SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

(Mark One)

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended November 2, 2002

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

Commission file number 0-23071

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

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

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

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

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

Yes /X/ No / /

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

Common Stock, par value $0.10 per share, outstanding at December 9, 2002: 26,596,654 shares.

THE CHILDREN'S PLACE RETAIL STORES, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE PERIOD ENDED NOVEMBER 2, 2002

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PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

THE CHILDREN'S PLACE RETAIL STORES, INC.

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

	NOVEMBER 2, 2002	FEBRUARY 2, 2002
	(UNAUDITED)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,446	$ 45,191
Accounts receivable	17,047	11,895
Inventories	84,343	59,095
Prepaid expenses and other current assets	20,297	11,997
Deferred income taxes	4,552	3,847
Total current assets	140,685	132,025
Property and equipment, net	161,537	144,657
Other assets	6,129	6,167
Total assets	$308,351	$282,849
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Current liabilities:		
Accounts payable	$ 32,500	$ 22,177
Taxes payable	504	6,195
Accrued expenses, interest and other current liabilities	36,443	26,311
Total current liabilities	69,447	54,683
Other long-term liabilities	13,405	11,160
Total liabilities	82,852	65,843
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, $0.10 par value; 100,000,000 shares authorized; 26,557,279 shares and 26,372,144 shares issued and outstanding, at November 2, 2002 and February 2, 2002, respectively	2,656	2,637
Additional paid-in capital	97,913	95,982
Accumulated other comprehensive income	(114)	(12)
Retained earnings	125,044	118,399
Total stockholders' equity	225,499	217,006
Total liabilities and stockholders' equity	$308,351	$282,849

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

THE CHILDREN'S PLACE RETAIL STORES, INC.

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

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	NOVEMBER 2, 2002	NOVEMBER 3, 2001	NOVEMBER 2, 2002	NOVEMBER 3, 2001
Net sales	$173,403	$181,433	$474,745	$458,212
Cost of sales	111,663	97,363	297,492	265,161
Gross profit	61,740	84,070	177,253	193,051
Selling, general and administrative expenses	49,949	45,798	140,919	127,663
Depreciation and amortization	9,300	7,374	26,011	19,716
Operating income	2,491	30,898	10,323	45,672
Interest (income) expense, net	(118)	195	(483)	337
Income before income taxes	2,609	30,703	10,806	45,335
Provision for income taxes	1,005	11,984	4,161	17,690
Net income	$ 1,604	$ 18,719	$ 6,645	$ 27,645
Basic net income per common share	$0.06	$0.71	$0.25	$1.05
Basic weighted average common shares outstanding	26,523	26,281	26,481	26,229
Diluted net income per common share	$0.06	$0.70	$0.25	$1.03
Diluted weighted average common shares outstanding	26,756	26,876	27,064	26,907

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

THE CHILDREN'S PLACE RETAIL STORES, INC.

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

	THIRTY-NINE WEEKS ENDED	
	NOVEMBER 2, 2002	NOVEMBER 3, 2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$6,645	$27,645
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	26,011	19,716
Deferred financing fee amortization	41	47
Loss on disposals of property and equipment	401	598
Deferred taxes	(688)	152
Deferred rent	2,416	1,635
Changes in operating assets and liabilities:		
Accounts receivable	(5,152)	(9,971)

Inventories.. (25,248) (11,199) Prepaid expenses and other current assets............................ (8,300) (1,652) Other assets.. (3) 298 Accounts payable... 10,323 (1,887) Accrued expenses, interest and other current liabilities............. 1,469 9,312 ----------- ----------- Total adjustments... 1,270 7,049 ----------- ----------- Net cash provided by operating activities.................................... 7,915 34,694 ----------- ----------- CASH FLOWS FROM INVESTING ACTIVITIES: Property and equipment purchases and lease acquisition...................... (40,490) (39,900) ----------- ----------- Net cash used in investing activities....................................... (40,490) (39,900) ----------- ----------- CASH FLOWS FROM FINANCING ACTIVITIES: Exercise of stock options and employee stock purchases...................... 1,932 1,678 Borrowings under revolving credit facility................................... 30,933 489,823 Repayments under revolving credit facility................................. (30,933) (485,782) ----------- ----------- Net cash provided by financing activities.................................. 1,932 5,719 ----------- ----------- Effect of exchange rate changes on cash..................................... (102) (1) ----------- ----------- Net (decrease) increase in cash and cash equivalents.................. (30,745) 512 Cash and cash equivalents, beginning of period....................... 45,191 8,141 ----------- ----------- Cash and cash equivalents, end of period.................................... $14,446 $8,653 =========== =========== OTHER CASH FLOW INFORMATION: Cash paid during the period for interest.................................... $115 $751 Cash paid during the period for income taxes................................ 14,749 15,537

