Childrens Place, Inc.
Form 10-K
March 26, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10 K
(Mark One)

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

For the fifty-two weeks ended January 31, 2015

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

For the transition period from to
Commission file number 0 23071
THE CHILDREN'S PLACE, INC.
(Exact name of registrant as specified in its charter)

Delaware	31 1241495
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
500 Plaza Drive Secaucus, New Jersey	07094
(Address of Principal Executive Offices)	(Zip Code)

(201) 558 2400
(Registrant's Telephone Number, Including Area Code)
Securities registered pursuant to Section 12(b) of the Act: Common Stock, $0.10 par value
Name of each exchange on which registered: Nasdaq Global Select Market
Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10 K or any amendment to this Form 10 K. o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” ”accelerated filer,” and “smaller reporting company” in Rule 12b 2 of the Exchange Act. (Check one):

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

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

The aggregate market value of common stock held by non-affiliates was $901,938,730 at the close of business on August 2, 2014 (the last business day of the registrant's fiscal 2014 second fiscal quarter) based on the closing price of the common stock as reported on the Nasdaq Global Select Market. For purposes of this disclosure, shares of common stock held by persons who hold more than 10% of the outstanding shares of common stock and shares held by executive officers and directors of the registrant have been excluded because such persons may be deemed affiliates. This determination of executive officer or affiliate status is not necessarily a conclusive determination for other purposes.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: Common Stock, par value $0.10 per share, outstanding at March 24, 2015: 20,847,863.

Documents Incorporated by Reference: Portions of The Children's Place, Inc. Definitive Proxy Statement for its Annual Meeting of Stockholders to be held on May 22, 2015 are incorporated by reference into Part III.

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THE CHILDREN'S PLACE, INC. AND SUBSIDIARIES

ANNUAL REPORT ON FORM 10-K
FOR THE FIFTY-TWO WEEKS ENDED JANUARY 31, 2015
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SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

The Business section and other parts of this Annual Report on Form 10-K may contain certain forward-looking statements regarding future circumstances. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” and similar terms. These forward-looking statements are based upon current expectations and assumptions of The Children's Place, Inc. (the “Company”) and are subject to various risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements including, but not limited to, those discussed in the subsection entitled “Risk Factors” under Part I, Item 1A of this Annual Report on Form 10-K. Actual results, events, and performance may differ significantly from the results discussed in the forward-looking statements. Readers of this Annual Report on Form 10-K are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. 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 Annual Report on Form 10-K does not constitute an admission by the Company or any other person that the events or circumstances described in such statement are material.

The following discussion should be read in conjunction with the Company's audited financial statements and notes thereto included elsewhere in this Annual Report on Form 10 K.

PART I

ITEM 1.-BUSINESS

As used in this Annual Report on Form 10-K, references to the “Company”, “The Children's Place”, “we”, “us”, “our” and similar terms refer to The Children's Place, Inc. and its subsidiaries. Our fiscal year ends on the Saturday on or nearest to January 31. Other terms that are commonly used in this Annual Report on Form 10-K are defined as follows:

- Fiscal 2014 - The fifty-two weeks ended January 31, 2015
- Fiscal 2013 - The fifty-two weeks ended February 1, 2014
- Fiscal 2012 - The fifty-three weeks ended February 2, 2013
- Fiscal 2015 - Our next fiscal year representing the fifty-two weeks ending January 30, 2016
- GAAP - Generally Accepted Accounting Principles
- Comparable Retail Sales — Net sales, in constant currency, from stores that have been open for at least 14 consecutive months and from our e-commerce store, excluding postage and handling fees. Store closures in the current fiscal year will be excluded from comparable retail sales beginning in the fiscal quarter in which management commits to closure. Stores that temporarily close for non- substantial remodeling will be excluded from comparable retail sales for only the period that they were closed. A store is considered substantially remodeled if it has been relocated or materially changed in size and will be excluded from comparable retail sales for at least 14 months beginning in the period in which the relocation occurred.
- SEC - U.S. Securities and Exchange Commission
- FASB- Financial Accounting Standards Board
- FASB ASC - FASB Accounting Standards Codification, which serves as the source for authoritative U.S. GAAP, except that rules and interpretive releases by the SEC are also sources of authoritative U.S. GAAP for SEC registrants
- CCPSA - Canadian Consumer Product Safety Commission
- CPSA - U.S. Consumer Product Safety Act
- CPSC - U.S. Consumer Products Safety Commission
- CPSIA - U.S. Consumer Product Safety Improvement Act of 2008

