



THE CHILDREN'S
PLACE

PLAYING TO WIN
annual report 2003



WE SINCERELY APPRECIATE
AND THANK ALL OF OUR
ASSOCIATES FOR THEIR HARD
WORK AND DEDICATION.

AND, TO OUR CUSTOMERS
AND SHAREHOLDERS,
YOUR CONFIDENCE, LOYALTY
AND SUPPORT HAS DRIVEN
US TO CONTINUALLY STRIVE
TO BE THE BEST.

THE CHILDREN'S
PLACE



TO OUR SHAREHOLDERS,

I am delighted to report that our strategy to deliver value, quality and fashion consistently to our customers is well on target. Our success has always been driven by great product and our fiscal 2003 financial results reflect the successful execution of that plan. We are gaining market share, our brand message is enhanced and most importantly we are achieving strong customer acceptance of our merchandise offerings.

FINANCIAL HIGHLIGHTS ACHIEVED IN 2003:

- Significant sales growth of 19% for a record \$797.9 million
- Comparable stores sales growth of 4%
- Increased earnings per share of \$0.85 compared to \$0.33 last year
- Cash of \$75 million and zero debt
- And healthy shareholders' equity of \$257 million

Driving our performance was our commitment to consistently offering consumers focused, well-balanced merchandise assortments, which reflected our stated objective of addressing all of a child's lifestyle needs. Customers responded favorably to our fashion product, embraced the incredible value of our basic and key items, and appreciated the significant quality enhancements of our garments. The appeal of our offerings combined with successful merchandise planning and allocation resulted in increased full price selling which drove our gross margin improvement.

Our marketing initiatives resulted in an elevated brand message, which contributed to a 5% increase in transactions. Our window displays raised consumers' curiosity and brought them into our stores. Most importantly, we effectively drove customer traffic even while reducing promotional activity. In addition to the positive impact our direct mail and e-mail campaigns had on overall business, e-commerce increased over 100% for the year.

At the store level, we continue to evolve into a culture of service and the result is an enhanced customer experience. We are benchmarking our performance and are encouraged by the steady improvement we achieved throughout the year. Continued emphasis on associate education and development will move us closer to our goal of consistently delivering a complete brand experience to drive customer satisfaction and loyalty.

Our Canadian operation was profitable in its first full year and achieved a strong high single-digit operating margin. The Canadian consumer has enthusiastically responded to our value/quality/fashion equation and as a result The Children's Place already represents 3% of the children's apparel market. Our expansion into Vancouver in 2004 will give us a national presence in Canada.

With our strategic foundation firmly in place we are investing in our future growth. We have added several new members to our executive team who will join us in leading the strategic direction of the business and in ensuring we stay extremely focused. Joining us in the role of President is Neal Goldberg, a 24-year retail veteran who was most

recently with The Gap as President of Outlets. Neal brings a unique mix of merchandising and operational expertise that is proving to be a tremendous asset. Our management team has never been stronger or more strategically aligned and I am highly confident regarding our long-term success.

2004 PRIORITIES:

Our goal of 1,000 stores remains in sight, representing significant store growth still to come. In addition, in 2004, we will build upon our strong results by focusing on *increasing store productivity* as our number one priority. Several key initiatives are underway which will fuel our business:

- Further elevating our brand image
- Increasing our customer conversion rate to generate increased sales and productivity
- Enhancing the quality of our merchandise as a key competitive advantage
- Maximizing the strong performance of our outlet business through store growth and merchandise opportunities
- And further expansion in the United States, Canada, and Puerto Rico, our newest geographic market

We are even more confident about our long-term growth when considering the recent positive trends in the children's apparel market. According to NPD, the industry grew an impressive 8% to \$29.4 billion in 2003.

Complementing our growth initiatives, infrastructure projects such as increasing our supply chain visibility, and rolling out market optimization and tiered assortment planning tools will increase efficiencies and enhance our existing operational strength.

In summary, we look back on 2003 with a sense of achievement and look to the future with enthusiasm and excitement. Our progress is due to the hard work of our talented team of associates and we thank them for their contributions. We also acknowledge the support of our suppliers from around the world and greatly value our strong partnership. We thank our loyal customers for their continued patronage and our shareholders for their support and confidence. The Children's Place is committed to continuing its profitable growth momentum and to further strengthening its position in the newborn to age ten category.