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

THE CHILDREN'S PLACE RETAIL STORES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information. Certain information and footnote disclosures required by GAAP for complete financial statements have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the accompanying unaudited financial statements contain all material adjustments, consisting of normal recurring accruals, necessary to present fairly the Company's financial position, results of operations and cash flow for the periods indicated, and have been prepared in a manner consistent with the audited financial statements as of February 2, 2002. These financial statements should be read in conjunction with the audited financial statements and footnotes for the fiscal year ended February 2, 2002 included in the Company's Annual Report on Form 10-K for the year ended February 2, 2002 filed with the Securities and Exchange Commission. Due to the seasonal nature of the Company's business, the results of operations for the thirty-nine weeks ended November 2, 2002 and November 3, 2001 are not necessarily indicative of operating results for a full fiscal year.

2. NET INCOME PER COMMON SHARE

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

THIRTEEN WEEKS ENDED THIRTY-NINE WEEKS ENDED -------------------- - --------------------- NOVEMBER 2, 2002 NOVEMBER 3, 2001 NOVEMBER 2, 2002 NOVEMBER 3, 2001 ------------

Net income	$1,604	$18,719	$6,645	$27,645
Basic shares	26,523,025	26,280,753	26,480,926	26,228,828
Dilutive effect of stock options	232,487	595,187	583,476	677,990
Dilutive shares	26,755,512	26,875,940	27,064,402	26,906,818
Antidilutive options	1,472,581	437,150	690,843	289,867

Antidilutive options consist of the weighted average of stock options for the respective periods ended November 2, 2002 and November 3, 2001 that had an exercise price greater than the average market price during the period. Such options are therefore excluded from the computation of diluted shares.

3. COMPREHENSIVE INCOME

The following table presents the Company's comprehensive income:

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	NOVEMBER 2, 2002	NOVEMBER 3, 2001	NOVEMBER 2, 2002	NOVEMBER 3, 2001
Net income	$1,604	$18,719	$6,645	$27,645
Translation adjustments	167	8	(102)	(1)
Comprehensive income	$1,771	$18,727	$6,543	$27,644

4. LITIGATION

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

5. CANADIAN LEASE ACQUISITION

On May 1, 2002, the Company acquired the leases for 23 stores and other assets from Au Coin des Petits/Young Canada, the children's division of Comark, Inc., for an immaterial amount. The Company successfully negotiated to extend the terms of all the acquired leases to provide for full lease terms of approximately 10 years. The stores are based in regional malls located in the provinces of Ontario and Quebec. The Company converted the acquired locations into The Children's Place stores and reopened 13 stores in the second quarter of fiscal 2002. The remaining 10 stores opened in August 2002. To facilitate this expansion, the Company has leased an approximately 30,000 square foot distribution center in Mississauga, Ontario. The Company also entered into a $10 million (Canadian Dollar) facility with Toronto Dominion Bank for its Canadian subsidiary that is secured by a standby letter of credit.

6. RECENT ACCOUNTING PRONOUNCEMENTS

Effective February 3, 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations, Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" and establishes accounting and reporting standards for the impairment or disposal of long-lived assets. SFAS No. 144 requires that those assets be measured at the lower of carrying amount or fair value less cost to sell. SFAS No. 144 also broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity that will be eliminated from the ongoing operations of the entity in a disposal transaction. The adoption of this new principle did not have a material impact on the Company's results of operations or financial position.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This Statement rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt," and an amendment of that Statement, SFAS No. 64, "Extinguishment of Debt Made to Satisfy Sinking-Fund Requirements." This Statement also rescinds SFAS No. 44, "Accounting for Intangible Assets of Motor Carriers." This Statement amends SFAS No. 13 "Accounting for Leases," to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This Statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings or describe their applicability under changed conditions. The adoption of this new principle did not have a material impact on the Company's results of operations or financial position.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. This Statement also established that fair value is the objective for initial measurement of the liability. The provisions of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002. The Company believes that the adoption of this Statement will not have a significant impact on its results of operations or financial position.

