

Childrens Place, Inc.  
Form PREC14A  
April 13, 2015

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A  
(Rule 14a-101)**

**Information Required in Proxy Statement**

**Schedule 14A Information**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**The Children's Place, Inc.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

April \_\_, 2015

Dear Fellow Stockholder:

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

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

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

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

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

Very truly yours,

Norman Matthews  
Chairman of the Board

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

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

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April \_\_\_\_, 2015

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

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

1. To elect three Class III members of the Board of Directors to serve for a two-year term;
  2. To ratify the selection of BDO USA, LLP, as the Company's independent registered public accounting firm for fiscal 2015;
  3. To conduct an advisory vote to approve the compensation of the Company's named executive officers ( Say on Pay ); and
  4. To consider and act upon such other business as may properly come before the Annual Meeting.
- Stockholders of record at the close of business on April 10, 2015 are entitled to vote at the Annual Meeting.

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

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

**YOUR VOTE IS IMPORTANT**

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

By order of the Board of Directors,

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

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

**MACKENZIE PARTNERS, INC.**

105 Madison Avenue  
New York, New York 10016  
(212) 929-5500 (Call Collect)

or

**Call Toll-Free (800) 322-2885**

Email: [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com)

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## PROXY STATEMENT

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

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

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

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

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

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

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

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

105 Madison Avenue

New York, New York 10016

(212) 929-5500 (Call Collect)

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or

**Call Toll-Free (800) 322-2885**

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## PROXY SUMMARY

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

### ***2014 Performance Highlights***

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

*Stockholder Value.* Our stock price increased 13.8% and our TSR was in the 80<sup>th</sup> percentile of our Peer Group in fiscal 2014. For more information on our Peer Group, see Executive Compensation Compensation Discussion and Analysis Peer Group. Additionally, our 2-year TSR was in the 6<sup>th</sup> percentile, an increase of 46 percentile points over fiscal 2013. We believe that the significant improvement in TSR over the past two years is largely attributable to the Company's execution against our strategic initiatives which focus on product, business transformation through technology, channel expansion, store fleet optimization and digital growth. Overlaying these initiatives is our focus on management talent and underlying these initiatives is the achievement of operational excellence.

*Positive Comp. Sales.* We recorded positive comparable retail sales for fiscal 2014 compared to fiscal 2013.

*E-Commerce Growth.* We grew e-commerce sales by approximately 14% in fiscal 2014, resulting in an 18.5% five-year compound annual growth rate (CAGR), and adding to the 35 consecutive fiscal quarters of double digit growth in e-commerce sales.

*Return of Capital.* We repurchased approximately \$75 million of our shares of common stock in fiscal 2014, resulting in the purchase of \$410 million of our common stock over the past five fiscal years. We commenced the payment of quarterly cash dividends in fiscal 2014 and increased our dividend payment in the first fiscal quarter of 2015 by over 13%.

*Strategic Initiatives Progress.* We took significant steps forward with our strategic initiatives:

- Ø Global growth through channel expansion Added two international franchise partners in Latin America and India, bringing the total number of international franchise partners to five since we launched our international initiative in 2012. We successfully opened the first The Children's Place stores in Israel and Panama, bringing the total number of international franchise stores open at fiscal year end to 72. We also added five new wholesale customers at fiscal year-end.
- Ø Business transformation through technology Took significant steps forward with our technology and systems initiatives to transform our interactions with our customers to provide a seamless retail experience, and to transform our inventory management, planning, allocation, global sourcing, and global logistics and distribution functions.
- Ø Optimization of our store fleet Continued to optimize our North American store fleet by employing a disciplined analysis concerning opening and closing stores.

### ***Executive Compensation Program***

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



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

Important features of our executive compensation program include:

84% of our CEO's total compensation in fiscal 2014 was performance-based.

CEO total compensation in fiscal 2014 was in-line with our Peer Group's CEOs, ranking in the 52nd percentile when compared to 2013 Peer Group CEO median total compensation, at target.