Ezra Dabah
CEO



FINANCIAL HIGHLIGHTS

STATEMENT OF OPERATIONS DATA

(\$000 except per share data)

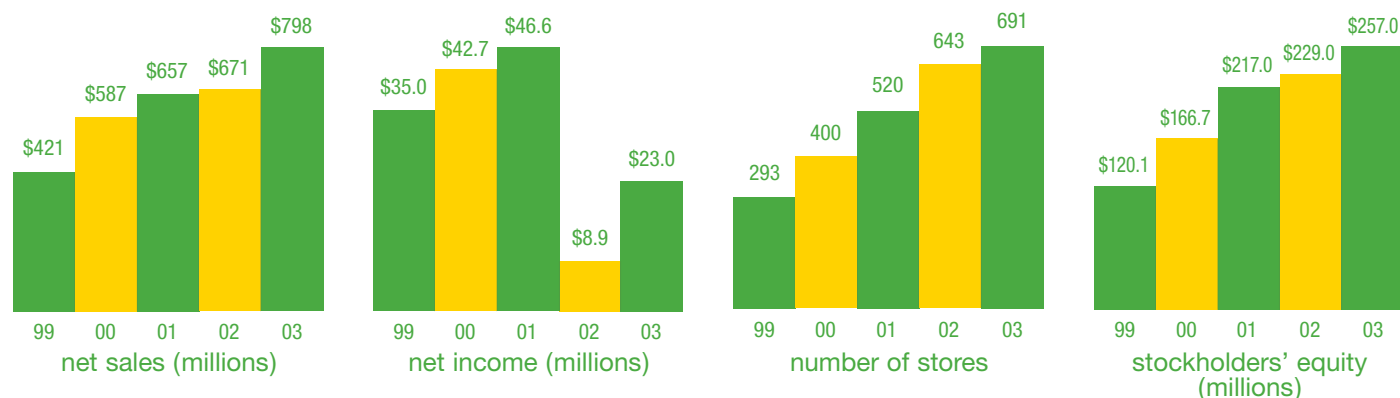
	FISCAL 2003	FISCAL 2002	FISCAL 2001
NET SALES	\$797,938	\$671,409	\$656,956
percentage change year to year	19%	2%	12%
OPERATING INCOME	36,498	14,865	76,001
percentage change year to year	146%	(80)%	7%
NET INCOME	22,957	8,934	46,582
percentage change year to year	157%	(81)%	9%
EARNINGS PER SHARE	\$ 0.85	\$ 0.33	\$ 1.73
percentage change year to year	158%	(81)%	8%

SELECTED OPERATING DATA

NUMBER OF STORES OPEN YEAR END	691	643	520
COMPARABLE STORE SALES INCREASE (DECREASE)	4%	(16)%	(8)%
NET SALES PER AVERAGE STORE (\$000)	\$1,159	\$1,137	\$1,389
NET SALES PER AVERAGE GROSS SQUARE FOOT	\$ 262	\$ 263	\$ 334

BALANCE SHEET DATA (\$000)

CASH AND CASH EQUIVALENTS	\$ 74,772	\$ 36,645	\$ 45,191
WORKING CAPITAL	114,275	79,274	77,342
TOTAL ASSETS	359,666	309,328	282,849
STOCKHOLDERS' EQUITY	257,005	229,008	217,006





RAVE REVIEWS

“I was so impressed with the wonderful merchandise, great prices and best of all the very helpful sales force. They were there to help as needed but also gave me space to browse on my own.”

MARY R. – Yonkers, NY

“Kudos to your designers for designing sensible yet age appropriate styles at reasonable prices.”

LISA B. – Virginia Beach, VA

“We decided that we will order online, which we have never done, and the items that we ordered were on our doorstep within 48 hours. I am very impressed by your service and look forward to doing my child’s shopping with you from now on.”

RYAN AND TRACEY M. – North Dartmouth, MA

“I am a mother of a 5 year old girl and I have been shopping at The Children’s Place since she was born. Thank you so much for providing cute, affordable clothes for her!”

HAYLEY C. – Rome, GA

“Your prices make it very easy to buy my boys cute outfits. People always comment about how adorable my boys look. Your clothes are also high quality. They look great after lots and lots of washings. It is great to know that the clothes will hold up to the demands of two toddlers.”

