



16th Annual ICR XChange Conference

January 13, 2014 | COMPANY OVERVIEW

Safe Harbor Statement

Forward-Looking Statements

This presentation may contain certain forward-looking statements regarding future circumstances, including statements relating to the Company's positioning and forecasts regarding earnings per diluted share from continuing operations. 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 February 2, 2013. 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 the continued weakness in the economy or by other factors such as increases in the cost of gasoline and food, 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 inclusion of any statement in this presentation does not constitute an admission by the Company or any other person that the events or circumstances described in such statement are material.

Agenda

Company Overview

Strategic Initiatives

Operational and Financial Performance

The Fundamentals



- The largest children's specialty apparel retailer in North America
- Strong brand; well-positioned competitively
 - #1 awareness among children's specialty retailers
 - Known for fashion, outfitting, value and convenience
- Strong balance sheet and free cash flow

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Strategic Initiatives

Talent

Product

**Transforming
Business
through
Technology**

**Channel
Expansion**

**Fleet
Optimization**

Operational Excellence

Product:

Trend-Right and Differentiated Assortments

- Strong, consistent product execution
- Differentiated merchandise is resonating with customers
- Head to toe outfitting, including apparel, accessories and footwear



Product: Made-for-Outlet Strategy

Transitioned from an outdated “clearance center” model to more profitable “made for outlet” model

- Made-for-outlet product is 80% of the assortment
- Merchandise margins improving – goal is to have MM parity between Place stores and Outlets



Transforming Business through Technology: Systems

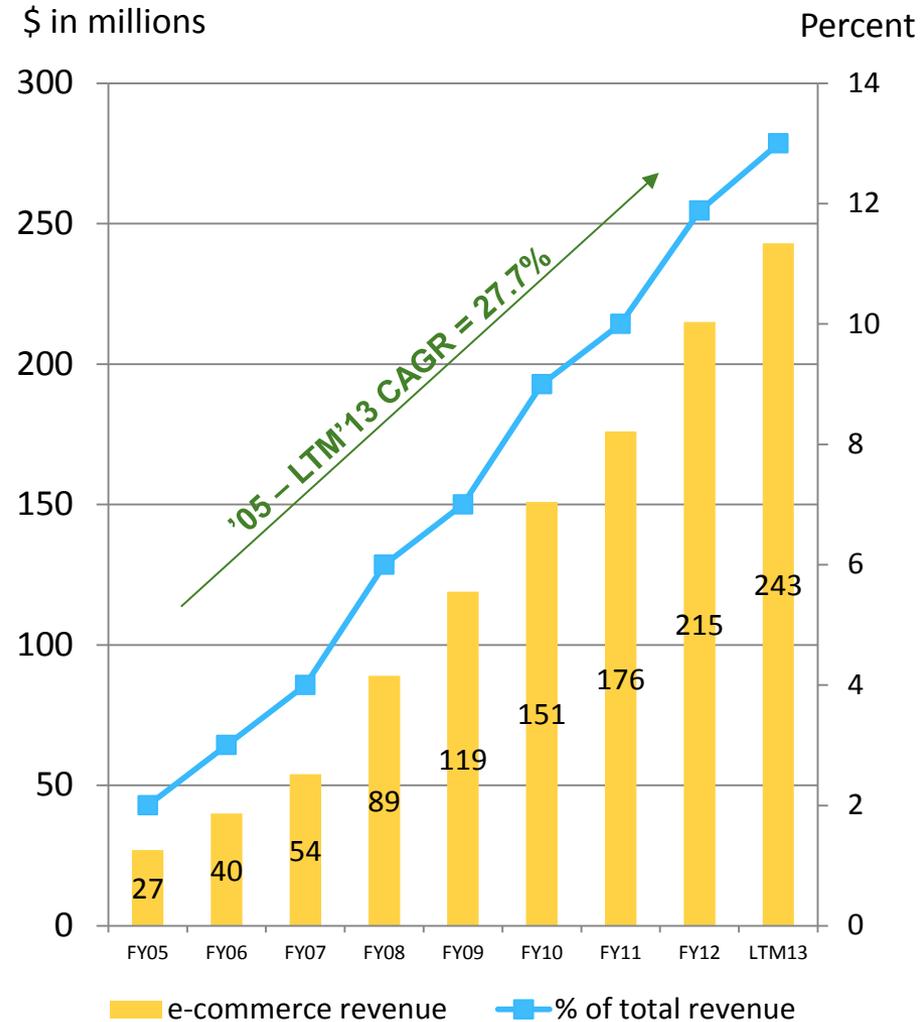
Investing in systems to enhance capabilities and improve operating performance

- 2014
 - Complete installation of SAP core merchandise and pricing modules
 - Launch vendor portal to strengthen supply chain visibility and collaboration
- After implementation of ERP system and vendor portal, we will begin to:
 - Enhance inventory management and omni-channel capabilities
 - More rapidly expand international and wholesale businesses

Transforming Business Through Technology: E-Commerce

Online business growing rapidly

- Accounted for 15% of sales during 3Q2013
- Childrensplace.com offers expanded sizes and exclusive products
- Company's most profitable channel
- Upgrading U.S. and International websites 1H2014

