of 0.50% to 0.75% based on the amount of the Company's average excess availability under the facility; or
(ii) the London InterBank Offered Rate, or "LIBOR", for an interest period of one, two, three or six months, as selected by the Company, plus a margin of 1.25% to 1.50% based on the amount of the Company's average excess availability under the facility.

The Company is charged an unused line fee of 0.25% on the unused portion of the commitments. Letter of credit fees range from 0.625% to 0.75% for commercial letters of credit and range from 0.75% to 1.00% for standby letters of credit. Letter of credit fees are determined based on the amount of the Company's average excess availability under the facility. The amount available for loans and letters of credit under the Credit Agreement is determined by a borrowing base consisting of

certain credit card receivables, certain trade and franchise receivables, certain inventory and the fair market value of certain real estate, subject to certain reserves.

The outstanding obligations under the Credit Agreement may be accelerated upon the occurrence of certain events, including, among others, non-payment, breach of covenants, the institution of insolvency proceedings, defaults under other material indebtedness and a change of control, subject, in the case of certain defaults, to the expiration of applicable grace periods. The Company is not subject to any early termination fees.

The Credit Agreement contains covenants, which include conditions on stock buybacks and the payment of cash dividends or similar payments. Credit extended under the Credit Agreement is secured by a first priority security interest in substantially all of the Company's U.S. assets excluding intellectual property, software, equipment and fixtures.

As of October 31, 2015, the Company has capitalized an aggregate of approximately $4.3 million in deferred financing costs related to the Credit Agreement. The unamortized balance of deferred financing costs at October 31, 2015 was approximately $1.3 million. Unamortized deferred financing costs are amortized over the remaining term of the Credit Agreement. In conjunction with amending the agreement in September 2015, the Company paid $0.3 million in additional deferred financing costs.

The table below presents the components (in millions) of the Company's credit facility:

	October 31, 2015	January 31, 2015	November 1, 2014
Credit facility maximum	$ 250.0	$ 200.0	$ 200.0
Borrowing base	250.0	183.2	200.0
Outstanding borrowings	34.4	—	19.1
Letters of credit outstanding—merchandise	—	—	0.1
Letters of credit outstanding—standby	7.1	9.1	9.1
Utilization of credit facility at end of period	41.5	9.1	28.3
Availability [1]	$ 208.5	$ 174.1	$ 171.7
Interest rate at end of period	2.3%	3.8%	2.1%

	Year-To-Date 2015	Fiscal 2014	Year-To-Date 2014
Average end of day loan balance during the period	$ 34.0	$ 9.4	$ 9.7
Highest end of day loan balance during the period	67.5	40.9	40.9
Average interest rate	2.7%	3.2%	3.3%

[1] The sublimit availability for the letters of credit was $42.9 million, $40.9 million, and $40.8 million at October 31, 2015, January 31, 2015, and November 1, 2014, respectively.

7. LEGAL AND REGULATORY MATTERS

During the Third Quarter 2015, neither the Company nor any of its subsidiaries became a party to, nor did any of their property become the subject of, any material legal proceedings, and there were no material developments to any legal proceedings previously reported in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015.

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

8. INCOME TAXES

The Company computes income taxes using the liability method. This method requires recognition of deferred tax assets and liabilities, measured by enacted rates, attributable to temporary differences between the financial statement and income tax basis of assets and liabilities. The Company's deferred tax assets and liabilities are comprised largely of differences relating to depreciation, rent expense, inventory and various accruals and reserves.

The Company’s effective tax rate for the Third Quarter 2015 and Year-To-Date 2015 was 32.9% and 32.8%, respectively, compared to 33.7% and 32.8% during the Third Quarter 2014 and Year-To-Date 2014, respectively.

The Company recognized less than $0.1 million and $0.1 million during the Third Quarter 2015 and Year-To-Date 2015, respectively, of additional interest expense related to its unrecognized tax benefits. During the Third Quarter 2014 and Year-To-Date 2014 the Company recognized less than $0.1 million and $0.1 million, respectively, of additional interest expense related to its unrecognized tax benefits. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense.

The Company is subject to tax in the United States and foreign jurisdictions, including Canada and Hong Kong. The Company, joined by its domestic subsidiaries, files a consolidated income tax return for Federal income tax purposes. The Company, with certain exceptions, is no longer subject to income tax examinations by U.S. Federal, state and local or foreign tax authorities for tax years 2010 and prior.

Management believes that an adequate provision has been made for any adjustments that may result from tax examinations; however, the outcome of tax audits cannot be predicted with certainty. If any issues addressed in the Company's tax audits are resolved in a manner not consistent with management's expectations, the Company could be required to adjust its provision for income tax in the period such resolution occurs.

9. DERIVATIVE INSTRUMENTS

The Company is exposed to gains and losses resulting from fluctuations in foreign currency exchange rates attributable to inventory purchases denominated in a foreign currency. Specifically, our Canadian subsidiary’s functional currency is the Canadian dollar, but purchases inventory from suppliers in US dollars. In order to mitigate the variability of cash flows associated with certain of these forecasted inventory purchases, we began entering into foreign exchange forward contracts in the second quarter of fiscal 2015. These contracts typically mature within 12 months. We do not use forward contracts to engage in currency speculation and we do not enter into derivative financial instruments for trading purposes.

The Company accounts for all of its derivatives and hedging activity under the “Derivatives and Hedging” topic of the FASB ASC.

Under the Company’s risk management policy and in accordance with guidance under the topic, in order to qualify for hedge accounting treatment, a derivative must be considered highly effective at offsetting changes in either the hedged item’s cash flows or fair value. Additionally, the hedge relationship must be documented to include the risk management objective and strategy, the hedging instrument, the hedged item, the risk exposure, and how hedge effectiveness will be assessed prospectively and retrospectively. The Company formally measures effectiveness of its hedging relationships both at the hedge inception and on an ongoing basis. The Company would discontinue hedge accounting under a foreign exchange forward contract prospectively (i) if management determines that the derivative is no longer highly effective in offsetting changes in the cash flows of a hedged item, (ii) when the derivative expires or is terminated, (iii) if the forecasted transaction being hedged by the derivative is no longer probable of occurring, or (iv) if management determines that designation of the derivative as a hedge instrument is no longer appropriate.

All derivative instruments are presented at gross fair value on the Condensed Consolidated Balance Sheets within either Prepaid expenses and other current assets or Accrued expenses and other current liabilities. As of October 31, 2015 the

Company had foreign exchange forward contracts with an aggregate notional amount of $20.7 million and the fair value of the derivative instruments was an asset of $0.3 million and a liability of less than $0.1 million. As these foreign exchange forward contracts are measured at fair value using observable market inputs such as forward rates, the Company's credit risk and our counterparties' credit risks, they are classified within Level 2 of the valuation hierarchy. Cash settlements related to these forward contracts are recorded in Cash Flows from Operating Activities within the Condensed Consolidated Statements of Cash Flows.

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of Other Comprehensive Income ("OCI") and reclassified into earnings within Cost of sales (exclusive of depreciation and amortization) in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing hedge ineffectiveness are recognized in earnings within Selling, general & administrative expenses, consistent with where the Company records realized and unrealized foreign currency gains and losses on transactions in foreign denominated currencies. Gains related to hedge effectiveness during Year-To-Date 2015 were approximately $0.2 million. Assuming October 31, 2015 exchange rates remain constant, $0.1 million of gains, net of tax, related to hedges of these transactions are expected to be reclassified from OCI into earnings over the next 12 months. Changes in fair value associated with derivatives that are not designated and qualified as cash flow hedges are recognized in earnings within Selling, general & administrative expenses.

The Company enters into foreign exchange forward contracts with major banks and has risk exposure in the event of nonperformance by either party. However, based on our assessment, the Company believes that obligations under the contracts will be fully satisfied. Accordingly, there was no requirement to post collateral or other security to support the contracts as of October 31, 2015.

10. INTEREST EXPENSE

The following table presents the components of the Company's interest expense, net (in thousands):

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 31, 2015	November 1, 2014	October 31, 2015	November 1, 2014
Interest income	$ 218	$ 268	$ 736	$ 851
Less:				
Interest expense – revolver	232	105	700	234
Interest expense – unused line fee	121	104	317	328
Interest expense – credit facilities	16	23	55	75
Amortization of deferred financing fees	74	88	250	264
Other interest and fees	29	30	49	73
Total interest expense	472	350	1,371	974
Interest expense	$ (254)	$ (82)	$ (635)	$ (123)

11. SEGMENT INFORMATION

In accordance with the "*Segment Reporting*" topic of the FASB ASC, the Company reports segment data based on geography: The Children's Place U.S. and The Children's Place International. Each segment includes an e-commerce business located at *www.childrensplace.com*. Included in The Children's Place U.S. segment are the Company's U.S. and Puerto Rico based stores and revenue from the Company's U.S. based wholesale partners. Included in The Children's Place International segment are the Company's Canadian based stores, revenue from the Company's Canadian wholesale partner and revenue from international franchisees. The Company measures its segment profitability based on operating income, defined as income before interest and taxes. Net sales and direct costs are recorded by each segment. Certain inventory procurement functions such as production and design as well as corporate overhead, including executive management, finance, real estate, human resources, legal, and information technology services are managed by The Children's Place U.S. segment. Expenses related to these functions, including depreciation and amortization, are allocated to The Children's Place International segment based primarily on net sales. The assets related to these functions are not allocated. The Company periodically reviews these allocations and adjusts them based upon changes in business circumstances. Net sales to external customers are derived from merchandise sales and the Company has no major customers that account for more than 10% of its net sales. As of October 31, 2015, The Children's Place U.S. operated 952 stores and The Children's Place International operated 133 stores. As of November 1, 2014, The Children's Place U.S. operated 982 stores and The Children's Place International operated 135 stores.

The following tables provide segment level financial information (dollars in thousands):

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 31, 2015	November 1, 2014	October 31, 2015	November 1, 2014
Net sales:				
The Children's Place U.S.	$ 400,184	$ 418,863	$ 1,079,541	$ 1,112,933
The Children's Place International [1]	55,729	68,441	147,692	169,148
Total net sales	$ 455,913	$ 487,304	$ 1,227,233	$ 1,282,081
Gross profit:				
The Children's Place U.S.	$ 154,251	$ 163,713	$ 386,375	$ 395,858
The Children's Place International	26,262	26,398	61,251	61,632
Total gross profit	$ 180,513	$ 190,111	$ 447,626	$ 457,490
Gross Margin:				
The Children's Place U.S.	38.5%	39.1%	35.8%	35.6%
The Children's Place International	47.1%	38.6%	41.5%	36.4%
Total gross margin	39.6%	39.0%	36.5%	35.7%
Operating income:				
The Children's Place U.S. [2]	$ 46,119	$ 43,147	$ 45,355	$ 48,162
The Children's Place International	11,528	12,656	15,378	11,227
Total operating income	$ 57,647	$ 55,803	$ 60,733	$ 59,389
Operating income as a percent of net sales:				
The Children's Place U.S.	11.5%	10.3%	4.2%	4.3%
The Children's Place International	20.7%	18.5%	10.4%	6.6%
Total operating income	12.6%	11.5%	4.9%	4.6%
Depreciation and amortization:				
The Children's Place U.S.	$ 14,517	$ 13,135	$ 40,986	$ 38,902
The Children's Place International	1,619	2,033	4,796	6,050
Total depreciation and amortization	$ 16,136	$ 15,168	$ 45,782	$ 44,952
Capital expenditures:				
The Children's Place U.S.	$ 13,716	$ 13,367	$ 33,163	$ 41,583
The Children's Place International	104	495	806	3,054
Total capital expenditures	$ 13,820	$ 13,862	$ 33,969	$ 44,637

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(1) Net sales from The Children's Place International are primarily derived from revenues from Canadian operations.

(2) Includes costs incurred related to asset impairment charges and costs arising out of the restructuring of certain store and corporate operations of approximately $1.1 million for the Third Quarter 2015. Includes costs incurred related to a class action wage and hour legal settlement, proxy contest costs, a sales tax audit, asset impairment charges and costs arising out of the restructuring of certain store

and corporate operations of approximately $15.6 million during Year-To-Date 2015. Includes costs incurred related to asset impairment charges and costs arising out of the restructuring of certain store and corporate operations, of approximately $4.1 million and $9.7 million for Third Quarter 2014 and the Year-To-Date 2014, respectively.

	October 31, 2015	January 31, 2015	November 1, 2014
Total assets:			
The Children's Place U.S.	$ 828,582	$ 805,462	$ 842,823
The Children's Place International	148,776	153,156	152,598
Total assets	$ 977,358	$ 958,618	$ 995,421

12. SUBSEQUENT EVENTS

Subsequent to October 31, 2015 and through December 7, 2015, the Company repurchased 0.1 million shares for approximately $7.5 million, which brought total shares purchased under the 2015 Share Repurchase Program to approximately $48.5 million.

On December 8, 2015, the Company announced that its Board of Directors has approved an additional $250 million share repurchase program and declared a quarterly cash dividend of $0.15 per share to be paid on January 7, 2016 to shareholders of record on the close of business on December 17, 2015.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements relating to the Company's strategic initiatives. Forward-looking statements typically are identified by use of terms such as "may," "will," "should," "plan," "project," "expect," "anticipate," "estimate" and similar words, although some forward-looking statements are expressed differently. These forward-looking statements are based upon the Company's current expectations and assumptions and are subject to various risks and uncertainties that could cause actual results and performance to differ materially. Some of these risks and uncertainties are described in the Company's filings with the Securities and Exchange Commission, including in the "Risk Factors" section of its Annual Report on Form 10-K for the fiscal year ended January 31, 2015. Included among the risks and uncertainties that could cause actual results and performance to differ materially are the risk that the Company will be unsuccessful in gauging fashion trends and changing consumer preferences, the risks resulting from the highly competitive nature of the Company's business and its dependence on consumer spending patterns, which may be affected by weakness in the economy that continues to affect the Company's target customer or by other factors such as increases in the cost of food, the risk that the Company's strategic initiatives to increase sales and margin are delayed or do not result in anticipated improvements, the risk that the cost of raw materials or energy prices will increase beyond current expectations or that the Company is unable to offset cost increases through value engineering or price increases, and the uncertainty of weather patterns. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they were made. The Company undertakes no obligation to release publicly any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The following discussion should be read in conjunction with the Company's unaudited financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the annual audited financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended January 31, 2015.