SARAH S. – Batesville, AK

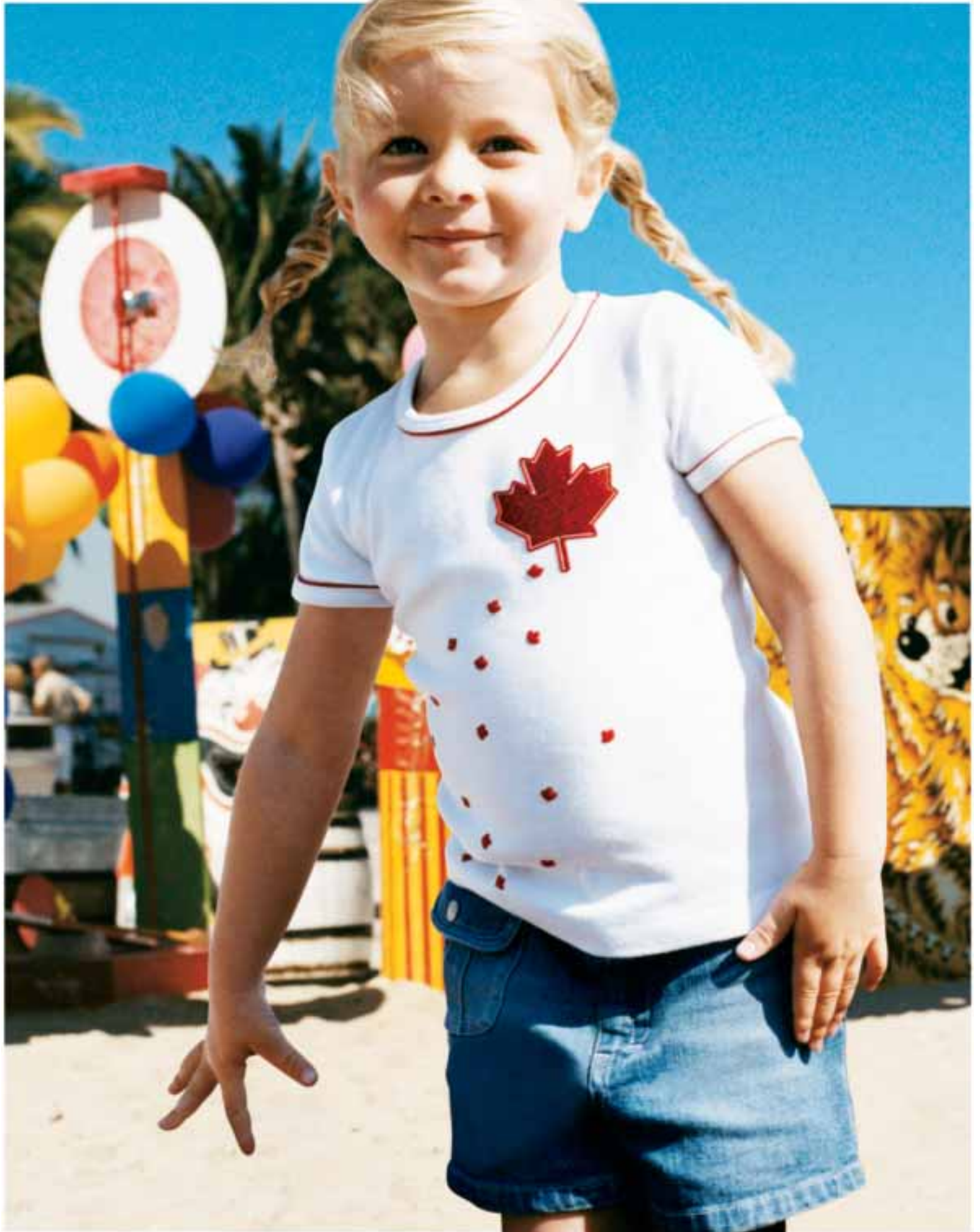


GIVING BACK

In 2003, The Children's Place demonstrated its commitment to children's literacy with the launch of "ReadingUSA[®]," a national literacy campaign. ReadingUSA[®] supports programs that enrich the lives of children through literacy and encourage reading as both a vital and fun aspect of a child's development. We are proud to have been the first company to help fund PBS Kids' "Reading Rainbow" television series.

Our ongoing efforts to promote literacy will continue in 2004 with the launch of our Cici & Ace book series and through other philanthropic efforts.