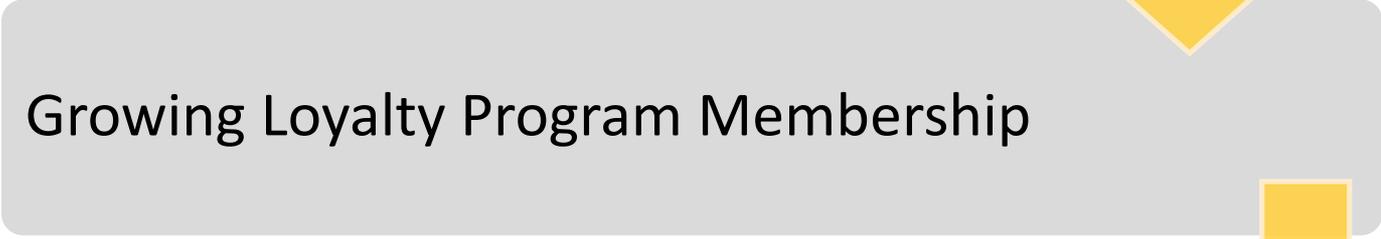


Transforming Business Through Technology: Omni-Channel Capabilities

Focus on Digital Communications



Growing Loyalty Program Membership



Enhancing Customer Relationship
Management Capabilities (CRM)



Leader in Children's Social Media Space



Channel Expansion: International and Wholesale

International Expansion

- 2013: On-track to have 35 stores in the Middle East
- 2014: Expect to have 65-70 stores in Middle East, Israel, Egypt and the C.I.S. Region
- 2015 and Beyond: Exploring additional markets

Wholesale Business

- 2013: Expanded U.S. customer base
- 2014: Expanding into Canada; In discussions with additional potential North American partners

These new channels are expected to increase in scale and help drive sales and operating margin growth

Fleet Optimization: North America

Focused on improving fleet productivity and 4-wall profitability

- Closing 110+ underperforming stores over next 3 years; 43 in FY13
- Slowing new store openings to 25-30 annually in North America; square footage ~flat
- Increasing hurdle rates for new stores

Fleet Facts

1,123 stores in N. America

- 88% in US
- 12% in Canada

Brand performs well across variety of formats

- 54% Premium Malls
- 22% Value Centers & Small Markets
- 12% Outlets
- 12% Street/Strip/Other

Operational Excellence

- Optimize global supply chain
 - Strategic sourcing
 - Logistics and distribution
- Company-wide expense management
- Improving store operations and customer experience
- Professional, strategic staff support
 - Finance, Legal, Human Resources, Compliance/Regulatory

**Strong base to support other
strategic initiatives**

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Long Term Operating Margin Expansion

Key Focus: Generate steady increases in operating margin

Revenue Growth Drivers

- Slightly positive comp sales from merchandise improvements, fleet refinements, rapid e-commerce growth, new system capabilities
- Incremental revenue from international and wholesale

Margin Expansion Opportunity

- Merch margin: Supply chain optimization and outlet strategy
- Gross margin: Outsized growth in e-commerce, fleet enhancements, improved inventory management
- Operating margin: International and wholesale businesses

SG&A Flat-to-Slightly Leverage As % of Sales

- Stringent focus on cost control
- Leverage fixed expense

Year-to-Date Financial Results (Q1-Q3)

YTD 2013/12/11 Income Statement Summary			
	YTD'13	YTD'12	YTD'11
Adj EPS	\$2.30	\$2.23	\$1.98
<i>% Chg</i>	+3%	+13%	+13%
Net Sales	\$1,298.3	\$1,300.3	\$1,258.4
<i>% Chg</i>	0%	+3%	+3%
Adj Gross Margin	37.9%	38.7%	39.5%
<i>Deleverage/Leverage</i>	-80 bps	-80 bps	+50 bps
Adj SG&A % of Sales	28.1%	28.5%	28.3%
<i>Leverage/Deleverage</i>	+40 bps	-20 bps	-90 bps
Adj Operating Margin	6.1%	6.2%	6.7%
<i>Deleverage</i>	-10 bps	-50 bps	-20 bps

Source: Company filings and press releases. Figures in millions of USD (except EPS). First three quarters ended November 2, 2013, October 27, 2012, October 29, 2011.

Note: Adj measures are non-GAAP and exclude transactions that are not indicative of the performance of the core business. A reconciliation of GAAP and non-GAAP measures is provided in the Company's third quarter 2013 earnings release which is available at <http://investor.childrensplace.com>

Company Outlook

Company Guidance as of 11/26/13

	4Q 2013	FY 2013
Adj EPS	\$0.90 to \$0.98	\$3.20 to \$3.28
Comp Sales	Negative LSD	Negative LSD
Adj Gross Margin	Deleverage 20 to 60 bps	Deleverage 50 to 70 bps
Adj SG&A % of Sales	Approximately flat	Leverage 20 to 40 bps

Strong Balance Sheet and Cash Flow

- \$194 million on balance sheet to fund growth opportunities
- Returning excess cash to shareholders through share repurchase program

Fiscal 2013	\$ millions
Beginning Cash (3Q'12)	\$203
LTM Cash Flow from Operations	161
LTM Capital Expenditures	(76)
Share Repurchase Program	(96)
Other	2
Ending Cash and Short Term Investments (3Q'13)	\$194

Source: Company filings and press releases.

Wrap-Up

- Strong leadership team in place
- Strategic initiatives underway to drive growth
- Strong balance sheet and cash flow
- Committed to delivering sustainable, profitable growth



THE CHILDREN'S
PLACE