Terms that are commonly used in our management's discussion and analysis of financial condition and results of operations are defined as follows:

- *Third Quarter 2015 — The thirteen weeks ended October 31, 2015.*
- *Third Quarter 2014 — The thirteen weeks ended November 1, 2014.*
- *Year-To-Date 2015 — The thirty-nine weeks ended October 31, 2015.*
- *Year-To-Date 2014 — The thirty-nine weeks ended November 1, 2014.*
- *Comparable Retail Sales — Net sales, in constant currency, from stores that have been open for at least 14 consecutive months and from our e-commerce store, excluding postage and handling fees. Store closures in the current fiscal year will be excluded from Comparable Retail Sales beginning in the fiscal quarter in which management commits to closure. Stores that temporarily close for non- substantial remodeling will be excluded from Comparable Retail Sales for only the period that they were closed. A store is considered substantially remodeled if it has been relocated or materially changed in size and will be excluded from Comparable Retail Sales for at least 14 months beginning in the period in which the remodel occurred.*
- *Gross Margin — Gross profit expressed as a percentage of net sales.*
- *SG&A — Selling, general and administrative expenses.*
- *FASB — Financial Accounting Standards Board.*
- *SEC — U.S. Securities and Exchange Commission.*
- *U.S. GAAP — Generally Accepted Accounting Principles in the United States.*
- *FASB ASC — FASB Accounting Standards Codification, which serves as the source for authoritative U.S. GAAP, except that rules and interpretive releases by the SEC are also sources of authoritative U.S. GAAP for SEC registrants.*

Our Business

We are the largest pure-play children's specialty apparel retailer in North America. We design, contract to manufacture, sell at retail and wholesale, and license to sell fashionable, high-quality merchandise at value prices, the substantial majority of which is under our proprietary "The Children's Place", "Place" and "Baby Place" brand names. As of October 31, 2015, we operated 1,085 stores across North America, our e-commerce business at *www.childrensplace.com*, and had 90 international stores open and operated by our franchise partners in 12 countries.

Segment Reporting

In accordance with the "*Segment Reporting*" topic of the FASB ASC, we report segment data based on geography: The Children's Place U.S. and The Children's Place International. Each segment includes an e-commerce business located at

www.childrensplace.com. Included in The Children's Place U.S. segment are our U.S. and Puerto Rico based stores and revenue from our U.S. based wholesale partners. Included in The Children's Place International segment are our Canadian based stores, revenue from the Company's Canadian wholesale partner, as well as revenue from international franchisees. We measure our segment profitability based on operating income, defined as income before interest and taxes. Net sales and direct costs are recorded by each segment. Certain inventory procurement functions such as production and design as well as corporate overhead, including executive management, finance, real estate, human resources, legal, and information technology services are managed by The Children's Place U.S. segment. Expenses related to these functions, including depreciation and amortization, are allocated to The Children's Place International segment based primarily on net sales. The assets related to these functions are not allocated. We periodically review these allocations and adjust them based upon changes in business circumstances. Net sales from external customers are derived from merchandise sales and we have no major customers that account for more than 10% of our net sales. As of October 31, 2015, The Children's Place U.S. operated 952 stores and The Children's Place International operated 133 stores. As of November 1, 2014, The Children's Place U.S. operated 982 stores and The Children's Place International operated 135 stores.

Operating Highlights

Our Comparable Retail Sales decreased 3.0% during the Third Quarter 2015 primarily caused by unseasonably warm weather in many parts of the country which resulted in weak consumer traffic. However, Canadian Comparable Retail Sales increased 2.4% during the Third Quarter 2015, as seasonable weather in Canada resulted in normalized consumer traffic and strong merchandise margins. Net sales decreased by $31.4 million, or 6.4%, to $455.9 million during the Third Quarter 2015 from $487.3 million during the Third Quarter 2014. Our Comparable Retail Sales decreased 2.0% during Year-To-Date 2015 and net sales decreased by $54.9 million, or 4.3%, to $1,227.2 million from $1,282.1 million during Year-To-Date 2014.

Gross Margin increased 60 basis points and 80 basis points, respectively, during the Third Quarter 2015 and Year-To-Date 2015. The increase in consolidated Gross Margin resulted primarily from merchandise margin leverage and a higher average unit retail price, or AUR, which was partially offset by fixed cost de-leverage resulting from negative Comparable Retail Sales.

SG&A leveraged 60 basis points to 23.2% during the Third Quarter 2015 from 23.8% during the Third Quarter 2014. Managing company-wide expenses has been, and will continue to be, a key focus for the entire Company.

We continued our international store expansion program with our franchise partners opening five additional stores during the Third Quarter 2015 bringing our total international franchise store count to 90, operating in 12 countries. We expect to end fiscal 2015 with approximately 100 franchise stores. In August 2015, we opened our first retail store, opened our first ever shop in shop location and also launched an e-commerce business in India with our partner Arvind Lifestyle Brands. We also recently announced a new partnership with El Palacio de Hierro to open free-standing stores and shop in shops in Mexico.

We continue to evaluate our store fleet as part of our fleet optimization initiative to improve store productivity and plan to close approximately 200 underperforming stores through fiscal 2017, which includes the 16 stores we closed during Year-To-Date 2015, the 35 stores we closed in fiscal 2014 and the 41 stores we closed during fiscal 2013. During fiscal 2015, we plan to open four stores and close 30 stores, which include four stores opened and 16 stores closed during Year-To-Date 2015. Our recently completed customer segmentation analysis helps us to better understand customer shopping habits at the store level in order to understand what our ideal store portfolio should look like. These closures should ultimately result in operating margin accretion due to sales transfer and the elimination of the underperforming locations. In those markets where we have closed stores, we are seeing the neighboring stores along with the e-commerce business become more productive from both a Comparative Retail Sales and profitability perspective. These results further our commitment to executing this optimization program while dramatically slowing down new store openings.

We continue to make progress on our business transformation initiatives in an effort to improve sales and margin. The insights from the implementation of our assortment planning tool are delivering Gross Margin benefits by adding enhanced data driven analytics to our internal processes leading to a better optimization of our overall buys and a better matching of the breadth of assortment with the depth of inventory. Our new inventory allocation and replenishment tool also went live during the back-to-school fiscal 2015 season. These initiatives have contributed to improved Gross Margin during Year-To-Date 2015. Additionally, our digital initiatives continue to gain traction and are focused on driving improvements in customer acquisition, retention and engagement. We also implemented a new digital order management system during Year-To-Date 2015 which will enable us to pilot omni-channel fulfillment capabilities in fiscal 2016.

Due in part to these initiatives and a continued focus on operational management, inventory was down $15.1 million, or 4.4%, as of October 31, 2015 compared to November 1, 2014.

In October 2015, we entered into an agreement with a new private label credit card provider, with the transition to the new provider expected to occur in the first half of fiscal 2016.

We continue to be committed to returning capital to shareholders. During Year-To-Date 2015 we repurchased $80.8 million in stock and as of October 31, 2015, there was approximately $59.0 million remaining on the 2015 Share Repurchase Program. On December 8, 2015, the Company announced that its Board of Directors has approved an additional $250 million share repurchase program. During Year-To-Date 2015 we paid cash dividends of $9.2 million and our fourth quarter 2015 dividend of $0.15 per share will be paid on January 7, 2016 to shareholders of record on the close of business on December 17, 2015.

We reported net income of $38.5 million during the Third Quarter 2015 compared to $36.9 million during the Third Quarter 2014, due to the factors discussed above. Earnings per diluted share was $1.88 in the Third Quarter 2015 compared to $1.70 in the Third Quarter 2014. This increase in earnings per share is due to the increase in net income for the quarter and a lower weighted average common shares outstanding of approximately 1.2 million, which is primarily the result of our share repurchase program.

We reported net income of $40.4 million during Year-To-Date 2015 compared to $39.9 million during Year-To-Date 2014, due to the factors discussed above. Earnings per diluted share was $1.94 during Year-To-Date 2015 compared to $1.81 during Year-To-Date 2014. This increase in earnings per share is due to the increase in net income and a lower weighted average common shares outstanding of approximately 1.2 million, which is primarily the result of our share repurchase program.

We have subsidiaries whose operating results are based in foreign currencies and are thus subject to the fluctuations of the corresponding translation rates into U.S. dollars. The table below summarizes those average translation rates that most impact our operating results:

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 31, 2015	**November 1, 2014**	**October 31, 2015**	**November 1, 2014**
Average Translation Rates [(1)]				
Canadian Dollar	0.7606	0.9046	0.7881	0.9114
Hong Kong Dollar	0.1290	0.1290	0.1290	0.1290
China Yuan Renminbi	0.1575	0.1629	0.1597	0.1616

(1) The average translation rates are the average of the monthly translation rates used during each period to translate the respective income statements. The rates represent the U.S. dollar equivalent of a unit of each foreign currency.

For the Third Quarter 2015, the effects of these translation rate changes on net sales, gross profit and income before income taxes were decreases of approximately $9.9 million, $4.6 million and $1.6 million, respectively. For Year-To-Date 2015, the effects of these translation rate changes on net sales, gross profit and income before income taxes were decreases of approximately $21.1 million, $8.7 million and $1.7 million, respectively. Net sales are affected only by the Canadian dollar translation rates. In addition, translation rate changes affect the gross profit of our Canadian subsidiary because its inventory purchases are priced in U.S. dollars; however, during the second quarter of fiscal 2015 we began entering into foreign exchange forward contracts to mitigate the variability of cash flows associated with these inventory purchases.

CRITICAL ACCOUNTING POLICIES

The preparation of consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the reported period. In many cases, there are alternative policies or estimation techniques that could be used. We continuously review the application of our accounting policies and evaluate the appropriateness of the estimates used in preparing our financial statements; however, estimates routinely require adjustment based on changing circumstances and the receipt of new or better information. Consequently, actual results could differ from our estimates.

The accounting policies and estimates discussed below include those that we believe are the most critical to aid in fully understanding and evaluating our financial results. Senior management has discussed the development and selection of our critical accounting policies and estimates with the Audit Committee of our Board of Directors, which has reviewed our related disclosures herein.

Inventory Valuation- We value inventory at the lower of cost or market, with cost determined using an average cost method. We capitalize supply chain costs in inventory and these costs are reflected in cost of sales as the inventories are sold. We review our inventory levels in order to identify slow-moving merchandise and use markdowns to clear merchandise. We record an adjustment when future estimated selling price is less than cost. Our adjustment calculation requires management to make assumptions to estimate the selling price and amount of slow-moving merchandise subject to markdowns, which is dependent upon factors such as historical trends with similar merchandise, inventory aging, forecasted consumer demand, and the promotional environment. In the calculation any inability to provide the proper quantity of appropriate merchandise in a timely manner, or to correctly estimate the sell-through rate, could have a material impact on our consolidated financial statements. Our historical estimates have not differed materially from actual results and a 10% difference in our inventory reserve as of October 31, 2015 would have impacted net income by approximately $0.2 million. Our reserve balance at October 31, 2015 was approximately $2.5 million compared to $3.0 million at November 1, 2014, as a result of a decline in inventory.

Additionally, we adjust our inventory based upon an annual physical inventory, which is taken during the fourth quarter of the fiscal year. Based on the results of our historical physical inventories, an estimated shrink rate is used for each successive quarter until the next annual physical inventory, or sooner if facts or circumstances should indicate differently. A 0.5% difference in our shrinkage rate as a percentage of cost of goods sold could impact each quarter's net income by approximately $0.6 million.

Stock-Based Compensation- We account for stock-based compensation according to the provisions of the "*Compensation-Stock Compensation*" topic of the FASB ASC.

Time Vesting and Performance-Based Awards

We generally grant time vesting and performance-based stock awards to employees at management levels and above. We also grant time vesting stock awards to our non-employee directors. Time vesting awards are granted in the form of restricted stock units that require each recipient to complete a service period ("Deferred Awards"). Deferred Awards granted to employees generally vest ratably over three years. Deferred Awards granted to non-employee directors generally vest after one year. Performance-based stock awards are granted in the form of restricted stock units which have a performance criteria that must be achieved for the awards to be earned in addition to a service period requirement ("Performance Awards"). For Performance Awards issued during fiscal 2013, each award has a defined number of shares that an employee can earn (the "Target Shares") and based on the adjusted operating income level achieved for the three-fiscal year period, the employee can earn from 0% to 200% of their Target Shares. The fair value of these Performance Awards and all Deferred Awards` granted is based on the closing price of our common stock on the grant date. The 2013 Performance Awards cliff vest, if earned, after completion of the three year performance period. For Performance Awards issued during fiscal 2014 and fiscal 2015 (the "2014 and 2015 Performance Awards"), the Target Shares earned can range from 0% to 300% and depend on the achievement of adjusted earnings per share for the cumulative three-fiscal year performance period and our total shareholder return ("TSR") relative to that of companies in our peer group. 2014 and 2015 Performance Awards generally cliff vest, if earned, after the completion of the applicable three year performance period. The 2014 and 2015 Performance Awards grant date fair value was estimated using a Monte Carlo simulation covering the period from the valuation date through the end of the applicable performance period using our simulated stock price as well as the TSR of companies in our peer group. Compensation expense is recognized ratably over the related service period reduced for estimated forfeitures of those awards not expected to vest due to employee turnover. While actual forfeitures could vary significantly from those estimated, a 10% change in our estimated forfeiture rate would impact our fiscal 2015 net income by approximately $0.4 million.

The expense for Performance Awards is based on the number of shares we estimate will vest as a result of our earnings-to-date plus our estimate of future earnings for the applicable performance periods. To the extent that actual operating results for fiscal years 2015, 2016 and 2017 differ from our estimates, future performance share compensation expense could be significantly different. For Performance Awards issued during fiscal 2013 for which the performance period has not yet concluded a 25% increase or decrease in our annual projected adjusted operating income would have caused an approximate $0.7 million increase or a $1.0 million decrease, respectively, to stock-based compensation expense for the Third Quarter 2015. For 2014 and 2015 Performance Awards for which the applicable performance periods have not concluded a 10% increase or decrease in our cumulative projected adjusted earnings per share would have caused an approximate $2.9 million increase or a $2.2 million decrease, respectively, to stock-based compensation expense for the Third Quarter 2015.

Stock Options

We have not issued stock options since fiscal 2008; however, certain issued stock options remain outstanding. The fair value of all outstanding stock options was estimated using the Black-Scholes option pricing model based on a Monte Carlo simulation, which requires extensive use of accounting judgment and financial estimates, including estimates of how long employees will hold their vested stock options before exercise, the estimated volatility of our common stock over the expected term, and the number of options that will be forfeited prior to the completion of vesting requirements. All exercise prices were

based on the average of the high and low of the selling price of our common stock on the grant date. There is no unamortized stock compensation at October 31, 2015.

Insurance and Self-Insurance Liabilities- Based on our assessment of risk and cost efficiency, we self-insure as well as purchase insurance policies to provide for workers' compensation, general liability, and property losses, cyber-security coverage, as well as directors' and officers' liability, vehicle liability and employee medical benefits. We estimate risks and record a liability based upon historical claim experience, insurance deductibles, severity factors and other actuarial assumptions. These estimates include inherent uncertainties due to the variability of the factors involved, including type of injury or claim, required services by the providers, healing time, age of claimant, case management costs, location of the claimant, and governmental regulations. While we believe that our risk assessments are appropriate, these uncertainties or a deviation in future claims trends from recent historical patterns could result in our recording additional or reduced expenses, which may be material to our results of operations. Our historical estimates have not differed materially from actual results and a 10% difference in our insurance reserves as of October 31, 2015 would have impacted net income by approximately $0.6 million.

Impairment of Long-Lived Assets- We periodically review our long-lived assets when events indicate that their carrying value may not be recoverable. Such events include a historical or projected trend of cash flow losses or a future expectation that we will sell or dispose of an asset significantly before the end of its previously estimated useful life. In reviewing for impairment, we group our long-lived assets at the lowest possible level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. In that regard, we group our assets into two categories: corporate-related and store-related. Corporate-related assets consist of those associated with our corporate offices, distribution centers and our information technology systems. Store-related assets consist of leasehold improvements, furniture and fixtures, certain computer equipment and lease related assets associated with individual stores.