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

THIS QUARTERLY REPORT ON FORM 10-Q CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF FEDERAL SECURITIES LAWS, WHICH ARE INTENDED TO BE COVERED BY THE SAFE HARBORS CREATED THEREBY. THOSE STATEMENTS INCLUDE, BUT MAY NOT BE LIMITED TO, THE DISCUSSIONS OF THE COMPANY'S OPERATING AND GROWTH STRATEGY. INVESTORS ARE CAUTIONED THAT ALL FORWARD-LOOKING STATEMENTS INVOLVE RISKS AND UNCERTAINTIES INCLUDING, WITHOUT LIMITATION, THOSE SET FORTH UNDER THE CAPTION "RISK FACTORS" IN THE BUSINESS SECTION OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED FEBRUARY 2, 2002. ALTHOUGH THE COMPANY BELIEVES THAT THE ASSUMPTIONS UNDERLYING THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN ARE REASONABLE, ANY OF THE ASSUMPTIONS COULD PROVE TO BE INACCURATE, AND THEREFORE, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS QUARTERLY REPORT ON FORM 10-Q WILL PROVE TO BE ACCURATE. IN LIGHT OF THE SIGNIFICANT UNCERTAINTIES INHERENT IN THE FORWARD-LOOKING STATEMENTS INCLUDED HEREIN, THE INCLUSION OF SUCH INFORMATION SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE COMPANY OR ANY OTHER PERSON THAT THE OBJECTIVES AND PLANS OF THE COMPANY WILL BE ACHIEVED. THE COMPANY UNDERTAKES NO OBLIGATION TO PUBLICLY RELEASE ANY REVISIONS TO ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN TO REFLECT EVENTS AND CIRCUMSTANCES OCCURRING AFTER THE DATE HEREOF OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

THE FOLLOWING DISCUSSION SHOULD BE READ IN CONJUNCTION WITH THE COMPANY'S UNAUDITED FINANCIAL STATEMENTS AND NOTES THERETO INCLUDED ELSEWHERE IN THIS QUARTERLY REPORT ON FORM 10-Q AND THE ANNUAL AUDITED FINANCIAL STATEMENTS AND NOTES THERETO INCLUDED IN THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED FEBRUARY 2, 2002, FILED WITH THE SECURITIES AND EXCHANGE COMMISSION.

RESULTS OF OPERATIONS

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

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	NOVEMBER 2, 2002	NOVEMBER 3, 2001	NOVEMBER 2, 2002	NOVEMBER 3, 2001
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	64.4	53.7	62.7	57.9
Gross profit	35.6	46.3	37.3	42.1
Selling, general and administrative expenses	28.8	25.2	29.7	27.8
Depreciation and amortization	5.4	4.1	5.4	4.3
Operating income	1.4	17.0	2.2	10.0
Interest (income) expense, net	(0.1)	0.1	(0.1)	0.1
Income before income taxes	1.5	16.9	2.3	9.9
Provision for income taxes	0.6	6.6	0.9	3.9
Net income	0.9%	10.3%	1.4%	6.0%
Number of stores, end of period	629	513	629	513

THIRTEEN WEEKS ENDED NOVEMBER 2, 2002 (THE "THIRD QUARTER 2002") COMPARED TO THIRTEEN WEEKS ENDED NOVEMBER 3, 2001 (THE "THIRD QUARTER 2001")

Net sales decreased by $8.0 million, or 4%, to $173.4 million during the Third Quarter 2002 from $181.4 million during the Third Quarter 2001. During the Third Quarter 2002, we opened 30 new stores, including 13 stores in Canada, and closed 1 store. Our net sales decrease resulted from a 21% comparable store sales decline in the Third Quarter 2002, which decreased our net sales by $35.1 million. Net sales for the 30 new stores, as well as the other stores that did not qualify as comparable stores, increased our net sales by $27.1 million. Comparable store sales decreased 9% during the Third Quarter 2001.