General

The Children's Place, Inc. is the largest pure-play children's specialty apparel retailer in North America. We sell apparel, accessories, footwear and other items for children in sizes 0-14. We design, contract to manufacture, and license to sell fashionable, high-quality, value-priced merchandise, the substantial majority of which is under the proprietary “The Children's Place”, "Place" and "Baby Place" brand names. Our stores offer a friendly and convenient shopping environment. The Children's Place has differentiated departments and serves the wardrobe needs of Girls and Boys (sizes 4-14), Baby Girls and Boys (sizes 12 mos.-5T) and Newborn (sizes 0-18 mos.). Stores are visually merchandised to appeal to each age and gender

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segment. Our merchandise is also available online at www.childrensplace.com. Our customers are able to shop online, at their convenience, including from their mobile devices, and receive the same high quality, value-priced merchandise and customer service that are available in our physical stores.

The Children's Place was founded in 1969. The Company became publicly traded on the Nasdaq Global Select Market in 1997. As of January 31, 2015, we operated 1,097 stores throughout North America as well as our online store. During Fiscal 2014, we opened 25 stores compared to 53 in Fiscal 2013, and we closed 35 stores in Fiscal 2014, compared to 41 in Fiscal 2013. Also in Fiscal 2014, we continued to expand into international markets through territorial agreements with franchisees, and in our wholesale business, we added five new accounts and will continue to add accounts and expand categories and distribution to our customers.

Jane Elfers, our President and Chief Executive Officer, has established four key strategic initiatives that we are executing to improve sales and margin, as follows:

1. Product - Product will always be our number one priority. We continue to significantly differentiate and upgrade the look of our merchandise, which has resonated well with our customers. In addition to apparel, we offer a full line of accessories and footwear and other items so busy moms can quickly and easily put together head-to-toe outfits that look great and are affordable.
2. Transforming the Business through Technology - Through developing our Business Transformation Office and identifying other dedicated resources, we are committed to transforming our systems. During Fiscal 2014, we launched our core merchandising and pricing modules for our ERP system, successfully implemented a global sourcing portal, implemented a sophisticated assortment planning tool and began the implementation of a sophisticated inventory allocation and replenishment tool, implemented an upgrade to our e-commerce website permitting advanced functionality and capabilities, and enhancement of customer relationship management capabilities with a focus on customer segmentation. These implementations will set the foundation to enable us to significantly enhance our global sourcing and inventory allocation and management and omni-channel capabilities.
3. Channel Expansion - We are pursuing new channels of distribution, including international expansion and wholesale distribution. We continued our international store expansion program with our franchise partners opening 37 additional stores during Fiscal 2014, including 25 in Israel and one store in Panama, bringing our total international franchise store count to 72. During Fiscal 2014, we announced a new franchise agreement with Grupo David to expand into Latin America and the Caribbean and opened our first store in the third quarter of Fiscal 2014. We also announced a new franchise agreement with Arvind Lifestyle Brand Limited to open stores in India, with the first store opening slated for mid-2015. In our wholesale business, we added five accounts and expanded categories of merchandise available for distribution to our customers during Fiscal 2014.
4. Fleet Optimization - As part of our store fleet optimization initiative, we now plan to close approximately 200 underperforming stores through fiscal 2017, which includes the 41 stores we closed in 2013 along with the 35 stores we closed in 2014. Our recently completed customer segmentation analysis helps us to better understand customer shopping habits at the store level in order to draw further insights into what an ideal store portfolio should be in the long-term for the Company. The fleet optimization initiative aims to improve store productivity and focus on sales transfers to nearby stores or to our e-commerce business.