For store-related assets, we review all stores that have been open for at least two years, or sooner if circumstances should dictate, on at least an annual basis. We believe waiting two years allows a store to reach a maturity level where a more comprehensive analysis of financial performance can be performed. For each store that shows indications of operating losses, we project future cash flows over the remaining life of the lease and compare the total undiscounted cash flows to the net book value of the related long-lived assets. If the undiscounted cash flows are less than the related net book value of the long-lived assets, they are written down to their fair market value. We primarily determine fair market value to be the discounted future cash flows associated with those assets. In evaluating future cash flows, we consider external and internal factors. External factors comprise the local environment in which the store resides, including mall traffic, competition, and their effect on sales trends. Internal factors include our ability to gauge the fashion taste of our customers, control variable costs such as cost of sales and payroll, and in certain cases, our ability to renegotiate lease costs. If external factors should change unfavorably, if actual sales should differ from our projections, or if our ability to control costs is insufficient to sustain the necessary cash flows, future impairment charges could be material. At October 31, 2015, the average net book value per store was approximately $0.1 million.

Income Taxes- We utilize the liability method of accounting for income taxes as set forth in the "*Income Taxes*" topic of the FASB ASC. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities, as well as for net operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using currently enacted tax rates that apply to taxable income in effect for the years in which the basis differences and tax assets are expected to be realized. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. In determining the need for valuation allowances we consider projected future taxable income and the availability of tax planning strategies. If, in the future we determine that we would not be able to realize our recorded deferred tax assets, an increase in the valuation allowance would decrease earnings in the period in which such determination is made.

We assess our income tax positions and record tax benefits for all years subject to examination based upon our evaluation of the facts, circumstances and information available at the reporting date. For those tax positions where it is more likely than not that a tax benefit will be sustained, we have recorded the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements.

Fair Value Measurement and Financial Instruments- The "*Fair Value Measurements and Disclosure*" topic of the FASB ASC provides a single definition of fair value, together with a framework for measuring it, and requires additional disclosure about the use of fair value to measure assets and liabilities.

This topic defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a three-level hierarchy, which encourages an

entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the hierarchy are defined as follows:

- Level 1 - inputs to the valuation techniques that are quoted prices in active markets for identical assets or liabilities
- Level 2 - inputs to the valuation techniques that are other than quoted prices but are observable for the assets or liabilities, either directly or indirectly
- Level 3 - inputs to the valuation techniques that are unobservable for the assets or liabilities

Our cash and cash equivalents, short-term investments, accounts receivable, assets of the Company's Deferred Compensation Plan, accounts payable and credit facility are all short-term in nature. As such, their carrying amounts approximate fair value and fall within Level 1 of the fair value hierarchy. The Company stock included in the Deferred Compensation Plan is not subject to fair value measurement.

Our assets measured at fair value on a nonrecurring basis include long-lived assets. We review the carrying amounts of such assets when events indicate that their carrying amounts may not be recoverable. Any resulting asset impairment would require that the asset be recorded at its fair value. The resulting fair value measurements of the assets are considered to fall within Level 3 of the fair value hierarchy.

Our derivative assets and liabilities include foreign exchange forward contracts that are measured at fair value using observable market inputs such as forward rates, our credit risk and our counterparties' credit risks. Based on these inputs, our derivative assets and liabilities are classified within Level 2 of the valuation hierarchy.

Recently Adopted Accounting Standards

In May 2014, the FASB issued guidance relating to revenue recognition from contracts with customers. This guidance requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. In August 2015, the FASB issued guidance to defer the effective date by one year and, therefore, the standard is effective for fiscal years and interim periods within those years beginning after December 15, 2017 and is to be applied retrospectively. We are currently reviewing the potential impact of this standard.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, selected statement of operations data expressed as a percentage of net sales. We primarily evaluate the results of our operations as a percentage of net sales rather than in terms of absolute dollar increases or decreases by analyzing the year over year change in our business expressed as a percentage of net sales (i.e. "basis points"). For example, Gross Profit increased approximately 60 basis points to 39.6% of net sales during the Third Quarter 2015 from 39.0% during the Third Quarter 2014. Accordingly, to the extent that our sales have increased at a faster rate than our costs (i.e. "leveraging"), the more efficiently we have utilized the investments we have made in our business. Conversely, if our sales decrease or if our costs grow at a faster pace than our sales (i.e. "de-leveraging"), we have less

efficiently utilized the investments we have made in our business.

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 31, 2015	November 1, 2014	October 31, 2015	November 1, 2014
Net sales	100.0%	100.0 %	100.0%	100.0 %
Cost of sales (exclusive of depreciation and amortization)	60.4	61.0	63.5	64.3
Gross profit	39.6	39.0	36.5	35.7
Selling, general and administrative expenses	23.2	23.8	27.6	27.1
Asset impairment charge	0.2	0.7	0.2	0.5
Other costs (income)	—	(0.1)	—	—
Depreciation and amortization	3.5	3.1	3.7	3.5
Operating income	12.6	11.5	4.9	4.6
Income before income taxes	12.6	11.4	4.9	4.6
Provision for income taxes	4.1	3.9	1.6	1.5
Net income	8.4%	7.6 %	3.3%	3.1 %
Number of Company-operated stores, end of period	1,085	1,117	1,085	1,117

Table may not add due to rounding.

The following tables set forth by segment, for the periods indicated, net sales, gross profit and Gross Margin (dollars in thousands).

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 31, 2015	November 1, 2014	October 31, 2015	November 1, 2014
Net sales:				
The Children's Place U.S.	$ 400,184	$ 418,863	$ 1,079,541	$ 1,112,933
The Children's Place International	55,729	68,441	147,692	169,148
Total net sales	$ 455,913	$ 487,304	$ 1,227,233	$ 1,282,081
Gross profit:				
The Children's Place U.S.	$ 154,251	$ 163,713	$ 386,375	$ 395,858
The Children's Place International	26,262	26,398	61,251	61,632
Total gross profit	$ 180,513	$ 190,111	$ 447,626	$ 457,490
Gross Margin:				
The Children's Place U.S.	38.5%	39.1%	35.8%	35.6%
The Children's Place International	47.1%	38.6%	41.5%	36.4%
Total gross margin	39.6%	39.0%	36.5%	35.7%

The Third Quarter 2015 Compared to the Third Quarter 2014

Net sales decreased by $31.4 million, or 6.4%, to $455.9 million during the Third Quarter 2015 from $487.3 million during the Third Quarter 2014. Our net sales decrease resulted from a Comparable Retail Sales decrease of $13.4 million and unfavorable changes in the Canadian exchange rate of $9.9 million and an $8.1 million decrease in sales due to fewer store openings, as well as other sales that did not qualify as comparable sales. Comparable Retail Sales decreased 3.0% in the Third Quarter 2015, primarily driven by unseasonably warm weather in many parts of the country which resulted in weak consumer traffic. Total e-commerce sales, which include postage and handling, increased to 18.1% of sales in the Third Quarter 2015 from 16.4% in the Third Quarter 2014.

The Children's Place U.S. net sales decreased $18.7 million, or 4.5%, to $400.2 million in the Third Quarter 2015 compared to $418.9 million in the Third Quarter 2014. This decrease primarily resulted from a U.S. Comparable Retail Sales decrease of 3.7%, which was primarily the result of a decline in traffic.

The Children’s Place International net sales decreased $12.7 million, or 18.6%, to $55.7 million in the Third Quarter 2015 compared to $68.4 million in the Third Quarter 2014. The decrease resulted primarily from unfavorable changes in the Canadian exchange rate partially offset by a Canadian Comparable Retail Sales increase of 2.4%.

During the Third Quarter 2015, we opened one store and closed two stores, all in the United States. During the Third Quarter 2014 we opened ten stores and closed six, all in the United States.

Gross profit decreased by $9.6 million to $180.5 million during the Third Quarter 2015 from $190.1 million during the Third Quarter 2014. Consolidated Gross Margin increased 60 basis points to 39.6% during the Third Quarter 2015 from 39.0% during the Third Quarter 2014. The leverage in consolidated Gross Margin resulted primarily from merchandise margin leverage and a higher AUR which was partially offset by fixed cost de-leverage resulting from negative Comparable Retail Sales.

Gross Margin at The Children's Place U.S. decreased 60 basis points from 39.1% in the Third Quarter 2014 to 38.5% in the Third Quarter 2015. The decrease in The Children's Place U.S. Gross Margin resulted primarily from fixed cost de-leverage resulting from negative U.S. Comparable Retail Sales partially offset by merchandise margin leverage and a higher AUR.

Gross Margin at The Children's Place International increased 850 basis points from 38.6% in the Third Quarter 2014 to 47.1% in the Third Quarter 2015. The increase in The Children's Place International Gross Margin resulted primarily from merchandise margin leverage, a higher AUR and fixed cost leverage resulting from positive Canadian Comparable Retail Sales.

Selling, general and administrative expenses decreased $10.3 million to $105.8 million during the Third Quarter 2015 from $116.1 million during the Third Quarter 2014. As a percentage of net sales SG&A decreased 60 basis points to 23.2% during the Third Quarter 2015 from 23.8% during the Third Quarter 2014. The comparability of our SG&A was affected by costs incurred related to costs arising out of the restructuring of certain store and corporate operations which resulted in costs of approximately $0.8 million and $1.1 million for the Third Quarter 2015 and Third Quarter 2014, respectively. Excluding this impact our SG&A decreased approximately $10.0 million for the Third Quarter 2015 from the Third Quarter 2014, and leveraged 60 basis points. The leverage was primarily due to a reduction in store payroll expenses and incentive compensation expenses partially offset by increased costs associated with our ongoing transformation initiatives.

Asset impairment charges were $0.9 million during the Third Quarter 2015, which related to 15 stores, nine of which were fully impaired and six of which were partially impaired. Asset impairment charges were $3.3 million during the Third Quarter 2014, which related to 15 stores, 14 of which were fully impaired and one of which was partially impaired. Store impairment charges for the Third Quarter 2015 and the Third Quarter 2014 were recorded as a result of revenue and/or gross margins not meeting targeted levels and accelerated store lease termination dates.

Provision for income taxes was $18.9 million during the Third Quarter 2015 compared to $18.8 million during the Third Quarter 2014. Our effective tax rate was 32.9% and 33.7% in the Third Quarter 2015 and the Third Quarter 2014, respectively.

Net income was $38.5 million during the Third Quarter 2015 compared to $36.9 million during the Third Quarter 2014, due to the factors discussed above. Earnings per diluted share was $1.88 in the Third Quarter 2015 compared to $1.70 in the Third Quarter 2014. This increase in earnings per share is due to the increase in net income for the quarter and a lower weighted average common shares outstanding of approximately 1.2 million, which is primarily the result of our share repurchase program.

Year-To-Date 2015 Compared to Year-To-Date 2014

Net sales decreased by $54.9 million, or 4.3%, to $1,227.2 million during Year-To-Date 2015 from $1,282.1 million during Year-To-Date 2014. Our net sales decrease resulted from a Comparable Retail Sales decrease of $22.4 million, unfavorable changes in the Canadian exchange rate of $21.1 million and an $11.4 million decrease in sales due to fewer store openings, as well as other sales that did not qualify as comparable sales. Comparable Retail Sales decreased 2.0% during Year-To-Date 2015, due primarily to a decrease in traffic and transactions. Total e-commerce sales, which include postage and handling, increased to 17.9% of sales during Year-To-Date 2015 from 15.9% during Year-To-Date 2014.

The Children’s Place U.S. net sales decreased $33.4 million, or 3.0%, to $1,079.5 million during Year-To-Date 2015 compared to $1,112.9 million during Year-To-Date 2014. This decrease resulted primarily from a U.S. Comparable Retail Sales decrease of 2.2%, which was primarily the result of a decrease in traffic and transactions.

The Children’s Place International net sales decreased $21.4 million, or 12.7%, to $147.7 million during Year-To-Date 2015 compared to $169.1 million during Year-To-Date 2014. The decrease resulted from unfavorable changes in the Canadian exchange rate and a Canadian Comparable Retail Sales decrease of 0.2%, partially offset by channel expansion growth.

During Year-To-Date 2015, we opened four stores in the United States, and closed 16 stores, 15 in the United States and one in Canada. During Year-To-Date 2014 we opened 24 stores, 22 in the United States and two in Canada, and closed 14 all in the United States.

Gross profit decreased by $9.9 million to $447.6 million during Year-To-Date 2015 from $457.5 million during Year-To-Date 2014. Consolidated Gross Margin increased 80 basis points to 36.5% during Year-To-Date 2015 from 35.7% during Year-To-Date 2014. The increase in consolidated Gross Margin resulted primarily from merchandise margin leverage and a higher AUR which was partially offset by fixed cost de-leverage resulting from negative Comparable Retail Sales and the dilutive impact on Gross Margin of channel expansion.

Gross Margin at The Children's Place U.S. increased 20 basis points from 35.6% during Year-To-Date 2014 to 35.8% during Year-To-Date 2015. The increase in The Children's Place U.S. Gross Margin resulted primarily from merchandise margin leverage and a higher AUR which was partially offset by fixed cost de-leverage resulting from negative U.S. Comparable Retail Sales and the dilutive impact on Gross Margin of channel expansion.

Gross Margin at The Children's Place International increased 510 basis points from 36.4% during Year-To-Date 2014 to 41.5% during Year-To-Date 2015. The increase in The Children's Place International Gross Margin resulted primarily from merchandise margin leverage and a higher AUR which was partially offset by the dilutive impact on Gross Margin of channel expansion.

Selling, general and administrative expenses decreased $8.3 million to $338.7 million during Year-To-Date 2015 from $347.0 million during Year-To-Date 2014. As a percentage of net sales SG&A increased 50 basis points to 27.6% during Year-To-Date 2015 from 27.1% during Year-To-Date 2014. The comparability of our SG&A was affected by costs incurred related to proxy contest costs, a class action wage and hour legal settlement, a sales tax audit and costs arising out of the restructuring of certain store and corporate operations which resulted in costs of approximately $13.8 million during Year-To-Date 2015, and costs arising out of the restructuring of certain store and corporate operations of approximately $4.5 million during Year-To-Date 2014. Excluding this impact our SG&A decreased approximately $17.6 million during Year-To-Date 2015 from Year-To-Date 2014, and leveraged 20 basis points. The leverage was primarily due to a reduction in store payroll expenses and incentive compensation expenses partially offset by increased costs associated with our ongoing transformation initiatives.

Asset impairment charges were $2.4 million during Year-To-Date 2015, which related to 22 stores, 10 of which were fully impaired and 12 of which were partially impaired. Asset impairment charges were $6.4 million during Year-To-Date 2014, which related to 45 stores, 34 of which were fully impaired and 11 of which were partially impaired. These store impairment charges were recorded as a result of revenue and/or gross margins not meeting targeted levels and accelerated store lease termination dates.

Provision for income taxes was $19.7 million during Year-To-Date 2015 compared to $19.4 million during Year-To-Date 2014. Our effective tax rate was 32.8% in each of Year-To-Date 2015 and Year-To-Date 2014.