During the Third Quarter 2002, our comparable store sales decline resulted from low inventory levels partially caused by late deliveries and a merchandise mix that was too heavily skewed to fashion merchandise and contained an over assortment of styles. Our comparable store sales decline was also unfavorably impacted by a slowdown in store traffic that was caused in part by the difficult economic climate. As a result, we experienced a lower average transaction size and a lower number of comparable store transactions compared to the Third Quarter 2001. Although we sold more units per transaction during the Third Quarter 2002 than the Third Quarter 2001, the average retail price was lower as a result of the aggressive markdowns taken to clear our summer and fall merchandise, as well as our strategic decision to lower prices in order to be more competitive.

During the four weeks ended November 30, 2002, we experienced an 18% comparable store sales decline, as compared to a 16% comparable store sales decline in the four weeks ended December 1, 2001. Sales continued to be unfavorably impacted by a merchandise mix that was too heavily skewed to fashion merchandise and contained an over assortment of styles, low inventory levels, particularly in our core basic styles, and lower average unit retails. Our low inventory levels were in part a result of delivery delays on our holiday lines, some of which were due to the West Coast ports labor dispute.

Gross profit decreased by $22.3 million to $61.7 million during the

Third Quarter 2002 from $84.1 million during the Third Quarter 2001. As a percentage of net sales, gross profit decreased 10.7% to 35.6% during the Third Quarter 2002 from 46.3% during the Third Quarter 2001. The decrease in gross profit, as a percentage of net sales, was principally due to substantially higher markdowns taken to clear summer and fall merchandise and higher occupancy costs, partially offset by higher initial markup achieved through lower product costs from our manufacturers. Occupancy costs were higher, as a percentage of net sales, due to our comparable store sales decline and increased occupancy costs from new stores that have not been open long enough to leverage their rent through an established sales base. In addition, gross profit was also unfavorably impacted by incremental freight costs we incurred due to the West Coast ports labor dispute.

Selling, general and administrative expenses increased $4.1 million to $49.9 million during the Third Quarter 2002 from $45.8 million during the Third Quarter 2001. Selling, general and administrative expenses were 28.8% of net sales during the Third Quarter 2002, as compared with 25.2% during the Third Quarter 2001. This increase, as a percentage of net sales, was primarily due to higher store payroll costs and increased insurance and marketing costs. Store payroll, as a percentage of net sales, was unfavorably impacted by our comparable store sales decline. Our marketing costs were higher in the Third Quarter 2002, as a percentage of net sales, due to our marketing campaign to introduce The Children's Place brand in Canada, as well as the timing of our holiday print media campaign. During fiscal 2001, our holiday print media campaign was incurred in the fourth quarter.

Depreciation and amortization amounted to $9.3 million, or 5.4% of net sales, during the Third Quarter 2002, as compared to $7.4 million, or 4.1% of net sales, during the Third Quarter 2001. The increase in depreciation and amortization primarily was a result of increases to our store base and increased software amortization.

During the Third Quarter 2002, we recorded net interest income of $0.1 million, or 0.1% of net sales, due to our net cash investment position. At the end of the Third Quarter 2002, we had no borrowings under our working capital facility other than letters of credit. During the Third Quarter 2001, we recorded interest expense of $0.2 million, or 0.1% of net sales, due to borrowings under our working capital facility.

Our provision for income taxes for the Third Quarter 2002 was $1.0 million, as compared to a $12.0 million provision in the Third Quarter 2001. Our effective tax rate was 38.5% and 39.0% during the Third Quarter 2002 and the Third Quarter 2001, respectively.

Due to the factors discussed above, net income was $1.6 million and $18.7 million during the Third Quarter 2002 and the Third Quarter 2001, respectively.

THIRTY-NINE WEEKS ENDED NOVEMBER 2, 2002 COMPARED TO THIRTY-NINE WEEKS ENDED NOVEMBER 3, 2001

Net sales increased $16.5 million, or 4%, to $474.7 million during the thirty-nine weeks ended November 2, 2002 from $458.2 million during the thirty-nine weeks ended November 3, 2001. Net sales for the 110 stores opened during the thirty-nine weeks ended November 2, 2002, as well as the other stores that did not qualify as comparable stores, contributed $76.8 million of the net sales increase. This net sales increase was partially offset by a 15% comparable store sales decline in the thirty-nine weeks ended November 2, 2002, which decreased our net sales by $60.3 million. Comparable store sales decreased 8% during the thirty-nine weeks ended November 3, 2001. During the thirty-nine weeks ended November 2, 2002, our comparable store sales decline was attributable to low inventory levels and a merchandise mix that was too heavily skewed to fashion merchandise and contained an over assortment of styles. Our comparable store sales decline was also unfavorably impacted by a slowdown in store traffic that was caused in part by the difficult economic climate.