Underlying these growth initiatives is a commitment to operational excellence. The Company is in the process of optimizing our global supply chain to ensure we are able to source high quality value merchandise, and distribute it quickly and efficiently to each channel. These key supply chain initiatives, coupled with disciplined expense management, improving store operations, and our Finance, Compliance, Legal and Human Resources areas, form the strong base necessary to support our long-term growth initiatives.

Segment Reporting

In accordance with the “Segment Reporting” topic of the FASB ASC, we report segment data based on geography: The Children’s Place U.S. and The Children’s Place International. Each segment includes an e-commerce business located at www.childrensplace.com. Included in The Children’s Place U.S. segment are our U.S. and Puerto Rico based stores and revenue from our U.S. wholesale partners. Included in The Children's Place International segment are our

Canadian based stores, revenue from the Company's Canada wholesale partner, as well as revenue from international franchisees. We measure our segment profitability based on operating income, defined as income before interest and taxes. Net sales and direct costs are recorded by each segment. Certain inventory procurement functions such as production and design as well as corporate overhead, including executive management, finance, real estate, human resources, legal, and information technology services are managed by The Children’s Place U.S. segment. Expenses related to these functions, including depreciation and amortization, are allocated to The Children’s Place International segment based primarily on net sales. The assets related to

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these functions are not allocated. We periodically review these allocations and adjust them based upon changes in business circumstances. Net sales to external customers are derived from merchandise sales and we have no major customers that account for more than 10% of our net sales. The following tables show by segment our net sales and operating income for the past three fiscal years, and total assets as of January 31, 2015 and February 1, 2014 (in thousands):

	Fiscal Year Ended		
	January 31, 2015	February 1, 2014	February 2, 2013
Net sales:			
The Children's Place U.S.	$1,528,762	$1,528,276	$1,557,549
The Children's Place International (1)	232,562	237,513	251,937
Total net sales	$1,761,324	$1,765,789	$1,809,486

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

	Fiscal Year Ended		
	January 31, 2015	February 1, 2014	February 2, 2013
Operating income:			
The Children's Place U.S.	$63,586	$60,267	$68,346
The Children's Place International	16,457	16,016	21,369
Total operating income	$80,043	$76,283	$89,715
Operating income as a percent of net sales:			
The Children's Place U.S.	4.2 %	3.9 %	4.4 %
The Children's Place International	7.1 %	6.7 %	8.5 %
Total operating income as a percent of net sales	4.5 %	4.3 %	5.0 %

	January 31, 2015	February 1, 2014
Total assets:		
The Children's Place U.S.	$805,462	$824,893
The Children's Place International	153,156	165,737
Total assets	$958,618	$990,630

See Note 13 of the Notes to our Consolidated Financial Statements for further segment financial data.

All foreign net sales are in The Children's Place International segment while certain foreign expenses related to our buying operations are allocated between the two segments. Our foreign subsidiaries, primarily in Canada, have operating results based in foreign currencies and are thus subject to the fluctuations of the corresponding translation rates into U.S. dollars.

Key Capabilities

Our objective is to deliver high-quality, value-priced, trend-right assortments for children sizes 0-14. Our assortment offers one stop shopping across apparel, footwear, accessories and other items for children. Our strategies to achieve this objective are as follows:

Merchandising Strategy

Our merchandising strategy is to offer a compelling assortment of apparel, footwear, accessories and other items for children that enable our customer to outfit their child. We strive to ensure that our assortments are modern and colorful, are balanced by category and lifestyle, and are fun and easy to put together. We build our deliveries by season and flow new product to our stores monthly. Each delivery includes fashion merchandise, key items and basics.

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High Quality/Value Pricing

We believe that offering high-quality, trend-right, age-appropriate merchandise under “The Children's Place”, "Place" and "Baby Place" brand names at value prices is our competitive advantage. We design and merchandise our branded apparel, footwear, accessories and other items to offer a compelling value to our customers.