We made important changes to our executive compensation program to further strengthen the link between pay and performance:

- Ø Redesigned our long-term incentive plan (LTIP) to introduce the use of performance metrics (including a TSR modifier) for performance-based equity awards made to members of our management, including our CEO in fiscal 2015, which differ from the metric used for our annual bonus plan.
- Ø Redesigned our LTIP to use a three-year cliff vesting performance period for performance-based equity awards made to members of management, including our CEO in 2015.

### ***Corporate Governance***

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

Declassification of our Board of Directors.

Elimination of single-trigger equity vesting on a going forward basis upon a change in control.

Elimination of all excise tax and other tax gross-ups, other than in connection with standard relocation expenses.

Enhanced stock ownership guidelines for our CEO and other senior executives.

Separation of the roles of our CEO and Chairman of the Board.

Annual Board and director performance evaluations.

Prohibition on hedging and pledging arrangements in our common stock.

Clawback of incentive compensation under certain circumstances, including restatement of financial statements.

### **QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

#### ***Why did I receive these proxy materials?***

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

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

Proposal 1: Election of three Class III directors;

Proposal 2: Ratification of selection of independent registered public accounting firm; and

Proposal 3: Advisory vote to approve the compensation of the named executive officers.

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

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

***Can I access the proxy materials on the internet?***

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

***Who is entitled to vote at the Annual Meeting?***

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

***How can I vote my shares?***

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

***How do I vote my shares by proxy?***

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

**Vote by Mail**

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

**Vote by Internet**

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

**Vote by Telephone**

If you reside in the United States, Canada or Puerto Rico, you can also vote your shares by telephone by calling the toll-free number provided on the voting web site ([www.voteproxy.com](http://www.voteproxy.com)) and on the proxy card. Telephone voting is available 24 hours a day, seven days a week, until 11:59 p.m. (Eastern Time) on Thursday, May 21, 2015.

Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly

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

***How do I vote at the Annual Meeting?***

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

***How do I change my vote?***

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

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

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

***What is a quorum?***

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

***What is a broker non-vote ?***

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

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



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

***What vote is required to approve each of the proposals?***

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

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

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

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

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

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

**FOR** the election of three Class III directors nominated herein;

**FOR** the proposal to ratify the selection of BDO USA, LLP as independent auditors for the fiscal year ending January 30, 2016; and

**FOR** the advisory approval of the compensation of our named executive officers.

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

***What are the recommendations of the Board?***

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

**FOR** the election of three Class III directors nominated herein,

**FOR** the proposal to ratify the selection of BDO USA, LLP as independent auditors for the fiscal year ending January 30, 2016, and

**FOR** the advisory approval of the compensation of our named executive officers.



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

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

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

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

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

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

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

*What is the effect of an ABSTAIN vote?*

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

*Confidential Voting*

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

*Who will pay for the costs of this proxy solicitation?*

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We pay the cost of soliciting proxies for the Annual Meeting. Proxies may be solicited in person by our employees, or by mail, courier, telephone, facsimile or e-mail. In addition, we have retained MacKenzie Partners, Inc. (“MacKenzie”) to perform proxy solicitation services for us, involving conducting bank/broker search, distributing proxy solicitation materials to stockholders, providing information to

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

***What should I do if I have other questions?***

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

**BACKGROUND TO SOLICITATION**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



and to continue to recommend the slate of nominees previously disclosed by the Company and disclosed in this proxy statement. On April 13, 2015, the Company issued a press release announcing the Board's decision.

## GOVERNANCE OF THE COMPANY

### The Company's Corporate Governance Commitment

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

### *Board Independence, Experience and Diversity*

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

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

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

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

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

### *Established Policies Guide Governance and Business Integrity*

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

**Corporate Governance Guidelines.** The Company's Corporate Governance Guidelines reflect the Board's views and Company policy regarding significant corporate governance issues. As

part of its ongoing review of best practices in corporate governance, the Board periodically updates the guidelines. The Board believes the guidelines reflect best practices. The guidelines are available on the Company's web site at <http://www.childrensplace.com> under the Corporate Governance tab in the section entitled Investor Relations.

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

***Board Focused on Key Business Prio***