Gross profit decreased by $15.8 million to $177.3 million during the thirty-nine weeks ended November 2, 2002 from $193.1 million during the thirty-nine weeks ended November 3, 2001. As a percentage of net sales, gross profit decreased 4.8% to 37.3% during the thirty-nine weeks ended November 2, 2002 from 42.1% during the thirty-nine weeks ended November 3, 2001. The decrease in gross profit, as a percentage of net sales, was principally due to higher occupancy costs and higher markdowns, partially offset by a higher initial markup achieved through lower product costs from our manufacturers. Occupancy costs were higher, as a percentage of net sales, due to our comparable store sales decline and increased occupancy costs from new stores that have not been open long enough to leverage their rent through an established sale base. Markdowns were higher, as a percentage of net sales, due to substantially higher markdowns taken to clear summer and fall merchandise during the second and third quarters of fiscal 2002.

Selling, general and administrative expenses increased $13.2 million to $140.9 million during the thirty-nine weeks ended November 2, 2002 from $127.7 million during the thirty-nine weeks ended November 3, 2001. Selling, general and administrative expenses were 29.7% of net sales during the thirty-nine weeks ended November 2, 2002 as compared with 27.8% of net sales during the thirty-nine weeks ended November 3, 2001. As a percentage of net sales, selling, general and administrative expenses increased due to higher store payroll, medical benefit costs and start-up costs from our expansion into Canada, partially offset by a benefit received from insurance proceeds and management cost cutting initiatives. The benefit from insurance proceeds from a property damage claim from one of our distribution centers approximated $1.2 million, or 0.3% of net sales. Store payroll, as a percentage of net sales, was unfavorably impacted by our comparable store sales decline.

Depreciation and amortization amounted to $26.0 million, or 5.4% of net sales, during the thirty-nine weeks ended November 2, 2002, as compared to $19.7 million, or 4.3% of net sales, during the thirty-nine weeks ended November 3, 2001. The increase in depreciation and amortization primarily was a result of a larger store base and increased software amortization.

During the thirty-nine weeks ended November 2, 2002, we recorded net interest income of $0.5 million, or 0.1% of net sales, due to our net cash investment position. At the end of the thirty-nine weeks ended November 2, 2002, we had no borrowings under our working capital facility other than letters of credit. During the thirty-nine weeks ended November 3, 2001, we recorded interest expense of $0.3 million due to borrowings under our working capital facility.

Our provision for income taxes for the thirty-nine weeks ended November 2, 2002 was $4.2 million, as compared to a $17.7 million provision during the thirty-nine weeks ended November 3, 2001. Our effective tax rate was 38.5% and 39.0% during the thirty-nine weeks ended November 2, 2002 and the thirty-nine weeks ended November 3, 2001, respectively.

Due to the factors discussed above, net income was $6.6 million and $27.6 million during the thirty-nine weeks ended November 2, 2002 and the thirty-nine weeks ended November 3, 2001, respectively.

LIQUIDITY AND CAPITAL RESOURCES

DEBT SERVICE/LIQUIDITY

Our primary uses of cash are financing new store openings and providing for working capital, which principally represents the purchase of inventory. Our working capital needs follow a seasonal pattern, peaking during the second and third quarters when inventory is purchased for the back to school and holiday seasons. We have been able to meet our cash needs principally by using cash on hand, cash flows from operations and seasonal borrowings under our working capital facility. As of November 2, 2002, we had no long-term debt obligations.

Our working capital facility provides for borrowings up to $75 million (including a sublimit for letters of credit of $60 million). As of November 2, 2002, we had no borrowings under our working capital facility and had outstanding letters of credit of $28.5 million. Availability under our working capital facility was $46.5 million. The maximum outstanding letter of credit usage under our working capital facility during the thirty-nine weeks ended November 2, 2002 was $29.1 million. As of November 2, 2002, we were in compliance with all of our covenants under our working capital facility.