Brand Image

We focus on strengthening our brand image and customer loyalty for “The Children's Place” by:

- Consistently offering high-quality and age-appropriate products and trend-right fashion at value prices in a friendly and convenient shopping environment;
- Providing coordinated outfits and accessories for our customers' lifestyle needs;
- Creating strong merchandising and visual presentations to create a compelling in-store experience;
- Emphasizing our great value and fashion in marketing visuals to convey a consistent brand message across all channels;
- Segmenting and leveraging our customer database to frequently communicate with our customers and tailor promotions to maximize customer satisfaction;
- Using our Loyalty Rewards Program to drive customer engagement; and
- Providing exclusive assortments in our e-commerce and outlet channels to further expand the breadth of our offerings and brand recognition.

Low-Cost Global Sourcing

We control the substantial majority of the design, sourcing and production of The Children's Place branded products. We believe that this control is essential to assuring the consistency and quality of our merchandise, as well as our ability to deliver value to our customers. We are strengthening relationships with our most important vendors. Through these relationships and our extensive knowledge of low cost sourcing on a global scale, we are able to offer our customers high-quality products at value prices. We maintain a network of sourcing offices globally in order to communicate with our vendors efficiently and respond to changing business needs effectively. Our sourcing offices in Hong Kong and Shanghai have allowed us substantial access to the Chinese market, giving us access to a wide range of vendors. Our sourcing offices in India, Bangladesh and Vietnam allow us to maintain and/or reduce our current merchandise costs by capitalizing on new sourcing opportunities while maintaining our control over product quality and social responsibility.

Merchandising Process

The strong collaboration between our cross functional teams in design, merchandising, sourcing and planning and allocation departments have enabled us to build and grow our brand. Cross functional teams are aligned by department.

Design

The Design team gathers information from trends, color services, international and domestic shopping trips, and trade shows. Findings and concepts are presented to the Merchandising team to initiate the cross functional building of a seasonal assortment.

Merchandising

Each quarter we develop seasonal strategies for each department and for each category within the department. The cross functional teams review prior season results and set the strategies in place for the future season. Merchandising builds a roadmap of our style needs based on historical information with the Design team's input. The Design and Merchandising teams work collaboratively throughout the sketch and sample reviews to ensure we are developing the appropriate balance of fashion and key items within the line.

Planning and Allocation

The Planning and Allocation organization works collaboratively with the Merchandising, Finance and Sourcing teams to develop annual and seasonal sales and margin plans to support our financial objectives and merchandising strategies. These plans are developed with consideration of our channels to ensure that we are maximizing key programs each season. Further, this team plans the flow of inventory to ensure that we are adequately supporting floor sets and key promotional periods. Special attention is paid to our store types, as they differ in capacity and layout. All allocation methods incorporate visual presentations as well as inventory levels and sales trends.

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Production, Quality Assurance and Social Compliance

During Fiscal 2014, we engaged approximately 105 independent vendors located primarily in Greater Asia. Raw materials used by these vendors are subject to price fluctuations due to global market factors. We continue to pursue global sourcing opportunities to support our inventory needs and to seek to control merchandise costs.

We do not own or operate any manufacturing facilities and depend on independent third parties to manufacture all of our merchandise. Increases in manufacturing costs negatively impact our business, and we seek to carefully manage the risks of operational difficulties posed by contract manufacturers, including the availability of adequate manufacturing capacity, errors in complying with our product specifications, insufficient quality control processes, failures to meet production deadlines, worker and environmental safety concerns, and political and social instability in certain regions.

During Fiscal 2014, we purchased approximately 88% of our total merchandise directly without the aid of third party commissioned buying agents. We do maintain agency agreements with commissioned independent agents who assist in sourcing and pre-production approval, oversee production, provide quality inspection and ensure timely delivery of merchandise. We will continue to evaluate our use of commissioned buying agents, and only use these commissioned agents for the sourcing of select product categories where we lack either technical competency in our own sourcing offices or when product volume is not sufficient to justify expanding our capabilities. The large majority of our sourcing volume will continue to be managed through our own independent sourcing offices in China, Hong Kong, India, Bangladesh and Vietnam.