Net income was $40.4 million during Year-To-Date 2015 compared to $39.9 million during Year-To-Date 2014, due to the factors discussed above. Earnings per diluted share was $1.94 during Year-To-Date 2015 compared to $1.81 during Year-To-Date 2014. This increase in earnings per share is due to the increase in net income and a lower weighted average common shares outstanding of approximately 1.2 million, which is primarily the result of our share repurchase program.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our working capital needs follow a seasonal pattern, peaking during the third fiscal quarter based on seasonal inventory purchases. Our primary uses of cash are working capital requirements, which are principally inventory purchases, and the financing of capital projects, including investments in new systems, the repurchases of our common stock, and the financing of new store openings and remodels. In March 2014, our Board of Directors instituted the payment of a quarterly cash dividend.

Our working capital decreased $31.9 million to $300.8 million at October 31, 2015 compared to $332.7 million at November 1, 2014. This decrease is primarily due to an increase in capital returned to our shareholders through higher share repurchases and dividends. During Year-To-Date 2015, under our share repurchase programs, we repurchased approximately 1.3 million shares for approximately $80.8 million. During Year-To-Date 2014, under our share repurchase programs, we repurchased approximately 1.2 million shares for approximately $58.7 million. We also paid cash dividends of $9.2 million and $8.7 million during Year-To-Date 2015 and Year-To-Date 2014, respectively. Subsequent to October 31, 2015 and through December 7, 2015, we repurchased 0.1 million shares for approximately $7.5 million and announced that we declared a quarterly cash dividend of $0.15 per share to be paid on January 7, 2016 to shareholders of record on the close of business on December 17, 2015.

Our credit facility provides for borrowings up to the lesser of $250.0 million or our borrowing base, as defined by the credit facility agreement (see “Credit Facility” below). At October 31, 2015, we had $34.4 million of outstanding borrowings and $208.5 million available for borrowing. In addition, at October 31, 2015, we had $7.1 million of outstanding letters of credit with an additional $42.9 million available for issuing letters of credit.

As of October 31, 2015, we had $183.9 million of cash and cash equivalents, of which approximately $173.5 million of cash and cash equivalents were held in foreign subsidiaries, of which approximately $89.3 million was in our Canadian subsidiaries, approximately $72.2 million was in our Hong Kong subsidiaries and approximately $12.0 million was in other foreign subsidiaries. As of October 31, 2015 we also had a short-term investment of $34.6 million in Hong Kong. Because all of our earnings in our foreign subsidiaries are permanently and fully reinvested, any repatriation of cash from these subsidiaries would require the accrual and payment of U.S. federal and certain state taxes. Due to the complexities associated with the hypothetical calculation, including the availability of foreign tax credits, we have concluded it is not practicable to determine the unrecognized deferred tax liability related to the undistributed earnings. We currently do not intend to repatriate cash from any of these foreign subsidiaries.

We expect to be able to meet our working capital and capital expenditure requirements for the foreseeable future by using our cash on hand, cash flows from operations and availability under our credit facility.

Credit Facility

We and certain of our domestic subsidiaries maintain a credit agreement with Wells Fargo Bank, National Association (“Wells Fargo”), Bank of America, N.A., HSBC Business Credit (USA) Inc., and JPMorgan Chase Bank, N.A. as lenders (collectively, the “Lenders”) and Wells Fargo, as Administrative Agent, Collateral Agent and Swing Line Lender (the “Credit Agreement”). The Credit Agreement was amended on September 15, 2015 and the provisions below reflect the amended and extended Credit Agreement.

The Credit Agreement, which expires in September 2020, consists of a $250 million asset based revolving credit facility, with a $50 million sublimit for standby and documentary letters of credit and an uncommitted accordion feature that could provide up to $50 million of additional availability. Revolving credit loans outstanding under the Credit Agreement bear interest, at the Company’s option, at:

(i) the prime rate plus a margin of 0.50% to 0.75% based on the amount of our average excess availability under the facility; or
(ii) the London InterBank Offered Rate, or “LIBOR”, for an interest period of one, two, three or six months, as selected by us, plus a margin of 1.25% to 1.50% based on the amount of our average excess availability under the facility.

We are charged an unused line fee of 0.25% on the unused portion of the commitments. Letter of credit fees range from 0.63% to 0.750% for commercial letters of credit and range from 0.75% to 1.00% for standby letters of credit. Letter of credit fees are determined based on the amount of our average excess availability under the facility. The amount available for loans and letters of credit under the Credit Agreement is determined by a borrowing base consisting of certain credit card receivables, certain trade and franchise receivables, certain inventory and the fair market value of certain real estate, subject to certain reserves.

The outstanding obligations under the Credit Agreement may be accelerated upon the occurrence of certain events, including, among others, non-payment, breach of covenants, the institution of insolvency proceedings, defaults under other material indebtedness and a change of control, subject, in the case of certain defaults, to the expiration of applicable grace periods. We are not subject to any early termination fees.

The Credit Agreement contains covenants, which include conditions on stock buybacks and the payment of cash dividends or similar payments. Credit extended under the Credit Agreement is secured by a first priority security interest in substantially all of our U.S. assets excluding intellectual property, software, equipment and fixtures.

As of October 31, 2015, we have capitalized an aggregate of approximately $4.3 million in deferred financing costs related to the Credit Agreement. The unamortized balance of deferred financing costs at October 31, 2015 was approximately $1.3 million. Unamortized deferred financing costs are amortized over the remaining term of the Credit Agreement. In conjunction with amending the agreement in September 2015, the Company paid $0.3 million in additional deferred financing costs.

Cash Flows/Capital Expenditures

During Year-To-Date 2015, cash flows provided by operating activities were $85.1 million compared to $68.6 million during Year-To-Date 2014. The net increase of $16.5 million in cash from operating activities resulted from the timing of payments and more favorable vendor terms on accounts payable and other current liabilities.

During Year-To-Date 2015 cash flows used in investing activities were $16.9 million compared to $21.1 million during Year-To-Date 2014. This change was primarily due to a $10.7 million decrease in purchases of property and equipment partially offset by a $17.4 million net redemption of short-term investments during Year-To-Date 2015 compared to a $23.5 million net redemption during Year-To-Date 2014.

During Year-To-Date 2015, cash flows used in financing activities were $56.3 million compared to $49.5 million during Year-To-Date 2014. The increase primarily resulted from a $22.7 million increase in purchases of our common stock pursuant to our share repurchase programs during Year-To-Date 2015 compared to Year-To-Date 2014 partially offset by a $15.3 million increase from borrowings under our revolving credit facility.

We anticipate that total capital expenditures will be in the range of $55-60 million in fiscal 2015 compared to $72 million in fiscal 2014. The decrease is due primarily to fewer store openings and the completion of certain foundational enterprise resource planning projects in fiscal 2014. Our ability to continue to meet our capital requirements in fiscal 2015 depends on our cash on hand, our ability to generate cash flows from operations and our available borrowings under our credit facility. Cash flow generated from operations depends on our ability to achieve our financial plans. During Year-To-Date 2015, we were able to fund our capital expenditures with cash on hand and cash generated from operating activities supplemented by funds from our credit facility. We believe that our existing cash on hand, cash generated from operations and funds available to us through our credit facility will be sufficient to fund our capital and other cash requirements for the foreseeable future.

Derivative Instruments

We are exposed to gains and losses resulting from fluctuations in foreign currency exchange rates attributable to inventory purchases denominated in a foreign currency. Specifically, our Canadian subsidiary's functional currency is the Canadian dollar, but purchases inventory from suppliers in US dollars. In order to mitigate the variability of cash flows associated with certain of these forecasted inventory purchases, we began entering into foreign exchange forward contracts in the second quarter of fiscal 2015. These contracts typically mature within 12 months. We do not use forward contracts to engage in currency speculation and we do not enter into derivative financial instruments for trading purposes.

All derivative instruments are presented at gross fair value on the Condensed Consolidated Balance Sheets within either Prepaid expenses and other current assets or Accrued expenses and other current liabilities. As of October 31, 2015 we had foreign exchange forward contracts with an aggregate notional amount of $20.7 million and the fair value of the derivative instruments was an asset of $0.3 million and a liability of less than $0.1 million.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

Cash and Cash Equivalents

Cash and cash equivalents are normally invested in short-term financial instruments that will be used in operations within 90 days of the balance sheet date. Because of the short-term nature of these instruments, changes in interest rates would not materially affect the fair value of these financial instruments.

Short-term Investments

Short-term investments consist of time deposits which we expect to convert into cash within one year which have original maturities greater than 90 days. Because of the short-term nature of these instruments, changes in interest rates would not materially affect the fair value of these financial instruments.

Interest Rates

Our credit facility bears interest at a floating rate equal to the prime rate or LIBOR, plus a calculated spread based on our average excess availability. As of October 31, 2015, we had $34.4 million in borrowings under our credit facility. A 10% change in the prime rate or LIBOR interest rates would not have had a material impact on our interest expense.

Foreign Assets and Liabilities

Assets and liabilities outside the United States are primarily located in Canada and Hong Kong. Our investments in our Canadian and Hong Kong subsidiaries are considered long-term. As of October 31, 2015, net assets in Canada and Hong Kong were approximately $107.2 million and $112.6 million, respectively. A 10% increase or decrease in the Canadian and Hong

Kong exchange rates would increase or decrease the corresponding net investment by approximately $10.7 million and $11.3 million, respectively. All changes in the net investment of our foreign subsidiaries are recorded in other comprehensive income as unrealized gains or losses.

As of October 31, 2015, we had approximately $173.5 million of our cash and cash equivalents held in foreign countries, of which approximately $89.3 million was in Canada, approximately $72.2 million was in Hong Kong and approximately $12.0 million was in other foreign countries. As of October 31, 2015, we had short-term investments of $34.6 million held in Hong Kong.

Foreign Operations

We have exchange rate exposure primarily with respect to certain revenues and expenses denominated in Canadian dollars. As a result, fluctuations in exchange rates impact the amount of our reported sales and expenses. Assuming a 10% change in foreign exchange rates, Year-To-Date 2015 net sales could have decreased or increased by approximately $13.1 million and total costs and expenses could have decreased or increased by approximately $15.7 million. Additionally, we have foreign currency denominated receivables and payables that when settled, result in transaction gains or losses. At October 31, 2015, we had foreign currency denominated receivables and payables, including inter-company balances, of $11.4 million and $8.4 million, respectively.

Our Canadian subsidiary's functional currency is the Canadian dollar, but purchases inventory from suppliers in US dollars. In order to mitigate the variability of cash flows associated with certain of these forecasted inventory purchases, we began entering into foreign exchange forward contracts in the second quarter of fiscal 2015. As of October 31, 2015 we had foreign exchange forward contracts with an aggregate notional amount of $20.7 million and the fair value of the derivative instruments was an asset of $0.3 million and a liability of less than $0.1 million. Assuming a 10% change in Canadian foreign exchange rates, the fair value of these instruments could have decreased by or increased by approximately $1.3 million. Any resulting changes in the fair value of the instruments would be partially offset by changes in the underlying balance sheet positions. We do not hedge all transactions denominated in foreign currency.

We import a vast majority of our merchandise from foreign countries, primarily China and Bangladesh. Consequently, any significant or sudden change in these foreign countries' political, foreign trade, financial, banking or currency policies and practices, or the occurrence of significant labor unrest, could have a material adverse impact on our financial position, results of operations and cash flows.

Item 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed only to provide "reasonable assurance" that the controls and procedures will meet their objectives. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected.

Management, including our Chief Executive Officer and President and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of October 31, 2015. Based on that evaluation, our Chief Executive Officer and President and our Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level, as of October 31, 2015, to ensure that all information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and is accumulated and communicated to our management, including our principal executive, principal accounting and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

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

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

Certain legal proceedings in which we are involved are discussed in Note 10 to the consolidated financial statements and Part I, Item 3 of our Annual Report on Form 10-K for the year ended January 31, 2015. See Note 7 to the accompanying condensed consolidated financial statements for a discussion of any recent developments concerning our legal proceedings.

Item 1A. RISK FACTORS.

There were no material changes to the risk factors disclosed in Item 1A of Part I in our Form 10-K for the year ended January 31, 2015.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

On January 7, 2015, the Board of Directors authorized a $100 million share repurchase program (the "2015 Share Repurchase Program"). Under this share repurchase program, the Company may repurchase shares in the open market at current market prices at the time of purchase or in privately negotiated transactions. The timing and actual number of shares repurchased under the program will depend on a variety of factors including price, corporate and regulatory requirements, and other market and business conditions. We may suspend or discontinue the program at any time, and may thereafter reinstitute purchases, all without prior announcement.

The following table provides a month-by-month summary of our share repurchase activity during the Third Quarter 2015:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value (in thousands) of Shares that May Yet Be Purchased Under the Plans or Programs
8/2/15-8/29/15 (1)	102,437	$ 59.23	101,100	$ 72,193
8/30/15-10/3/15 (2)	123,921	57.96	123,864	65,014
10/4/15-10/31/15 (3)	106,159	56.90	105,284	59,024
Total	332,517	$ 58.01	330,248	$ 59,024

(1) Includes 1,104 shares acquired as treasury stock as directed by participants in the Company's deferred compensation plan and 233 shares withheld to cover taxes in conjunction with the vesting of stock awards.
(2) Includes 57 shares withheld to cover taxes in conjunction with the vesting of stock awards.
(3) Includes 875 shares withheld to cover taxes in conjunction with the vesting of stock awards.

Item 6. Exhibits.

The following exhibits are filed with this Quarterly Report on Form 10-Q:

10.1(+)	Twelfth Amendment to the Credit Agreement, dated September 15, 2015, by and among the Company and The Children's Place Services Company, LLC, as borrowers, The Children's Place (International), LLC, The Children's Place Canada Holdings, Inc., the childrensplace.com, inc., TCP IH II, LLC, TCP International IP Holdings, LLC and TCP International Product Holdings, LLC, as guarantors, and Wells Fargo Bank, National Association (successor by merger to Wells Fargo Retail Finance, LLC), as Administrative Agent and Collateral Agent, L/C Issuer, Swing Line Lender and as a Lender, Bank of America, N.A., HSBC Bank USA, N.A. and JPMorgan Chase Bank, N.A. filed herewith.
10.2(*)(+)	Agreement and General Release dated as of November 30, 2015 between Brian Ferguson and The Children's Place Services Company, LLC.
31.1(+)	Certificate of Principal Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2(+)	Certificate of Principal Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
32(+)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	XBRL Taxonomy Extension Label Linkbase.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase.

(*) Compensation Arrangement.

(+) Filed herewith.

* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.

SIGNATURES

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

THE CHILDREN'S PLACE, INC.

Date: December 8, 2015	By: /S/ JANE T. ELFERS
	JANE T. ELFERS
	Chief Executive Officer and President
	(Principal Executive Officer)
Date: December 8, 2015	By: /S/ ANURUP PRUTHI
	ANURUP PRUTHI
	Chief Financial Officer
	(Principal Accounting and Financial Officer)

EXHIBIT 10.1

TWELFTH AMENDMENT TO CREDIT AGREEMENT

This Twelfth Amendment to Credit Agreement (this "Twelfth Amendment") is made as of this 15th day of September, 2015 by and among:

THE CHILDREN'S PLACE, INC., a Delaware corporation, for itself and as agent (in such capacity, the "Lead Borrower") for the other Borrowers party hereto;

the BORROWERS party hereto;

the GUARANTORS party hereto;

the LENDERS party hereto; and

WELLS FARGO BANK, NATIONAL ASSOCIATION (successor by merger to Wells Fargo Retail Finance, LLC), as Administrative Agent, Collateral Agent, L/C Issuer, and Swing Line Lender.