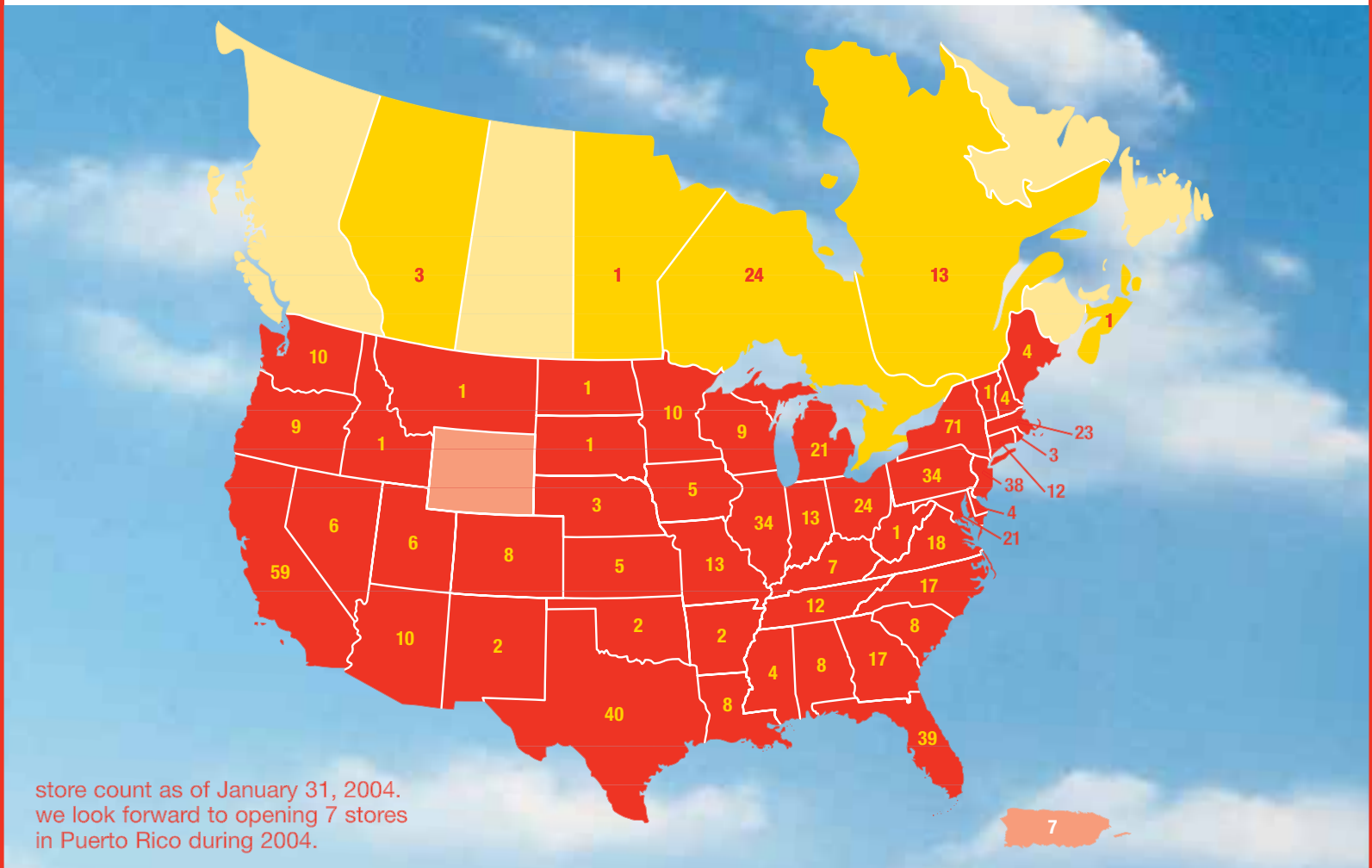
ADDITIONAL GROWTH OPPORTUNITIES

Our goal of growing to 1,000 stores across the US and Canada remains firmly on track, with 70 store openings planned for 2004. Forty-five of those stores will open in the US, with a concentration in the West and Southwest, where our comparable store sales have been very strong. We also plan to fuel our rapidly growing outlet business through additional store openings and merchandising initiatives.

Profitable in its first full year, our Canadian operation achieved sales per square foot of CA\$400. Capitalizing on our success, we will open approximately 18 new stores in 2004, growing our Canadian store base by over 40%.

Additionally, our new automated Canadian distribution center is anticipated to open during the second quarter and will be sufficient to handle our plans for 100+ stores in this market.

Our growth also includes seven store openings in Puerto Rico, a new market for us with great potential. Puerto Rico is a perfect fit for The Children's Place brand given the country's high birthrate, the consumers' appetite for fashion and our strong track record in Hispanic markets in the US.





OUR PEOPLE

Our commitment to attracting, retaining and developing the best talent is an important cornerstone of our business philosophy. We have invested in our future growth by making several significant new hires over the past two years to complement the tremendous strength of our existing team. We are proud to say that our executives have an average of 16 years of retail industry experience and an average of 9 years working together at The Children's Place.