During Fiscal 2014, we sourced approximately 34% of our total goods from China, approximately 20% from Bangladesh, approximately 15% from Vietnam and approximately 8% from Indonesia. We did not source more than 6% from any other country or region.

We do not accept finished goods until each purchase order receives formal certification of compliance from our own quality assurance associates, agents or appointed third party inspectors. Our product testing programs meet the testing protocols adopted under the CPSIA.

In addition to our quality control procedures, we administer a social compliance program designed to promote compliance with local legal regulations, as well as industry-standard ethical and socially responsible business practices. This program is comprised of four components as follows:

- Vendor Code of Conduct - By formally acknowledging and agreeing to our code of conduct, our vendors affirm their commitment to integrate our compliance standards into their manufacturing and sourcing practices. These standards cover the areas of child labor, involuntary or forced labor, slavery and human-trafficking, coercion/harassment, discrimination, health and safety, compensation, working hours, freedom of association, environment, subcontracting, security practices and undue influence of independent testing laboratories.
- Ongoing Monitoring Program - We administer a corporate monitoring program staffed by our internal social compliance team and/or professional third party auditors who visit factory locations at least once a year on average to assess the working conditions and other production characteristics in all factories that manufacture The Children's Place products. All factories that are approved for The Children’s Place production must undergo a social compliance audit prior to any orders being placed and at least once annually thereafter.
- Corrective Action Plans - Following each social compliance audit, a corrective action plan outlines findings from the factory visit for each of the areas covered by our standards, a remediation plan for any violations found (if applicable), as well as a follow-up audit timeframe. If violations are not remediated in accordance with the remediation plan, we reserve the right to cease using that factory or vendor.
- Ongoing Training and Seminars - We continually conduct training programs and seminars to communicate with our internal and external partners regarding the requirements of our program. Additionally, our social compliance team attends third party seminars, industry courses and training in the Corporate Social Responsibility area.

We require all entities that produce or manufacture The Children's Place merchandise to undergo a social compliance audit and demonstrate compliance with the requirements of our Vendor Code of Conduct. By requiring our manufacturers and suppliers to participate in our social compliance program, we seek to monitor factories to ensure that they operate using safe and humane working conditions. Additionally, under our social compliance program we monitor changes in local laws and other conditions (e.g., worker safety, workers' right to association and political instability) in the countries from which we source in order to identify and assess potential risks to our sourcing capabilities prior to placing orders.

Company Stores

The following section highlights various store information for The Children's Place operated stores as of January 31, 2015.

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Existing Stores

As of January 31, 2015, we operated a total of 1,097 The Children's Place stores in the United States, Canada and Puerto Rico, most of which are clustered in and around major metropolitan areas, and our internet store at www.childrensplace.com. We have 674 stores located in malls, 244 in strip centers, 135 in outlet centers and 44 street stores. The following table sets forth the number of stores in each U.S. state, Puerto Rico and each Canadian province as of the current and prior fiscal year end:

Location	Number of Stores January 31, 2015	Number of Stores February 1, 2014
United States & Puerto Rico		
Alabama	15	17
Arizona	19	21
Arkansas	8	8
California	93	93
Colorado	14	14
Connecticut	13	16
Delaware	3	3
District of Columbia	1	1
Florida	39	40
Georgia	31	31
Hawaii	2	4
Idaho	4	4
Illinois	39	41
Indiana	19	20
Iowa	10	10
Kansas	6	6
Kentucky	15	13
Louisiana	16	17
Maine	5	5
Maryland	23	24
Massachusetts	24	26
Michigan	19	18
Minnesota	13	13
Mississippi	14	14
Missouri	18	18
Montana	2	3
Nebraska	5	4
New Hampshire	6	7
New Jersey	46	48
New Mexico	6	5
New York	85	81
Nevada	8	7
United States & Puerto Rico (continued)		
North Carolina	28	25
North Dakota	4	4
Ohio	33	33
Oklahoma	8	8
Oregon	8	9
Pennsylvania	43	45
Rhode Island	3	3
South Carolina	16	15
South Dakota	2	2
Tennessee	21	20
Texas	91	91
Utah	13	13
Vermont	1	1
Virginia	24	23
Washington	13	15
West Virginia	6	6
Wisconsin	13	13
Wyoming	2	1
Puerto Rico	13	15
Total United States & Puerto Rico	963	974
Canada		
Alberta	19	19
British Columbia	17	17
Manitoba	4	4
New Brunswick	3	3
Nova Scotia	4	4
Ontario	56	55
Prince Edward Island	1	1
Quebec	26	26
Saskatchewan	3	3
Newfoundland and Labrador	1	1
Total Canada	134	133
Total Stores	1,097	1,107