W I T N E S S E T H:

WHEREAS, reference is made to that certain Credit Agreement (as amended, modified, supplemented or restated and in effect from time to time, the "Credit Agreement") dated as of July 31, 2008 by and among (i) the Borrowers, (ii) the Guarantors, (iii) the Lenders, and (iv) Wells Fargo Bank, National Association (successor by merger to Wells Fargo Retail Finance, LLC), as Administrative Agent, Collateral Agent, and Swing Line Lender; and

WHEREAS, the Loan Parties, the Agents and the Lenders have agreed to increase the Aggregate Commitments under the Credit Agreement to $250,000,000, to extend the maturity of the facility evidenced by the Credit Agreement, and to amend certain other terms and conditions of the Credit Agreement as set forth herein.

NOW, THEREFORE, it is hereby agreed as follows:

1. Definitions. All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Credit Agreement.

2. Amendments to Article I of the Credit Agreement. The provisions of Article I of the Credit Agreement are hereby amended as follows:

   (a) The definitions of "Committed Increase", "Real Estate Advance" and "Uncommitted Increase" are hereby deleted in their entirety.

   (a) The definition of "L/C Issuer" is hereby amended by adding "and such Lender" after the words "with the consent of the Administrative Agent" in clause (b) thereof.

(b) The definitions of "Additional Commitment Lender", "Applicable Margin", "Borrowing Base", "Cash Dominion Event", "Commitment Increases", "Fee Letter", "Increase Effective Date", "Increased Financial Reporting Event", "LIBO Rate", "Maturity Date", "Reserves" and "Revolving Credit Ceiling" are hereby deleted in their entirety and the following are substituted in their stead:

"Additional Commitment Lender" shall have the meaning provided in Section 2.15(c)."

"Applicable Margin" means:

From and after the Twelfth Amendment Effective Date, the Applicable Margin shall be determined from the following pricing grid based upon the Average Excess Availability as of the Fiscal Quarter ended immediately preceding such Adjustment Date; provided that, if any of the financial statements delivered pursuant to Section 6.01 of this Agreement or any Borrowing Base Certificate is at any time restated or otherwise revised (including as a result of an audit, but excluding revisions resulting from (i) normal year-end audit adjustments and changes in GAAP or its application to the financial statements delivered pursuant to Section 6.01 of this Agreement or (ii) any other cause other than the correction of an error, omission or misrepresentation of the Loan Parties), or if the information set forth in any such financial statements or any such Borrowing Base Certificate, otherwise proves to be false or incorrect when delivered such that the Applicable Margin would have been higher than was otherwise in effect during any period, without constituting a waiver of any Default or Event of Default arising as a result thereof, interest due under this Agreement shall be immediately recalculated at such higher rate for any applicable periods and shall be due and payable on demand.

Level	Average Excess Availability	LIBOR Margin	Base Rate Margin	Commercial Letter of Credit Fee	Standby Letter of Credit Fee
I	Greater than or equal to 50% multiplied by the Revolving Credit Ceiling	1.25%	0.50%	0.625%	0.75%
II	Less than 50% multiplied by the Revolving Credit Ceiling	1.50%	0.75%	0.75%	1.00%

"Borrowing Base" means, at any time of calculation, an amount equal to:

(a) the face amount of Eligible Credit Card Receivables multiplied by ninety percent (90%);

plus

(b) the face amount of Eligible Trade Receivables (net of Receivables Reserves applicable thereto) multiplied by ninety percent (90%);

plus

(c) at any time that Excess Availability is greater than $60,000,000, the face amount of Eligible Franchise Receivables (net of Receivables Reserves applicable thereto) multiplied by ninety percent (90%); provided that in no event shall the amount available to be borrowed pursuant to this clause (c) exceed $20,000,000;

plus

(d) the Cost of Eligible Inventory, net of Inventory Reserves, multiplied by (x) during the Seasonal Increase Period, ninety-two and one-half percent (92.5%) of the NRLV of Eligible Inventory, and (y) at all other times, ninety percent (90%) of the NRLV of Eligible Inventory;

plus

(e) the Cost of Eligible In-Transit Inventory, net of Inventory Reserves, multiplied by ninety percent (90%) of the NRLV of Eligible In-Transit Inventory; provided that in no event shall the amount available to be borrowed pursuant to this clause (e) exceed 25% of the Loan Cap then in effect;

plus

(f) with respect to any Eligible Letter of Credit, the Cost of the Inventory supported by such Eligible Letter of Credit, net of Inventory Reserves, multiplied by the lesser of (i) eighty-five percent (85%) of the NRLV of the Inventory supported by such Eligible Letter of Credit, and (ii) eighty five percent (85%);

plus

(g) the lesser of (i) FMV of Eligible Real Estate, net of Realty Reserves, multiplied by sixty percent (60%) and (ii) $15,000,000.00;

plus

(h) the Cost of Eligible Warehoused Inventory, net of Inventory Reserves, multiplied by ninety percent (90%) of the NRLV of Eligible Warehoused Inventory; provided that in no event shall the amount available to be borrowed pursuant to this clause (h) exceed the lesser of (i) ten percent (10%) of the Loan Cap then in effect at such time, or (ii) $20,000,000;

minus

(i) the then amount of all Availability Reserves.

"Cash Dominion Event" means either (i) the occurrence and continuance of any Specified Event of Default, or (ii) the failure of the Borrowers to maintain Excess Availability of at least the greater of (x) 12.5% of the Loan Cap and (y) $25,000,000 at any time. For purposes of this Agreement, the occurrence of a Cash Dominion Event shall be deemed continuing at the Administrative Agent's option (i) so long as such Specified Event of Default has not been waived, and/or (ii) if the Cash Dominion Event arises as a result of the Borrowers' failure to maintain Excess Availability as required hereunder, until Excess Availability has exceeded the greater of (x) 12.5% of the Loan Cap and (y) $25,000,000 for forty-five (45) consecutive days, in which case a Cash Dominion Event shall no longer be deemed to be continuing for purposes of this Agreement; provided that a Cash Dominion Event shall be deemed continuing (even if a Specified Event of Default is no longer continuing and/or Excess Availability exceeds the required amount for forty-five (45) consecutive days) at all times after a Cash Dominion Event has occurred and been discontinued on three (3) occasions after the Closing Date.

"Commitment Increases" shall have the meaning provided in Section 2.15(a).

"Fee Letter" means the letter agreement, dated as of the Closing Date, among the Borrowers and the Agents, as such letter agreement is amended, modified or supplemented from time to time following the Closing Date, including, without limitation, pursuant to the Seventh Amendment Fee Letter, the Eleventh Amendment Fee Letter, the Amendment to Fee Letter dated as of the Eleventh Amendment Effective Date, and the Twelfth Amendment Fee Letter.

"Increase Effective Date" shall have the meaning provided in Section 2.15(d).

"Increased Financial Reporting Event" means if at any time Excess Availability is less than 30% of the Loan Cap at such time.

"LIBO Rate" means for any Interest Period with respect to a LIBO Rate Loan, the per annum rate which appears on the Reuters Screen LIBOR01 page as of 11:00 a.m., London time, on the second London Business Day preceding the first day of such Interest Period (or if such rate does not appear on the Reuters Screen LIBOR01 Page, then the rate as determined by the Administrative Agent from another recognized source or interbank quotation), for a term, and in an amount, comparable to the Interest Period and the amount of the LIBO Rate Loan requested (whether as an initial LIBO Rate Loan or as a continuation of a LIBO Rate Loan or as a conversion of a Base Rate Loan to a LIBO Rate Loan) by Borrowers in accordance with this Agreement (and, if any such rate is below zero, the LIBO Rate shall be deemed to be zero), which determination shall be made by Agent and shall be conclusive in the absence of manifest error. For purposes hereof: "London Business Day" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England, and "Reuters

Screen LIBOR01 Page" means the display page LIBOR01 on the Reuters service or any successor display page, other published source, information vendor or provider that has been designated by the sponsor of Reuters Screen LIBOR01 page. If such rate is not available at such time for any reason, then the "LIBO Rate" for such Interest Period shall be the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the LIBO Rate Loan being made, continued, or converted by Wells Fargo Bank and with a term equivalent to such Interest Period would be offered to Wells Fargo Bank by major banks in the London interbank eurodollar market in which Wells Fargo Bank participates at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period.

"Maturity Date" means September 15, 2020.

"Reserves" means all Inventory Reserves, Availability Reserves, Receivables Reserves and Realty Reserves.

"Revolving Credit Ceiling" $250,000,000 on and after the Twelfth Amendment Effective Date, as such amount may be modified in accordance with the terms of this Agreement.

(c) The following new definitions are hereby inserted in appropriate alphabetical order:

"Anti-Terrorism Law" means the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department or any enabling legislation or executive order relating thereto; economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State; all applicable Bank Secrecy Act ("BSA") laws, regulations and government guidance on BSA compliance and on the prevention and detection of money laundering violations; and all laws, rules, and regulations of any jurisdiction applicable to any Credit Party from time to time concerning or relating to bribery or corruption, all as amended, supplemented or replaced from time to time.

"Covenant Compliance Event" means either (a) the occurrence and continuance of an Event of Default, or (b) the failure of the Borrowers to maintain Excess Availability of at least the greater of (x) 10% of the Loan Cap and (y) $25,000,000 at any time. For purposes hereof, the occurrence of a Covenant Compliance Event shall be deemed continuing at the Administrative Agent's option (i) so long as such Event of Default has not been waived, and/or (ii) if the Covenant Compliance Event arises as a result of the Borrowers' failure to achieve Excess Availability as required hereunder, until Excess Availability has exceeded the greater of (x) 10% of the Loan Cap and (y) $25,000,000 for forty-five (45) consecutive days, in which case a Covenant Compliance Event shall no longer be deemed to be continuing for purposes

of this Agreement; provided that a Covenant Compliance Event shall be deemed continuing (even if an Event of Default is no longer continuing and/or Excess Availability exceeds the required amount for ninety (90) consecutive days) at all times after a Covenant Compliance Event has occurred and been discontinued on three (3) occasions after the Closing Date.

"Eligible Franchise Receivables" means Accounts deemed by the Administrative Agent in its reasonable discretion to be eligible for inclusion in the calculation of the Borrowing Base, which are due from foreign franchisees of the Loan Parties for royalties, goods sold and received and other amounts due to the Loan Parties under the applicable franchise agreements, to the extent that such amounts due are supported by stand-by letters of credit assigned to the Administrative Agent and which letters of credit (i) are from issuers and on terms acceptable to the Administrative Agent in its reasonable discretion, and (ii) may not be amended, revised, or surrendered without the consent of the Administrative Agent, and as to which the Administrative Agent has received all reporting and related information as required under Section 6.02(b)(ii).

"Eligible Trade Receivables" means Accounts deemed by the Administrative Agent in its reasonable discretion to be eligible for inclusion in the calculation of the Borrowing Base arising from the sale of the Loan Parties' Inventory (but excluding, for the avoidance of doubt, Credit Card Receivables) that satisfy the following criteria at the time of creation and continue to meet the same at the time of such determination: each such Account (i) has been earned by performance and represents the bona fide amounts due to a Loan Party from an account debtor, and in each case originated in the ordinary course of business of such Loan Party, and (ii) in each case is acceptable to the Administrative Agent in its reasonable discretion, and is not ineligible for inclusion in the calculation of the Borrowing Base pursuant to any of clauses (a) through (r) below as determined by the Administrative Agent in its reasonable discretion. Without limiting the foregoing, to qualify as an Eligible Trade Receivable, an Account shall indicate no Person other than a Loan Party as payee or remittance party. In determining the amount to be so included, the face amount of an Account shall be reduced by, without duplication, to the extent not reflected in such face amount, (i) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances (including any amount that a Loan Party may be obligated to rebate to a customer pursuant to the terms of any agreement or understanding (written or oral)) and (ii) the aggregate amount of all cash received in respect of such Account but not yet applied by the Loan Parties to reduce the amount of such Eligible Trade Receivable. Except as otherwise agreed by the Administrative Agent, any Account included within any of the following categories shall not constitute an Eligible Trade Receivable:

(a) Accounts that are not evidenced by an invoice;

(b) Accounts that have been outstanding for more than ninety (90) days from the date of invoice or more than sixty (60) days past the due date;

(c) Accounts due from any account debtor for which more than fifty percent (50%) of the Accounts owing from such account debtor are ineligible pursuant to clause (b), above;

(d) All Accounts owed by an account debtor and/or its Affiliates together to the extent such Accounts exceed (x) thirty percent (30%), or (y) with respect to any of the Specified Account Debtors, fifty percent (50%) (or such higher percentages now or hereafter established by the Administrative Agent for any particular account debtor) of the amount of all Accounts at any one time (but the portion of the Accounts not in excess of the applicable percentages may be deemed Eligible Trade Receivables, in the Administrative Agent's reasonable discretion); provided that no portion of any Accounts owed by any Investment Grade Account Debtor shall be deemed ineligible solely by reason of this clause (d);

(e) Accounts that are not subject to a perfected first-priority security interest in favor of the Collateral Agent;

(f) Accounts which are disputed or with respect to which a claim, counterclaim, offset or chargeback has been asserted, but only to the extent of such dispute, counterclaim, offset or chargeback;

(g) Accounts which arise out of any sale made not in the ordinary course of business or are not payable in Dollars;

(h) Other than as set forth in clause (o) below, Accounts which are owed by any account debtor whose principal place of business is not within the United States or Canada;

(i) Accounts which are owed by any Affiliate or any employee of a Loan Party;

(j) Accounts for which all consents, approvals or authorizations of, or registrations or declarations with any Governmental Authority required to be obtained, effected or given in connection with the performance of such Account by the account debtor or in connection with the enforcement of such Account by the Collateral Agent have not been duly obtained, effected or given and are not in full force and effect;

(k) Accounts due from an account debtor which is the subject of any bankruptcy or insolvency proceeding, has had a trustee or receiver appointed for all or a substantial part of its property, has made an assignment for the benefit of creditors or has suspended its business;

(l) Accounts due from any Governmental Authority except to the extent that the subject account debtor is the federal government of the United States of America and the relevant Loan Party has complied with the Federal Assignment of Claims Act of 1940 or, in the case of any other Governmental Authority, any analogous state legislation;

(m) Accounts (i) owing from any Person that is also a supplier to or creditor of a Loan Party or any of its Subsidiaries, but only to the extent of the indebtedness owed to such supplier or creditor, unless such Person has waived any right of setoff in a manner reasonably acceptable to the Administrative Agent or (ii) representing any manufacturer's or supplier's credits, discounts, incentive plans or similar arrangements entitling a Loan Party or any of its Subsidiaries to discounts on future purchase therefrom;

(n) Accounts arising out of sales on a bill-and-hold, guaranteed sale, sale-or-return, sale on approval or consignment basis or subject to any right of return, set off or charge back, but only to the extent of such right of return, set off, or charge back;

(o) Accounts arising out of sales to account debtors outside the United States or Canada unless such Accounts are fully backed by one or more irrevocable letters of credit on terms, and issued by a financial institution, reasonably acceptable to the Administrative Agent and each such irrevocable letter of credit is in the possession of the Administrative Agent**;**

(p) Accounts evidenced by a promissory note or other instrument;

(q) Accounts consisting of amounts due from vendors as rebates or allowances; or

(r) Accounts which the Administrative Agent determines in its reasonable discretion to be unacceptable for borrowing.