Our 11,000 associates and the passion they bring every day is essential to our success and reflects the culture of our organization. Together we are dedicated to consistently delivering a rewarding customer experience and to making children look and feel good across North America.

THE CHILDREN'S PLACE EXECUTIVE COMMITTEE

(top row, left to right) Neal Goldberg, President; Mario Ciampi, Senior VP – Store Development and Logistics; Glenn Kaufman, VP – Chief Learning Officer; Edward DeMartino, VP – Chief Information Officer; Mark L. Rose, VP – Merchandise Procurement; Steven Balasiano, VP – General Counsel and Secretary; Salvatore W. Pepitone, VP – Distribution; Richard Flaks, VP – Store Planning and Allocation; Seth L. Udasin, VP – Chief Financial Officer and Treasurer; Brian Kleinberg, Senior VP – Marketing; Michael Kule, VP – Asian Operations; Ezra Dabah, Chairman and Chief Executive Officer

(bottom row, left to right) Joanne Vitrano, VP – Controller; Elaine Eisenman, Senior VP – Human Resources and Administration; Amy Hauk, Senior VP – General Merchandise Manager; Marcy Kent, VP – Real Estate Development; Susan Schiller, VP – Store Operations; Nina L. Miner, VP – Design and Trend Development; Jodi Barone, VP – Marketing





INFRASTRUCTURE

We recognize the importance of laying the necessary groundwork to support our growth. The Children's Place continually explores opportunities in which infrastructure advancements can provide a competitive advantage and improve efficiencies.

Continuing this tradition in 2004, we plan to:

- Roll out tiered assortment planning, which will give us greater flexibility to better serve our diverse group of stores
- Develop a supply chain project that will enhance the visibility and functionality of our complex supply chain
- Implement a market optimization tool, to better forecast store sales and minimize cannibalization
- And, install traffic counters in our stores to support our #1 company goal of increasing store productivity



DIRECTORS

Ezra Dabah, Chairman
Malcolm Elvey
Sally Frame Kasaks
John F. Megrue
David Oddi
Stanley Silverstein

OFFICERS

EZRA DABAH
Chairman and Chief Executive Officer

NEAL GOLDBERG
President

MARIO A. CIAMPI
Senior Vice President, Store Development and Logistics

SETH L. UDASIN
Vice President, Chief Financial Officer and Treasurer

STEVEN BALASIANO
Vice President, General Counsel and Secretary

JODI BARONE
Vice President, Marketing

EDWARD DeMARTINO
Vice President, Chief Information Officer

ELAINE EISENMAN
Senior Vice President, Human Resources and Administration

RICHARD FLAKS
Vice President, Store Planning and Allocation

AMY HAUKE
Senior Vice President, General Merchandise Manager

GLENN KAUFMAN
Vice President, Chief Learning Officer

MARCY KENT
Vice President, Real Estate Development

BRIAN KLEINBERG
Senior Vice President, Marketing

MICHAEL KULE
Vice President, Asian Operations

NINA L. MINER
Vice President, Design and Trend Development

SALVATORE W. PEPITONE
Vice President, Distribution

MARK L. ROSE
Vice President, Merchandise Procurement

SUSAN SCHILLER
Vice President, Store Operations

JOANNE VITRANO
Vice President, Controller

CORPORATE OFFICES

The Children's Place
915 Secaucus Road
Secaucus, NJ 07094
201 558 2400

STORE LOCATIONS

Call 1 877 PLACE USA or
visit us @ childrensplace.com

TRANSFER AGENT AND REGISTRAR

American Stock Transfer
New York, NY

CORPORATE COUNSEL

Stroock & Stroock & Lavan LLP
New York, NY

INDEPENDENT AUDITORS

Deloitte & Touche LLP
New York, NY

STOCK EXCHANGE LISTING

NASDAQ National Market
Symbol: PLCE

INVESTOR RELATIONS

Call 201 558 2400 or e-mail
investor_relations@childrensplace.com

ANNUAL MEETING

The Annual Meeting of Stockholders will
be held at 10:00 am on Tuesday, June 15, 2004
at the Company Headquarters,
915 Secaucus Road, Secaucus, NJ 07094.
You are cordially invited to attend.

FORM 10K

A copy of the Company's 2003 Form 10K as filed
with the SEC is enclosed, or may be obtained by calling
or writing Investor Relations at the Corporate Offices.





THE CHILDREN'S
PLACE