Store Concepts

At The Children's Place, our store concepts consist of “Tech^2”, “Apple-Maple”, “Technicolor” and “Outlet” formats, as follows:

Tech^2 - This store format has the brand aesthetics of a Technicolor store format with the functionality of an Apple-Maple store format. Our Tech^2 store format creates an open, brightly lit environment for customers. Tech^2 features crisp white floor-wall fixtures to ensure the product is the focal point, using color to brand and create shop identifiers. Stores using our Tech^2 store format cost us approximately 35% less to build than our Technicolor store format. The average store is approximately 4,100 square feet and as of January 31, 2015, approximately 44% of our stores used this concept. We intend to use this format for new stores for the foreseeable future.

Technicolor - This store format uses color to brand and create shop identity, but is more expensive to design, build, maintain and staff than stores using the Tech^2 format. The average store using the Technicolor format is approximately 4,900 square feet and as of January 31, 2015, approximately 21% of our stores were of this concept.

Apple-Maple - This store format features light wood floors, fixtures and trim, and is brightly lit, featuring floor-to-ceiling glass windows that are open and inviting. A customized grid system throughout the store formats perimeter displays featured merchandise, marketing photographs and promotions. The average store size using this format is approximately 4,200 square feet and as of January 31, 2015, approximately 23% of our stores were of this concept.

Outlet - The average outlet store size using this format is approximately 7,100 square feet. As of January 31, 2015, approximately 12% of our stores were in this format. Our outlet stores are strategically placed within each market to provide a discount value alternative, including an assortment of “made for outlet” merchandise.

Fleet Optimization

As part of our store fleet optimization initiative, we now plan to close approximately 200 underperforming stores through fiscal 2017, which includes the 35 stores closed during Fiscal 2014 and the 41 stores closed during Fiscal 2013. The stores selected for closure underperformed the fleet average and do not meet our hurdle rates and other criteria. Our recently completed customer segmentation analysis helps us to better understand customer shopping habits at the store level in order to draw further insights into what an ideal store portfolio should be in the long-term for our Company. The fleet optimization initiative aims to improve store productivity and focus on sales transfers to nearby stores or to our e-commerce business.

We continuously review the performance of our store fleet. We base our decisions to open, close or remodel stores on a variety of factors, including lease terms, landlord negotiations, market dynamics and projected financial performance. When assessing whether to close a store, we also consider remaining lease life and current financial performance.

Internet Sales (“e-commerce”)

Our U.S. and International segments each include an e-commerce business located at www.childrensplace.com and e-commerce growth remains one of our top strategic priorities. Over the past five years, e-commerce net sales have grown over 85%, from approximately $151.2 million in the fiscal year ended January 29, 2011 to approximately $279.8 million in Fiscal 2014, and now accounts for approximately 16% of our total net sales. We expect our e-commerce business to continue to grow in Fiscal 2015.

We are committed to delivering a world class, end-to-end user experience to our customers from product assortment and website design to operations, fulfillment and customer service. We are further committed to delivering these experiences to our customers when, where and how they are looking to access the brand, accounting for cross-channel behavior, growth of mobile devices, and the growing interest in our brand from international audiences. As such, we will continue to make required investments in back-end infrastructure, as well as front-end technology to deliver on this commitment. We believe that the critical investments made over the past year in areas such as e-commerce infrastructure and mobile optimization as well as additional front-end website features have improved our customers' experience.