"Increased Lender" shall have the meaning provided in Section 2.15(f).

"Investment Grade Account Debtor" means an account debtor that, at the time of determination, as a corporate credit rating and/or family rating, as applicable, of BBB- or higher by S&P or Baa3 or higher by Moody's.

"Loan Cap" means, at any time of determination, the lesser of (a) the Aggregate Commitments and (b) the Borrowing Base.

"Receivables Reserves" means such Reserves as may be established from time to time by the Administrative Agent in its reasonable discretion with respect to the determination of the collectability in the ordinary course of Eligible Trade

Receivables and Eligible Franchise Receivables, including, without limitation, on account of dilution.

"Seasonal Increase Period" means a period of ninety (90) consecutive days elected by the Lead Borrower each year upon thirty (30) days' prior notice to the Administrative Agent.

"Specified Account Debtors" means the account debtors set forth on Schedule I to the Twelfth Amendment.

"Twelfth Amendment" means the Twelfth Amendment to Credit Agreement dated as of September 15, 2015 by and among the Borrowers, the Guarantors, the Lenders and Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent, and Swing Line Lender.

"Twelfth Amendment Effective Date" means September 15, 2015.

"Twelfth Amendment Fee Letter" means the Fee Letter, dated as of the Twelfth Amendment Effective Date, between the Agents and the Borrowers.

3. Amendments to Article II of the Credit Agreement. The provisions of Article II of the Credit Agreement are hereby amended by:

(a) restating the first sentence of Section 2.10 to read in its entirety as follows:

All computations of interest and fees shall be made on the basis of a 360-day year (or a 365 day year or 366 day year, as the case may be, in the case of Base Rate Loans at a time when the Base Rate is computed by reference to Wells Fargo Bank's prime rate) and actual days elapsed.

(b) deleting Section 2.15 in its entirety and by substituting the following in its stead:

"2.15 Increase in Commitments.

(a) Request for Increase. Provided that no Default or Event of Default then exists or would arise therefrom, upon notice to the Agent (which shall promptly notify the Lenders), the Lead Borrower may from time to time, request an increase in the Aggregate Commitments by an amount not exceeding $50,000,000 in the aggregate (each, a "Commitment Increase", and collectively, the "Commitment Increases"); provided that (i) any such request for an increase shall be in a minimum amount of $10,000,000, (ii) the Lead Borrower may make a maximum of 3 such requests, and (iii) the amount of the Aggregate Commitments, as the same may be increased pursuant to any Commitment Increases, shall not exceed $300,000,000 at any time. At the time of sending such notice, the Lead Borrower (in consultation with the Agent) shall specify the time period within which each Lender is requested to respond to the Agent (which shall in no event be less than ten Business Days from the date of delivery of such notice to the Lenders).

(b) Lender Elections to Increase. Each Lender shall notify the Agent within such time period whether or not it agrees to increase its Commitment and, if so, whether by an amount equal to, greater than, or less than its Applicable Percentage of such requested increase. Any Lender not responding within such time period shall be deemed to have declined to increase its Commitment.

(c) Notification by Agent; Additional Commitment Lenders. The Agent shall notify the Borrowers and each Lender of the Lenders' responses to each request made hereunder. To achieve the full amount of a requested increase and subject to the approval of the Agent, the L/C Issuer and the Swing Line Lender (which approvals shall not be unreasonably withheld), to the extent that the existing Lenders decline to increase their Commitments, or decline to increase their Commitments to the amount requested by the Lead Borrower, the Agent, in consultation with the Lead Borrower, will use its reasonable efforts to arrange for other Eligible Assignees to become Lenders (each an "Additional Commitment Lender") hereunder and to issue commitments in an amount equal to the amount of the increase in the Aggregate Commitments requested by the Borrowers and not accepted by the existing Lenders, provided, however, that without the consent of the Agent, at no time shall the Commitment of any Additional Commitment Lender be less than $10,000,000.

(d) Effective Date and Allocations. If the Aggregate Commitments are increased in accordance with this Section, the Agent, in consultation with the Lead Borrower, shall determine the effective date (the "Increase Effective Date") and the final allocation of such increase. The Agent shall promptly notify the Lead Borrower and the Lenders of the final allocation of such increase and the Increase Effective Date and on the Increase Effective Date (i) the Aggregate Commitments under, and for all purposes of, this Agreement shall be increased by the aggregate amount of such Commitment Increases, and (ii) Schedule 2.01 shall be deemed modified, without further action, to reflect the revised Commitments and Applicable Percentages of the Lenders.

(e) Conditions to Effectiveness of Commitment Increase. As a condition precedent to such Commitment Increase, (i) the Borrowers shall deliver to the Agent a certificate of each Loan Party dated as of the Increase Effective Date (in sufficient copies for each Lender) signed by a Responsible Officer of such Loan Party (A) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such Commitment Increase, and (B) in the case of the Borrowers, certifying that, before and after giving effect to such Commitment Increase, (1) the representations and warranties contained in Article V and the other Loan Documents are true and correct on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Section 2.15, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01, and (2) no

Default or Event of Default exists or would arise therefrom, (ii) the Borrowers, the Agent, and any Additional Commitment Lender shall have executed and delivered a Joinder to the Loan Documents in such form as the Agent shall reasonably require; (iii) the Borrowers shall have paid such fees and other compensation to the Additional Commitment Lenders as the Borrowers and such Additional Commitment Lenders shall agree; (iv) the Borrowers shall have paid such arrangement fees to the Agent as the Borrowers and the Agent may agree; (v) the Borrowers and the Additional Commitment Lender shall have delivered such other instruments, documents and agreements as the Agent may reasonably have requested; and (vi) no Default or Event of Default exists. The Borrowers shall prepay any Committed Loans outstanding on the Increase Effective Date (and pay any additional amounts required pursuant to Section 3.05) to the extent necessary to keep the outstanding Committed Loans ratable with any revised Applicable Percentages arising from any nonratable increase in the Commitments under this Section.

(f) Adjustments Upon Increase. If Committed Loans shall be outstanding immediately after giving effect to an increase pursuant to Section 2.15(a), upon the Agent's execution and delivery of written confirmation thereof, each Lender shall be deemed to have sold and assigned to the applicable Lender making such increase (each such Lender, an

"Increased Lender"), without recourse, and each applicable Increased Lender shall be deemed to have purchased and assumed from each Lender the amount of such Lender's outstanding Committed Loans as shall be necessary to result (after giving effect to the assignments of all Lenders) in the Committed Loans made by each Lender and by each Increased Lender being equal to its Applicable Percentage multiplied by the aggregate amount of all Committed Loans outstanding as of such date. At the direction of the Agent, each Increased Lender shall make all payments to the Agent and the Agent shall make such payments to the Lenders as may be necessary to carry the foregoing into effect. The Borrowers hereby agree that any amount that an Increased Lender so pays to another Lender pursuant to Section 2.15(a) shall be entitled to all rights of a Lender under this Agreement and such payments to the Lenders shall constitute Committed Loans held by each such Increased Lender under this Agreement and that each such Increased Lender may, to the fullest extent permitted by law, exercise all of its right of payment (including the right of set off) with respect to such amounts as fully as if such Increased Lender had initially advanced to the Borrowers the amount of such payments. In connection with the assignment and acceptance provided in this Section 2.15(f), the assignment of LIBO Rate Loans shall not be treated as a prepayment of such LIBO Rate Loans for purposes of Section 3.05.

(g) Conflicting Provisions. This Section shall supersede any provisions in Sections 2.13 or 10.01 to the contrary."

4. Amendments to Article VI of the Credit Agreement. The provisions of Article VI of the Credit Agreement are hereby amended by:

(a) deleting subsection 6.02(b) in its entirety and inserting the following in its stead:

"(b) (i) concurrently with the delivery of the financial statements referred to in Section 6.01, a duly completed Compliance Certificate signed by a Responsible Officer of the Lead Borrower, which shall include (A) a certification as to the amount, if any, of rent under any Leases, and any obligations and liabilities with respect to Taxes, that have not been timely paid, and (B) a certification as to the receipt of notice, if any, as to any obligations or liabilities with respect to utilities and/or insurance premiums that have not been timely paid. In the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Lead Borrower shall also provide a statement of reconciliation conforming such financial statements to GAAP;

(ii) concurrently with the delivery of the financial statements referred to in Section 6.01(b), with regard to Eligible Franchise Receivables, copies of all stand-by letters of credit supporting each such Account not previously provided to the Administrative Agent;"

(b) deleting subsection 6.02(c) in its entirety and inserting the following in its stead:

(c) on the first Friday of each Fiscal Month (or, if such day is not a Business Day, on the next succeeding Business Day):

(i) a certificate in the form of Exhibit G (a "Borrowing Base Certificate") showing the Borrowing Base as of the close of business as of the last day of the immediately preceding Fiscal Month, each Borrowing Base Certificate to be certified as complete and correct by a Responsible Officer of the Lead Borrower; provided that (i) if Uncapped Excess Availability at any time is less than 12.5% of the Revolving Credit Ceiling or (ii) an Event of Default has occurred and is continuing, such Borrowing Base Certificate shall be delivered on Friday of each week (or, if Friday is not a Business Day, on the next succeeding Business Day), and shall show the Borrowing Base as of the close of business on the immediately preceding Saturday; and

(ii) a schedule of all Eligible Franchise Receivables and Eligible Trade Receivables indicating the aging of each such Account as well as copies of all past due invoices related to Eligible Franchise Receivables issued by the Loan Parties to the applicable franchisees not previously provided to the Administrative Agent;"

(c) deleting clause (b) of Section 6.10 in its entirety and by substituting the following in its stead:

"(b) Upon the request of the Administrative Agent after reasonable prior notice, permit the Administrative Agent or professionals (including investment bankers, consultants, accountants, lawyers and appraisers) retained by the Administrative Agent to

conduct appraisals, commercial finance examinations and other evaluations, including, without limitation, of (i) the Lead Borrower's practices in the computation of the Borrowing Base and (ii) the assets included in the Borrowing Base and related financial information such as, but not limited to, sales, gross margins, payables, accruals and reserves. Subject to the following sentences, the Loan Parties shall pay the fees and expenses of the Administrative Agent or such professionals with respect to such evaluations and appraisals as provided below. Without limiting the foregoing, the Loan Parties acknowledge that the Administrative Agent may, in its discretion, in the event that any Loans are outstanding hereunder, undertake one (1) real estate appraisal and one (1) inventory appraisal and one (1) commercial finance examination each Fiscal Year at the Loan Parties' expense; provided that, in the event that Excess Availability is at any time less than 30% of the Loan Cap, the Administrative Agent may, in its discretion, undertake an additional inventory appraisal (that is, up to two (2) inventory appraisals in total) and an additional commercial finance examination (that is, up to two (2) commercial finance examinations in total) each Fiscal Year at the Loan Parties' expense. Notwithstanding anything to the contrary contained herein, the Administrative Agent may cause additional inventory appraisals and commercial finance examinations to be undertaken (i) as it in its reasonable discretion deems necessary or appropriate, at its own expense, or (ii) if a Default or Event of Default shall have occurred and be continuing or if required by applicable Law, at the expense of the Loan Parties."

5. Amendments to Article VII of the Credit Agreement. The provisions of Article VII of the Credit Agreement are hereby amended by deleting Section 7.17 in its entirety and by substituting the following in its stead:

"7.17 Consolidated Fixed Charge Coverage Ratio. During the continuance of a Covenant Compliance Event, permit the Consolidated Fixed Charge Coverage Ratio, calculated as of the last day of each month, to be less than 1.0:1.0."

6. Amendments to Schedule 2.01. Schedule 2.01 to the Credit Agreement (Commitments and Applicable Percentages) is hereby deleted in its entirety and the Schedule 2.01 attached hereto is substituted in its stead.

7. Ratification of Loan Documents; Waiver of Claims.

(a) Except as otherwise expressly provided herein, all terms and conditions of the Credit Agreement and the other Loan Documents remain in full force and effect. The Loan Parties hereby ratify, confirm, and reaffirm (i) all Loan Documents as amended hereby, and (ii) that all representations and warranties of the Loan Parties contained in the Credit Agreement or any other Loan Document are true and correct in all material respects on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date.

(b) Each of the Loan Parties hereby acknowledges and agrees that there is no basis or set of facts on the basis of which any amount (or any portion thereof) owed by the Loan Parties under the Loan Documents could be reduced, offset, waived, or

forgiven, by rescission or otherwise; nor is there any claim, counterclaim, offset, or defense (or other right, remedy, or basis having a similar effect) available to the Loan Parties with regard thereto; nor is there any basis on which the terms and conditions of any of the Obligations could be claimed to be other than as stated on the written instruments which evidence such Obligations.

(c) Each of the Loan Parties hereby acknowledges and agrees that it has no offsets, defenses, claims, or counterclaims against the Agents or any Lender, or any of their respective affiliates, predecessors, successors, or assigns, or any of their respective officers, directors, employees, attorneys, or representatives, with respect to the Obligations, or otherwise, and that if any Loan Party now has, or ever did have, any offsets, defenses, claims, or counterclaims against the Agents or any Lender, or their respective affiliates, predecessors, successors, or assigns, or their respective officers, directors, employees, attorneys, or representatives, whether known or unknown, at law or in equity, from the beginning of the world through this date and through the time of execution of this Twelfth Amendment, all of them are hereby expressly **WAIVED**, and each of the Loan Parties hereby **RELEASES** the Agents and each Lender and their respective officers, directors, employees, attorneys, representatives, affiliates, predecessors, successors, and assigns from any liability therefor.

8. Conditions to Effectiveness. This Twelfth Amendment shall not be effective until each of the following conditions precedent has been fulfilled to the reasonable satisfaction of the Administrative Agent:

(a) The Administrative Agent shall have received counterparts of this Twelfth Amendment duly executed and delivered by each of the parties hereto.

(b) The Administrative Agent shall be satisfied with the results of lien searches with respect to the Loan Parties, and all filings, recordations and searches necessary or desirable (as reasonably determined by the Administrative Agent) to reflect the valid and perfected liens and security interests in favor of the Collateral Agent in the Collateral shall have been duly made, and all filing and recording fees and taxes shall have been duly paid and any landlord waivers and access letters for distribution centers and warehouses of the Loan Parties as requested by the Administrative Agent shall have been obtained.

(c) The Administrative Agent shall be satisfied with the amount, types, terms and conditions of all insurance maintained by the Loan Parties, and the Agents shall have received endorsements naming the Collateral Agent, on behalf of the Lenders, as an additional insured or loss payee, as the Agents may reasonably request, under all such insurance policies.

(d) All corporate and shareholder action on the part of the Loan Parties and all consents and approvals necessary for the valid execution, delivery and performance by the Loan Parties of this Twelfth Amendment shall have been duly and effectively taken

and evidence thereof reasonably satisfactory to the Administrative Agent shall have been provided to the Administrative Agent.

(e) The Administrative Agent shall have received satisfactory opinions of counsel to the Loan Parties (which shall cover, among other things, authority, legality, validity, binding effect and enforceability of this Twelfth Amendment).

(f) The Administrative Agent shall have received a schedule of all letters of credit issued for the benefit of the Loan Parties upon the application of foreign franchisees under the applicable franchise agreements, along with copies of each letter of credit set forth on that schedule and copies of all related past due invoices issued by the Loan Parties to the applicable franchisees.