We amended our working capital facility to provide for direct borrowings of our Canadian subsidiary. We have also entered into a $10 million (Canadian dollar) facility with Toronto Dominion Bank for our Canadian subsidiary that is secured by a standby letter of credit. As of November 2, 2002, we had no borrowings under our Canadian facility and had outstanding letters of credit of $0.1 million (Canadian dollars). The maximum outstanding usage under our Canadian credit facility was $2.5 million (Canadian dollars) since the inception of the facility in July 2002.

CASH FLOWS/CAPITAL EXPENDITURES

During the thirty-nine weeks ended November 2, 2002, operating activities provided $7.9 million in cash flow as compared to $34.7 million in cash flow provided by operating activities during the thirty-nine weeks ended November 3, 2001. During the thirty-nine weeks ended November 2, 2002, cash flows provided by operating activities decreased primarily as a result of lower operating earnings and increases in current assets, partially offset by increases in current liabilities.

Cash flows used in investing activities were $40.5 million and $39.9 million in the thirty-nine weeks ended November 2, 2002 and the thirty-nine weeks ended November 3, 2001, respectively. Cash flows used in investing activities primarily represented capital expenditures for new store openings and remodelings.

In the thirty-nine weeks ended November 2, 2002 and the thirty-nine weeks ended November 3, 2001, we opened 110 and 114 stores, respectively. During the Second Quarter 2002, we also opened an approximately 30,000 square foot distribution center in Mississauga, Ontario to support our Canadian operations. In the thirty-nine weeks ended November 2, 2002, we remodeled 4 stores and converted 3 stores

into our combo format. During the thirty-nine weeks ended November 3, 2001, we remodeled 8 stores. As of December 16, 2002, we have opened a total of 126 stores, remodeled 5 stores and converted 5 stores to our combo format. We have closed one store during the thirty-nine weeks ended November 2, 2002 and plan to close an additional 2 stores during the remainder of fiscal 2002. Capital expenditures also include hardware and software to support our information systems initiatives, along with ongoing store, office and distribution equipment needs. We anticipate that total capital expenditures during fiscal 2002 will be approximately $50 million, including our expansion into Canada. We plan to fund these capital expenditures primarily with cash on hand and cash flows from operations.

Cash flows provided by financing activities were $1.9 million during the thirty-nine weeks ended November 2, 2002 as compared to $5.7 million provided by financing activities in the thirty-nine weeks ended November 3, 2001. During the thirty-nine weeks ended November 2, 2002, cash flows provided by financing activities reflected funds received from the exercise of employee stock options and employee stock purchases. During the thirty-nine weeks ended November 3, 2001, cash flow provided by financing activities reflected net borrowings under our working capital facility and funds received from the exercise of employee stock options and employee stock purchases.

During fiscal 2003, we anticipate opening approximately 50 stores. We believe that cash on hand, cash generated from operations and funds available under our working capital facility will be sufficient to fund our capital and other cash flow requirements for at least the next 12 months. In addition, we will consider additional sources of financing to fund our long-term growth, as necessary.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

None.

ITEM 4.: CONTROLS AND PROCEDURES

During the 90-day period prior to the filing of this report, management, including the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, and as of the date of that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in the reports the Company files under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported as and when required. There have been no significant changes in the Company's internal controls or in other factors which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

EXHIBIT NO.	DESCRIPTION OF DOCUMENT
10.3	Amendment Number One to Second Amended and Restated Loan and Security Agreement between the Company and Foothill Capital Corporation, dated April, 2002.
10.4	Letter Amendment to Second Amended and Restated Loan and Security Agreement between the Company and Foothill Capital Corporation, dated September 26, 2002.

(b) REPORTS ON FORM 8-K

None

SIGNATURES

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

THE CHILDREN'S PLACE
RETAIL STORES, INC.

Date: December 16, 2002

By: /s/ Ezra Dabah

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

Date: December 16, 2002 By: /s/ Seth L. Udasin

Vice President and
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATIONS

I, Ezra Dabah, certify that:

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

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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-14 and 15d-14) for the registrant and we have:

(a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: December 16, 2002

By: /s/ Ezra Dabah

Chairman of the Board and

Chief Executive Officer

CERTIFICATIONS

I, Seth L. Udasin, certify that:

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

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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-14 and 15d-14) for the registrant and we have:

(a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: December 16, 2002

By: /s/ Seth L. Udasin

Vice President and
Chief Financial Officer

CERTIFICATIONS

I, Ezra Dabah, Chairman and Chief Executive Officer of The Children's

Place Retail Stores, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify as follows:

1. The quarterly report of the Company on Form 10-Q for the period ended November 2, 2002 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 16th day of December, 2002.