(g) After giving effect to this Twelfth Amendment, no Default or Event of Default shall have occurred and be continuing.

(h) There shall be no material misstatements in the written materials furnished by the Loan Parties to the Agents or the Lenders prior to closing of this Twelfth Amendment, or, after giving effect to the Schedules provided or deemed modified pursuant to this Twelfth Amendment, in the representations or warranties of the Loan Parties made in the Credit Agreement. The Administrative Agent shall be satisfied that any financial statements delivered to it fairly present the business and financial condition of the Borrowers and their Subsidiaries, taken as a whole, as of the date thereof and for the periods covered thereby, and that there has been no material adverse change in the assets, business, financial condition or income of the Borrowers and their subsidiaries, taken as a whole, since the date of the most recent Financial Statements delivered to the Administrative Agent. The Administrative Agent shall be satisfied that any projections delivered to it represent the Borrowers' good faith estimate of their future financial performance and were prepared on the basis of assumptions believed by the Borrowers to be fair and reasonable in light of current business conditions at the time such projections were prepared.

(i) There shall not have occurred since May 2, 2015 (a) any event or condition that has had or could reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect or (b) any action, suit, investigation or proceeding pending or, to the knowledge of the Borrowers, threatened in any court or before any arbitrator or governmental authority that could reasonably be expected to have a Material Adverse Effect.

(j) All fees payable to the Agents and the Lenders on or before the Twelfth Amendment Effective Date, including, without limitation, pursuant to the Twelfth Amendment Fee Letter, shall have been paid.

(k) The Agents shall have been reimbursed by the Loan Parties for all reasonable invoiced costs and expenses of the Agents (including, without limitation, reasonable attorneys' fees) in connection with the preparation, negotiation, execution, and

delivery of this Twelfth Amendment and related documents. The Loan Parties hereby acknowledge and agree that the Administrative Agent may charge the Loan Account to pay such costs and expenses.

9. Post-Closing Obligations. Within ninety (90) days following the Twelfth Amendment Effective Date (as such time period may be extended by the Administrative Agent in its sole discretion), the Borrowers shall use commercially reasonable efforts to cause each carrier involved in the transportation of Eligible In-Transit Inventory to enter into a freight forwarder agreement with the Collateral Agent in form and substance reasonably satisfactory to the Collateral Agent.

10. Miscellaneous.

(a) This Twelfth Amendment may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. Delivery of an executed counterpart of a signature page to this Twelfth Amendment by telecopy or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Twelfth Amendment.

(b) This Twelfth Amendment (including the Twelfth Amendment Fee Letter) expresses the entire understanding of the parties with respect to the transactions contemplated hereby. No prior negotiations or discussions shall limit, modify, or otherwise affect the provisions hereof.

(c) Any determination that any provision of this Twelfth Amendment or any application hereof is invalid, illegal or unenforceable in any respect and in any instance shall not affect the validity, legality, or enforceability of such provision in any other instance, or the validity, legality, or enforceability of any other provisions of this Twelfth Amendment.

(d) The Loan Parties represent and warrant that they have consulted with independent legal counsel of their selection in connection with this Twelfth Amendment and are not relying on any representations or warranties of the Agents or the Lenders or their counsel in entering into this Twelfth Amendment.

(e) THIS TWELFTH AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have hereunto caused this Twelfth Amendment to be executed and their seals to be hereto affixed as of the date first above written.

THE CHILDREN'S PLACE, INC., as Lead Borrower and as a Borrower

By: ______________________________
Name: Michael Scarpa
Title: Chief Operating Officer

THE CHILDREN'S PLACE SERVICES COMPANY, LLC, as a Borrower

By: ______________________________
Name: Michael Scarpa
Title: Chief Operating Officer

THE CHILDRENSPLACE.COM, INC., as a Guarantor

By: ______________________________
Name: Michael Scarpa
Title: Chief Operating Officer

THE CHILDREN'S PLACE INTERNATIONAL, LLC, as a Guarantor

By: ______________________________
Name: Michael Scarpa
Title: Chief Operating Officer

THE CHILDREN'S PLACE CANADA HOLDINGS, INC., as a Guarantor

By: ______________________________
Name: Michael Scarpa
Title: Chief Operating Officer

TCP IH II, LLC, as a Guarantor

By: The Children's Place Canada Holdings, Inc., its sole member

By: ________________________________
Name: Michael Scarpa
Title: Chief Operating Officer

TCP INTERNATIONAL IP HOLDINGS, LLC, as a Guarantor

By: The Children's Place, Inc., its sole member

By: ________________________________
Name: Michael Scarpa
Title: Chief Operating Officer

TCP INTERNATIONAL PRODUCT HOLDINGS, LLC, as a Guarantor

By: The Children's Place, Inc., its sole member

By: ________________________________
Name: Michael Scarpa
Title: Chief Operating Officer

WELLS FARGO BANK, NATIONAL ASSOCIATION (successor by merger to Wells Fargo Retail Finance, LLC), as Administrative Agent, Collateral Agent, L/C Issuer, Swing Line Lender, and as a Lender

By: _______________________________
Name: Connie Liu
Title: Authorized Signatory

BANK OF AMERICA, N.A., as a Lender

By: ________________________________
Name: ______________________________
Title: ______________________________

HSBC BANK (USA), N.A., as a Lender

By: __________________________________
Name: ________________________________
Title: _________________________________

JPMORGAN CHASE BANK, N.A., as a Lender

By: _______________________________
Name: _____________________________
Title: ______________________________

Schedule I
Specified Account Debtors

TJX Companies, Inc.

Costco Wholesale Corporation

Sam's West, Inc.

Ross Stores, Inc.

BJ's Wholesale Club, Inc.

Big Lots Stores, Inc.

Amazon.com, Inc.

SCHEDULE 2.01

Commitments and Applicable Percentages

Lender	**Commitment**	**Applicable Percentage**
Wells Fargo Bank, National Association	$110,000,000.00	44%
Bank of America, N.A.	$75,000,000.00	30%
JPMorgan Chase Bank, N.A.	$35,000,000.00	14%
HSBC Bank (USA), N.A.	$30,000,000.00	12%
TOTAL	**$250,000,000.00**	**100.000000000%**

EXHIBIT 10.2

AGREEMENT AND GENERAL RELEASE

This Agreement and General Release (the "Agreement") is made as of the 30th day of November 2015 between Brian Ferguson (the "Employee") and The Children's Place Services Company, LLC and its parents and direct and indirect subsidiaries and affiliated corporations (collectively, the "Employer" or the "Company").

1. Separation from Employment. The Employee acknowledges, confirms and agrees that the Employee's last day of employment with the Company was November 6, 2015 (the "Separation Date").

2. Separation Payment. As good and valuable consideration for the Employee's execution and delivery of this Agreement, the Employer shall, subject to the effectiveness of this Agreement, pay to the Employee the amount of Five Hundred Fifteen Thousand Dollars ($515,000), less legally required payroll deductions, which amount shall be paid in twenty-six (26) equal bi-weekly installments commencing the first pay period following execution and effectiveness of the Agreement and subject to the terms contained herein. The Employee agrees that the Employee shall immediately notify the Employer of the Employee's commencement of other employment or engagement, whether as an employee or consultant, whether with another entity, person or other third party or on his own behalf (collectively, the "Other Engagement"). Upon commencement of an Other Engagement, the Employer's payment obligations and the Employee's entitlement to salary continuation pursuant to this Paragraph 2 shall automatically and unconditionally be reduced by the amount of salary or other like annual remuneration the Employee receives or accrues from such Other Engagement during the twelve (12) month severance period. It is understood and agreed that any amounts the Employee receives as unemployment insurance payments from applicable governmental authorities do not constitute offsetting payment amounts contemplated by the preceding sentence (nothing herein addresses the Employee's eligibility to receive unemployment insurance payments). In the event the Employer makes any payment to the Employee following his commencement of an Other Engagement in excess of the amount calculated in accordance with the prior sentence, the Employee agrees to immediately repay any and all such excess amounts to the Employer.

3. Benefits. As good and valuable consideration for the Employee's execution and delivery of this Agreement, the Employer also shall, subject to the effectiveness of this Agreement, waive the Employee's premium costs for continued health and/or dental coverage under the Company's group health plan(s) pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) for a period ending on the earlier to occur of the twelfth (12th) month anniversary of the Separation Date or the date the Employee commences employment with another entity or third party that offers health benefits or otherwise becomes entitled to health benefits, provided, that the Employee timely elects such COBRA coverage in accordance with the requirements of such plan(s). Thereafter, should the Employee desire to continue COBRA coverage, the Employee shall be responsible for the full applicable COBRA premium costs.

4. Agreements Regarding Payments and Benefits. The Employee acknowledges and agrees that the consideration set forth in Paragraphs 2 and 3 of this Agreement exceeds, supersedes, and extinguishes the amount, if any, that the Employee may be entitled to under any offer letter, employment agreement, award agreement, or long term or annual compensation plan or policy, verbal or written, as well as any employment or personnel policies, procedures or handbooks, including but not limited to, severance plans, policies or precedent utilized by the Employer or any other legal obligation which the Employer may have to the Employee. The Employee further acknowledges and agrees that in the absence of this Agreement, the Employee would not be entitled to, among other things, the payments provided by this Agreement. The Employee also acknowledges and agrees that any monetary and other benefits (including without limitation, salary, bonus and vacation pay) and any equity awards which, prior to the execution of this Agreement, the Employee may have earned or accrued or to which the Employee may have been entitled to be paid or delivered prior to the execution of this Agreement, have been paid, delivered, or addressed in this Agreement, and such payments, benefits and equity awards have been irrevocably forfeited, released, waived or settled by the Employee pursuant to this Agreement. For the avoidance of doubt, the Employee shall not forfeit: (1) any equity which has vested as of the Separation Date (including, without limitation, the 800 shares which vested on May 5, 2015, the 5,000 shares which vested on October 6, 2015, and the 833 shares which vested on November 5, 2015); (2) payment for any amounts deferred by the Employee during his employment into The Children's Place Non-Qualified Deferred Compensation Plan, which the Employer confirms are fully vested; and (3) matching contributions in the amount of $37,350.58 (as of November 30, 2015) in the Employee's 401(k) account. Further, for the avoidance of doubt, notwithstanding the foregoing sentence, (1) all of the Employee's vested equity (and gain and value realized) is and shall remain subject to the terms and conditions of the applicable Time-Based Restricted Stock Unit Award Agreements to which the Employee is a party ("Stock Award Agreements"), including, without limitation, the clawback/forfeiture provision of said Stock Award Agreements; and (2) the Employee shall not be deemed to have violated a non-competition, non-solicitation, non-disparagement, non-disclosure covenant or agreement under said Stock Award Agreements so long as the Employee complies with said restrictive covenants set forth in Paragraphs 7-9 of this Agreement and will not be deemed to be engaged in an activity adverse to or in conflict with the Company's interest by providing services to an entity, or in a capacity, not covered by Paragraph 9(a) of this Agreement. The Employer also agrees to reimburse the Employee for any business expenses incurred in accordance with the Company's Travel and Expense policy up through the Separation Date. The Employee represents, and the Employer also confirms to the Employer's knowledge as of the Separation Date, that the Employee does not owe the Employer any money and is not required to pay to the Employer any amounts, equity grants or benefits the Employee has received prior to the Separation Date, including, without limitation, any payments and/or awards under his October 10, 2013 offer letter or the retention bonus set forth in the September 29, 2014 award letter. The Employee agrees that the Employee is not entitled to and will not seek any further consideration, including, but not limited to, any wages, vacation pay, sick pay, disability pay, bonus, compensation (including equity-based compensation), payment or benefit from the Released Parties (as defined in Paragraph 11) other than that to which the Employee is entitled pursuant to Paragraphs 2 and 3 of this Agreement. The Employee further agrees that the Employee shall not accrue any additional awards or rights pursuant to any equity plan of the Company and shall forfeit any rights to any awards to the extent not vested as of the Separation Date.

5. Return of Company Property. The Employee represents that he has returned to the Company all laptops, iPhones, iPads, blackberries, keys, locks, credit cards, documents, records, materials, and other information or assets of any type whatsoever that is the property of the Company or its affiliates (other than the Employee's cellular telephone). The Employee further agrees that the Employee shall not retain and has returned any copies, images, or reproductions of correspondence, memoranda, reports, financial information, notebooks, drawings, photographs, or other documents relating in any way to the affairs of the Company, its affiliates or their respective customers, franchisees, suppliers, or vendors.

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

7. Confidentiality of Agreement. Except as otherwise provided in Paragraph 20, the Employee agrees:

(a) The Employee will not disclose the existence of this Agreement, the terms and conditions of this Agreement or the events or discussions leading up to the execution and delivery of this Agreement to any person or entity, except: (i) to comply with this Agreement; (ii) to the Employee's legal, financial or tax advisors, spouse, and to the Internal Revenue Service or any similar state or local taxation authority; (iii) as otherwise required by law; or (iv) to a prospective employer but solely with respect to the restrictions (or lack thereof) on the Employee's activities following the Separation Date.

(b) The Employee will not publicly or privately disparage, demean, or impugn the reputation of, or encourage, assist or direct another person or entity to, publicly or privately disparage, demean, or impugn the reputation of, the Company, the way it conducts its business and affairs, or any of the Company's products, services, affiliates, franchisees, suppliers, vendors, or current or former officers, directors, or employees. Nothing in this subparagraph is intended to restrict or prevent the Employee from complying with a subpoena or other order of a court of competent jurisdiction or from making statements to a court or regulatory body in response to an inquiry from such court or regulatory body or making truthful statements in connection with any dispute regarding this Agreement.

(c) The Employee will obtain the Company's written approval before publishing or submitting for publication any material which relates to any work performed by the Employee for the Company and/or which incorporates any Confidential Information. Further, any statement about the Company, its business, products, strategies, or affairs which the Employee creates and proposes to publish or post for a period of six (6) months following the Employee's Separation Date on any media accessible by the public, including but not limited to Facebook or Twitter pages, electronic bulleting or message boards and Internet-based chat rooms, must first be reviewed and approved in writing by the Company's Chief Executive Officer before it is released in the public domain. Nothing herein or otherwise will prohibit the Employee from posting on his resume or any other

social media account his title, job duties at the Company, and his length of employment with the Company.

8. Confidential and Proprietary Information and Work Product. The Employee acknowledges and agrees that the Employee continues to be bound by and will abide by the terms of the Confidentiality and Work Product Agreement executed by the Employee on October 30, 2013 ("Confidentiality Agreement").

9. Non-Competition, Non-Solicitation, and No Interference With Business Operations.

(a) The Employee agrees that for a period of one (1) year following the Separation Date, the Employee will not without the express prior written consent of the Company, anywhere, either directly or indirectly, whether alone or as an owner, shareholder, partner, member, joint venture, officer, director, consultant, independence contractor, agent, employee or otherwise (i) be employed by, provide services to, assist, engage in business with, or otherwise be connected to any of the following companies, entities, or organizations, or to any business enterprise that, directly or indirectly, owns, operates or is affiliated with any of the following companies, entities, or organizations: Gymboree, Crazy 8, Babies"R"Us, Carters or any of their respective subsidiaries, affiliates or related businesses, or (ii) be employed by, provide services to, assist, or engage in business with (x) any of the following companies: J.Crew Kids (Crewcuts), Aeropostale PS, Baby Gap, Gap Kids or Old Navy, or (y) the children's apparel footwear or accessories businesses of (1) Target, (2) Kohl's, (3) Primark or (4) any current (as of the Separation Date) wholesale customer of the Company (each, a "Competitive Business"). Notwithstanding the foregoing, nothing herein shall be deemed to prohibit the Employee's ownership of less than 1% of the outstanding shares of any publicly traded corporation that conducts a Competitive Business.