By: /s/ Ezra Dabah

Chairman of the Board and
Chief Executive Officer

I, Seth L. Udasin, Vice President and Chief Financial Officer of The Children's Place Retail Stores, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify as follows:

1. The quarterly report of the Company on Form 10-Q for the period ended November 2, 2002 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 16th day of December, 2002.

By: /s/ Seth L. Udasin

Vice President and
Chief Financial Officer

EXHIBIT 10.3

AMENDMENT NUMBER ONE TO SECOND AMENDMENT

AND RESTATED LOAN AND SECURITY AGREEMENT

BETWEEN THE COMPANY AND FOOTHILL CAPITAL

CORPORATION, DATED APRIL, 2002

AMENDMENT NUMBER ONE TO SECOND
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This Amendment Number One to Second Amended and Restated Loan and Security Agreement ("Amendment") is entered into as of April, 2002, among THE CHILDREN'S PLACE RETAIL STORES, INC., a Delaware corporation ("Borrower"), on the one hand, and the financial institutions listed on the signature pages hereof (such financial institutions, together with their respective successors and assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), and FOOTHILL CAPITAL CORPORATION, as Agent, on the other hand:

A. Agent, Borrower and Lenders have previously entered into that certain Second Amended and Restated Loan and Security Agreement, dated as of July 5, 2000 (the "Agreement").

B. Borrower has organized an indirect wholly-owned Subsidiary, The Children's Place (Canada), LP, a Canadian limited partnership ("Children's Place Canada"), for the purpose of owning and operating retail stores in Canada.

C. Agent, Borrower and Lenders desire to amend the Agreement as provided for and on the conditions herein.

NOW, THEREFORE, Agent, Borrower and Lenders hereby amend and supplement the Agreement as follows:

1. DEFINITIONS. All initially capitalized terms used in this Amendment shall have the meanings given to them in the Agreement unless specifically defined herein.

2. AMENDMENTS.

(a) Section 1.1 of the Agreement is hereby amended by adding the following definition:

"`CHILDREN'S PLACE CANADA' has the meaning set forth in the preamble to Amendment Number One to the Agreement."

(b) Notwithstanding anything to the contrary in Section 2.1(a)(y) of the Agreement, inventory acquired by Letters of Credit for Children's Place Canada shall not be included in such section. For purposes of clarification, the inventory referred to herein is not part of Inventory as that term is defined in the Agreement.

(c) Pursuant to Section 2.2 of the Agreement, Borrower shall have the right to cause Letters of Credit for the purchase of inventory by Children's Place Canada. For purposes of clarification, the inventory referred to herein is not part of Inventory as that term is defined in the Agreement.

(d) Agent and Lenders consent to Borrower's additional Subsidiaries, and Schedule 5.8 of the Agreement is amended in its entirety to include the following additional subsidiaries: The Children's Place Canada Holdings, Inc., a Delaware corporation; TCP Investment Canada I Corp., a Nova Scotia unlimited liability corporation; TCP Investment Canada II Corp., a Nova Scotia unlimited liability corporation; The Children's Place (Canada), LP, an Ontario limited partnership; TCP Canada, Inc., a Nova Scotia corporation; TCP Resources, LLC, a Delaware limited liability company; and The Children's Place (Virginia), Inc., a Virginia corporation.

(e) Section 6.2 is amended to require that Borrower's monthly consolidating financial statements shall include Children's Place Canada.

(f) Notwithstanding anything to the contrary in Section 6.4 of the Agreement, Borrower shall only be required to deliver to Agent a designation of Inventory specifying the retail selling price of Borrower's

Inventory not less frequently than monthly (rather than weekly) so long as there has been at least $25,000,000 of borrowing Availability under Section 2.1 (without being limited by the Maximum Amount).

(g) Section 7.11 (ii) of the Agreement is amended to read as follows:

> "(ii) there has been at least $10,000,000 of borrowing Availability under SECTION 2.1 (without being limited by the Maximum Amount) as of the end of each of the three months preceding such payment or purchase, and on such date, after taking into account the payment or purchase of such stock."

(h) Section 7.19(b) of the Agreement is amended to read as follows:

> "(b) EBITDA. EBITDA for the trailing 12-month period ending on each of Borrower's fiscal quarters commencing on or about April 30, 2002 and for each fiscal quarter thereafter shall be not less than $75,000,000."

3. REPRESENTATIONS AND WARRANTIES. Borrower hereby affirms to Agent and Lenders that all of Borrower's representations and warranties set forth in the Agreement are true, complete and accurate in all respects as of the date hereof.

4. NO DEFAULTS. Borrower hereby affirms to Agent and Lenders that no Event of Default has occurred and is continuing as of the date hereof.

5. CONDITION PRECEDENT. The effectiveness of this Amendment is expressly conditioned upon receipt by Agent of an executed copy of this Amendment.

6. COSTS AND EXPENSES. Borrower shall pay to Agent all of Agent's out-of-pocket costs and expenses (including, without limitation, the fees and expenses of its counsel, search fees, filing and recording fees, documentation fees and other fees) arising in connection with the preparation, execution, and delivery of this Amendment and all related documents. Agent and Lenders are not charging a fee for this Amendment.

7. LIMITED EFFECT. In the event of a conflict between the terms and provisions of this Amendment and the terms and provisions of the Agreement, the terms and provisions of this Amendment shall govern. In all other respects, the Agreement, as amended and supplemented hereby, shall remain in full force and effect.

8. COUNTERPARTS: EFFECTIVENESS. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed and delivered shall be deemed to be an original. All such counterparts, taken together, shall constitute but one and the same Amendment. This Amendment shall become effective upon the execution of a counterpart of this Amendment by each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first set forth above.

FOOTHILL CAPITAL CORPORATION,
a California corporation, as Agent and Lender

By: /s/ Thomas Morgan

Title: Vice President

FLEET RETAIL FINANCE INC.,
as a Lender

By: /s/ Keith Vercauteren

Title: Assistant Vice President

THE CHILDREN'S PLACE RETAIL STORES, INC., a Delaware corporation

By: /s/ Seth L. Udasin

Title: Vice President and CFO

EXHIBIT 10.4

LETTER AMENDMENT NUMBER ONE TO SECOND AMENDMENT

AND RESTATED LOAN AND SECURITY AGREEMENT

BETWEEN THE COMPANY AND FOOTHILL CAPITAL

CORPORATION, DATED SEPTEMBER 26, 2002

September 26, 2002

Mr. Seth Udasin
Chief Financial Officer
The Children's Place Retail Stores, Inc.
915 Secaucus Road
Secaucus, NJ 07094

RE: RE-SET EBITDA COVENANT

Dear Seth:

Pursuant to Section 7.19 (b) of Amendment Number One to the Second Amended and Re-stated Loan and Security Agreement between Wells Fargo Retail Finance, LLC, (successor in interest to Foothill Capital) ("the Lender") and The Children's Place Retail Stores, Inc. ("the Company") dated April 10, 2002, the Company agrees that measured quarterly, on a trailing twelve-month basis, with testing commencing April 2002, EBITDA shall not be less than $75,000,000.

Pursuant to our conversation earlier today and upon review of your revised EBITDA projections for the fiscal quarter ending November 2, 2002 and fiscal quarter ending February 1, 2003 of FY 2002, Wells Fargo Retail Finance, LLC consents to amending the existing EBITDA covenant for the aforementioned quarters of the current fiscal year ending February 1, 2003 as follows:

- For the trailing twelve-months ending November 2, 2002, EBITDA shall not be less than $70,000,000.
- For the trailing twelve-months ending February 1, 2003, EBITDA shall not be less than $50,000,000.

PLEASE BE ADVISED THAT THE LENDER HEREBY AMENDS THE AFOREMENTIONED COVENANT (FOR THE ABOVE SPECIFIED PERIOD ONLY), WITH NO FEE CHARGED.

Nothing contained herein shall constitute a waiver or limitation of the Lenders' rights or remedies, as provided for under any of the subject financing documents or at law.

Sincerely,	Agreed and Consent: Fleet Retail Finance
Thomas Morgan VP, Senior Account Executive Wells Fargo Retail Finance, LLC	By: /s/ Thomas Morgan ------------------------------- its: ------------------------------