(b) The Employee further agrees that for a period of one (1) year following the Separation Date, the Employee will not, without the express prior written consent of the Company, directly or indirectly: (i) solicit, recruit, hire, engage, or refer (or assist any third party in soliciting, recruiting, hiring, engaging or referring) any person or entity who or which either is, or during the twelve (12) months immediately preceding the Separation Date was, an employee, agent, consultant, or independent contractor of the Company; or (ii) interfere with, disrupt or attempt to interfere with or disrupt the relationship, contractual or otherwise, between the Company and any of its vendors, lessors, franchisees, wholesale customers, independent contractors, agents or employees.

(c) The Employee acknowledges and agrees that the restrictions on the activities in which the Employee may engage that are set forth in the Confidentiality Agreement and Paragraphs 9(a) and (b) of this Agreement, and the location and period of time for which such restrictions apply, are reasonable and necessary to protect the Company's legitimate business interests. The Employee understands that the Company's business is global and, accordingly, the restrictions cannot be limited to any particular geographic area. The Employee further acknowledges that the restrictions contained in this Agreement or in the Confidentiality Agreement will not prevent the Employee from earning a livelihood.

10. Injunctive Relief. The Employee acknowledges that a breach or threatened breach of any of the terms set forth in Paragraphs 5, 7, 8 (including any of the terms of the Confidentiality

Agreement referred to therein) or 9 of this Agreement shall result in an immediate irreparable and continuing harm to the Employer for which there shall be no adequate remedy of law. The Employer shall, without posting a bond, be entitled to obtain injunctive and other equitable relief, in addition to any other remedies available to the Employer in connection with Paragraphs 5, 7, 8 (including the Confidentiality Agreement referred to therein) and 9 of this Agreement.

11. Employee Release of Employer and Released Parties.

(a) In exchange for the consideration set forth above, the Employee, on behalf of the Employee and the Employee's agents, assignees, attorneys, heirs, executors and administrators, voluntarily and knowingly releases the Employer, as well as the Employer's successors, predecessors, assigns, parents, subsidiaries, divisions, affiliates, officers, directors, shareholders, employees, agents and representatives, in both their individual and representative capacities (collectively, the "Released Parties"), from any and all claims, causes of action, suits, grievances, debts, sums of money, agreements, promises, damages, back and front pay, costs, expenses, and attorneys' fees by reason of any matter, cause, act or omission arising out of or in connection with the Employee's employment with the Employer or separation therefrom, including but not limited to any claims based upon common law, or any federal, state or local employment statutes or civil rights laws (hereafter the "Claims"). Claims, as included in this release, without limiting its scope, are claims arising under Title VII of the Civil Rights Act of 1964, as amended; the Age Discrimination in Employment Act ("ADEA"); the Older Workers Benefit Protection Act (the OWBPA"); the Americans with Disabilities Act; the Lily Ledbetter Act; the Employee Retirement Income Security Act of 1974; the New Jersey Conscientious Employee Protection Act; the New Jersey Law Against Discrimination; the New Jersey Family Leave Act; the New Jersey Wage Payment Act; the Sarbanes-Oxley Act of 2002; the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; and any other laws prohibiting discrimination, retaliation, wrongful termination, failure to pay wages, breach of contract, defamation, invasion of privacy, whistleblowing or infliction of emotional distress, or any other matter. This release releases all Claims including those of which the Employee is not aware and those not mentioned in this Agreement up to the date of the execution and delivery of this Agreement to Company. The Employee expressly acknowledges and agrees that, by entering into this Agreement, the Employee is releasing and waiving any and all Claims, including, without limitation, claims that the Employee may have arising under ADEA, which have arisen on or before the date of the Employee's execution and delivery of this Agreement to Company.

(b) This release does not waive rights or claims that may arise after this release is executed, including any right or claim to enforce the terms of this Agreement, and does not waive any rights hereunder or which cannot be waived as a matter of law.

(c) Notwithstanding anything set forth in this Agreement to the contrary, nothing in this Agreement shall affect or be used to interfere with the Employee's protected right to test in any court, under the OWBPA, or like statute or regulation, the validity of the waiver of rights under ADEA set forth in this Agreement

12. Representations by the Employee. (a) Except as otherwise provided in Paragraph 20, the Employee hereby represents and warrants to the Released Parties that: (a) as of the date of this Agreement the Employee has not filed, caused, or permitted to be filed any pending lawsuit or

complaint against any of the Released Parties, nor has the Employee agreed to do any of the foregoing; and (b) the Employee has not assigned, transferred, sold, encumbered, pledged, hypothecated, mortgaged, distributed, or otherwise disposed of or conveyed to any third party any right or Claim against the Released Parties that has been released in this Agreement.

(b) The Employee represents and warrants that the Employee: (i) has not made any misrepresentations or engaged in any misconduct or malfeasance during the Employee's employment that would constitute a material violation under the Company's Code of Business Conduct or Anti-Corruption Policy; and (ii) is not aware of any misconduct or malfeasance by any employee, independent contractor or director of the Company that the Employee should report in accordance with the Company's Code of Business Conduct or Anti-Corruption Policy or any irregularity in the Company's books or records or any other matter relating to the Company's finances or accounting that should properly be reported by the Employee pursuant to the procedures established by the Company for making such reports, except any that has already been reported by the Employee in writing to the appropriate personnel of the Company. Except as set forth in Paragraph 11(b) and (c) above, the Employee covenants and agrees that the Employee shall not encourage or solicit or voluntarily assist or participate in any way in the filing, reporting or prosecution by the Employee or any third party of a proceeding or claim against any of the Released Parties unless compelled to do so by law or such proceeding or claim relates to enforcement of this Agreement.

13. Removal from Company Positions and Indemnification. The Employee agrees that as of the Separation Date, the Employee hereby resigns from all positions held on behalf of the Company including but not limited to officer, director, agent, representative, trustee, administrator, fiduciary and signatory. In addition, with respect to all acts or omissions of the Employee which occurred prior to the Separation Date, the Company agrees to continue to indemnify the Employee to the same extent that the Employee was indemnified prior to the Separation Date and that the Employee shall retain the benefit of all directors and officers liability insurance and coverage maintained by the Company with respect to claims made during the period provided by the Company's current policy and to the extent provided by any future policy from time to time maintained by the Company with respect to other former executives of the Company, in each case on the terms and conditions of such policy.

14. Cooperation. Except as otherwise provided in Paragraph 20, the Employee shall (i) furnish all information as may be in the Employee's possession to, and (ii) subject to the Employee's other business commitments acting in good faith, fully cooperate with the Company, in either case, as may reasonably be requested by the Company in the orderly transfer of the Employee's responsibilities to other Company employees or in connection with any internal investigation, litigation or other proceeding in which the Company is or may be involved or a party.

15. Violation of Terms. Should the Employee violate or breach any provision of this Agreement (or the Confidentiality Agreement) in any material respect, which violation or breach is not cured within ten (10) days written notice to the Employee, then, in addition to all other damages or legal remedies available to the Employer (including without limitation injunctive relief), the Employee immediately shall return to the Employer all monies paid to the Employee pursuant to Paragraph 2 of this Agreement, less $2,000. The Employee agrees that if the Employee is required

to return such payments, this Agreement shall continue to be binding on the Employee and the Released Parties shall be entitled to enforce the provisions of this Agreement as if the payments had not been repaid to Company and Company shall have no further obligations to pay or provide the Employee with any of the payments and benefits set forth herein. Should the Employer violate any provision of this Agreement, then the Employee shall have all remedies and civil actions available to remedy the Employee's damages. The parties agree that, should either party seek to enforce the terms of this Agreement (or the Confidentiality Agreement) through litigation, then the prevailing party, in addition to all other legal remedies, shall be reimbursed by the other party for all reasonable attorneys' fees in relation to such litigation. However, in accordance with applicable laws, if the Employee commences a proceeding under the OWBPA and/or the ADEA to challenge the validity of this release and prevails on the merits of an ADEA claim, the prior sentence shall not apply, and the court shall have discretion to determine whether the Company is entitled to restitution, recoupment or set off (a "reduction") against a monetary award obtained by the Employee, which cannot exceed the amount the Employee recovers or the amount the Employee received for signing this Agreement, whichever is less.

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

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

18. Delay in Payments as Required by Section 409A of the Code. Notwithstanding any provisions herein to the contrary, if all or any portion of the payments due under Paragraph 2 hereof are reasonably determined to be "nonqualified deferred compensation" subject to Section 409A of the Code and the Company determines that the Employee is a "specified employee" (as defined in Section 409A(a)(2)(B)(i) of the Code and the other guidance promulgated thereunder), then such payments shall commence on the first regular payroll date on or immediately following the first day of the seventh month following the Employee's "separation from service", as defined in Treasury Regulation Section. 1.409A-1(h), including the default presumptions and the first of such payments shall include all amounts otherwise payable prior to the first payment date but for the application of this Paragraph 18.

19. Section 409A of the Code. The Employee hereby acknowledges and agrees with the Company that the interpretation of Section 409A of the Code and its application to the terms of this Agreement is uncertain and may be subject to change as additional guidance and interpretations become available. Anything to the contrary herein notwithstanding, all benefits or payments provided by the Company to the Employee that would be deemed to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code are intended to comply with Section 409A of the Code. If, however, any such benefit or payment is deemed to not comply with Section 409A of the Code, the Employee and the Company agree to renegotiate in good faith any such benefit or payment (including, without limitation, as to the timing of any payment payable

hereof), if possible, so that either (i) Section 409A of the Code will not apply or (ii) compliance with Section 409A of the Code will be achieved. At the Employee's request, the Company shall consult with the Employee in good faith regarding the implementation of the provisions of this Paragraph 19; provided, that neither the Company nor any of its employees or representatives shall have any liability to the Employee with respect to Section 409A of the Code. Each payment of the salary continuation under Paragraph 2 of this Agreement shall be deemed a separate payment for purposes of Section 409A of the Code.

20. Exceptions. Nothing in this Agreement is intended to waive claims (i) for unemployment or workers' compensation benefits, (ii) for vested rights under ERISA-covered employee benefit plans as applicable on the date the Employee signs this Agreement, (iii) that may arise after the Employee signs and delivers this Agreement to the Company, or (iv) which cannot be released by private agreement. In addition, nothing in this Agreement including but not limited to the release of claims, proprietary information, confidentiality, cooperation, and non-disparagement provisions, prevent the Employee from filing a charge or complaint with or from voluntarily participating in an investigation or proceeding conducted by the EEOC, or any other any federal, state or local agency charged with the enforcement of any laws, although by signing this Agreement the Employee is waiving and releasing all rights to individual relief based on claims asserted in such a charge or complaint, except where such a waiver and release of individual relief is prohibited.

21. Miscellaneous. This Agreement, the Confidentiality Agreement and the Stock Award Agreements contain the entire understanding and agreement between the parties. This Agreement supersedes any and all previous agreements (other than the Confidentiality Agreement and the Stock Award Agreements), plans, and other arrangements, whether written or oral, between the Employee and the Employer. Other than the Confidentiality Agreement and the Stock Award Agreements, there are no other representations, agreements or understandings, oral or written, between the parties. No amendment to or modification of this Agreement shall be valid unless made in writing and executed by the parties hereto subsequent to the date of this Agreement. This Agreement may be executed in counterparts, including by fax or pdf, and all counterparts so executed shall constitute one agreement, binding upon the parties hereto. This Agreement shall be binding upon and inure to the benefit of the parties, as well as their administrators, representatives, agents, executors, successors and assigns.

22. Choice of Law and Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey applicable to contracts made and performed in such State and without regard to the conflicts or choice of law provisions thereof that would give rise to the application of the domestic substantive law of any other jurisdiction. Except in the event the Company seeks to enforce its rights under Paragraphs 5, 7, 8, 9, 10, 11 or 15 of this Agreement, the parties agree to mediate any dispute arising under this Agreement. In the event of any such dispute subject to mediation, the parties, within thirty (30) days of a written request for mediation, shall attend a mediation to be conducted in New Jersey in order to make a good faith reasonable effort to resolve such dispute. The parties shall attempt, in good faith, to agree to a mediator. If the parties are unable to agree to a mediator, the parties shall submit the matter to the American Arbitration Association to appoint a mediator and conduct the mediation in New Jersey. If this good

faith mediation effort fails to resolve the dispute arising under this Agreement or in the event the Company seeks to enforce its rights under Paragraphs 5, 7, 8, 9, 10, 11 or 15 of this Agreement, then either party may commence a legal suit, action or proceeding to resolve such dispute, provided that such legal suit, action or proceeding arising out of or relating to this Agreement shall be instituted in a New Jersey federal or state court. The Employee and Employer agree to waive any objection which either may now or hereafter have to the laying of venue of any such suit, action or proceeding and the Employee and Employer irrevocably submit to the exclusive jurisdiction of any such court in any suit, action or proceeding.

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

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

Agreed to and accepted by, on this ____ day of November, 2015.

Witness: EMPLOYEE:

______________________________ ______________________________
Name: Brian Ferguson

Agreed to and accepted by, on this ____ day of November, 2015.

THE CHILDREN'S PLACE SERVICES COMPANY, LLC

By: ___________________________
Name:
Title:

EXHIBIT 31.1

Certificate of Principal Executive Officer pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Jane T. Elfers, certify that:

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

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

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

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

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

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

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

Date: December 8, 2015

By: /S/ JANE T. ELFERS

JANE T. ELFERS
Chief Executive Officer and President
(Principal Executive Officer)

EXHIBIT 31.2

Certificate of Principal Financial Officer pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Anurup Pruthi, certify that:

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

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

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

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

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

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

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

Date: December 8, 2015

By: /S/ ANURUP PRUTHI

ANURUP PRUTHI
Chief Financial Officer
(Principal Accounting and Financial Officer)

EXHIBIT 32

Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Jane T. Elfers, Chief Executive Officer and President of The Children's Place, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify that to my knowledge:

1. The Quarterly Report of the Company on Form 10-Q for the quarter ended October 31, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

IN WITNESS WHEREOF, I have executed this Certification this 8th day of December, 2015.

By: /S/ JANE T. ELFERS

Chief Executive Officer and President
(Principal Executive Officer)

I, Anurup Pruthi, Chief Financial Officer of The Children's Place, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify that to my knowledge:

1. The Quarterly Report of the Company on Form 10-Q for the quarter ended October 31, 2015 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

IN WITNESS WHEREOF, I have executed this Certification this 8th day of December, 2015.

By: /S/ ANURUP PRUTHI

Chief Financial Officer
(Principal Accounting and Financial Officer)

This certification accompanies the Quarterly Report on Form 10-Q of The Children's Place, Inc. for the quarter ended October 31, 2015 pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original copy of this written statement required by Section 906 of the Sarbanes Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission and its staff upon request.