International Franchises and Wholesale

We continued our international store expansion program with our franchise partners opening 37 additional stores during Fiscal 2014, including 25 in Israel and one store in Panama, bringing our total international franchise store count to 72. During Fiscal 2014, we announced a new franchise agreement with Grupo David to expand into Latin America and the Caribbean and opened our first store in the third quarter of Fiscal 2014. We also announced a new franchise agreement with Arvind Lifestyle Brand Limited to open stores in India, with the first store opening slated for mid-2015. We generate revenues from our franchisees from the sale of products, sales royalties and/or territory fees.

In our wholesale business, we added five accounts and expanded categories of merchandise available for distribution to our customers during Fiscal 2014.

Store Operations

The Children's Place U.S. store operations are organized into eight regions. We employ two U.S. Zone Vice Presidents, one U.S. Outlet Vice President and one Canadian Vice President who oversee our operations and to whom regional managers report. A regional manager oversees a region and has between seven and 10 district managers reporting to them. Each district manager is responsible for nine to 16 stores. Our stores are staffed by a store management team and sales associates, with additional part-time associates hired to support seasonal needs. Our store management teams spend a high percentage of their time on the store's selling floor providing direction, motivation, and development to store personnel. To maximize selling productivity, our teams emphasize greeting, replenishment, presentation standards, procedures and controls. In order to motivate our store management, we offer a monthly incentive compensation plan that awards bonuses for achieving certain financial goals.

Seasonality

Our business is subject to seasonal influences, with heavier concentrations of sales during the back-to-school and holiday seasons. Our first fiscal quarter results are dependent upon sales during the period leading up to the Easter holiday, third fiscal quarter results are dependent upon back-to-school sales, and our fourth fiscal quarter results are dependent upon sales during the holiday season. The business is also subject to seasonal shifts due to unseasonable weather conditions. The following table shows the quarterly distribution, as a percentage of the full year, of net sales and operating income (loss):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Quarterly net sales as a percentage of full year				
Fiscal 2014	23.3 %	21.8 %	27.7 %	27.2 %
Fiscal 2013	24.0 %	21.7 %	27.9 %	26.5 %
Quarterly operating income (loss) as a percentage of full year				
Fiscal 2014	25.1 %	(20.6)%	69.8 %	25.8 %
Fiscal 2013	37.2 %	(46.7)%	80.7 %	28.7 %

Table may not add due to rounding.

For more information regarding the seasonality of our business, refer to Item 7.-Management's Discussion and Analysis of Financial Condition and Results of Operations-Quarterly Results and Seasonality.

Marketing

The Children's Place is a well recognized brand, with the number one unaided awareness of any children's specialty brand, a strong fashion offering and a compelling value proposition. We attempt to build on our brand recognition through a multi-channel marketing campaign that aligns store front windows, in-store marketing, internet marketing, and our customer loyalty program. Our direct marketing program utilizes both off and on-line channels.

We promote customer loyalty through a loyalty rewards program called MyPLACE Rewards. At the end of Fiscal 2014, our MyPLACE Rewards loyalty program had 7.3 million members who accounted for approximately 72% of sales. We also promote customer loyalty through our private label credit card. Our card is issued to our customers for use exclusively at The Children's Place stores and online at www.childrensplace.com, and credit is extended to such customers through a third-party financial institution on a non-recourse basis to us. Approximately 10% of our net sales during Fiscal 2014 were paid for with our private label credit card.

Our marketing programs are aligned with one another and planned by geography and channel to ensure consistency and relevance. We promote affinity and loyalty through our marketing programs by utilizing specialized incentive programs. We also use our marketing programs to facilitate communications with our customers by delivering coupons and promotional materials.

Distribution

In the United States we own and operate a 700,000 square foot distribution center in Alabama which supports both U.S. retail store operations and U.S. e-commerce operations. In Canada we operate a 95,000 square foot distribution center in Ontario for our Canadian retail store operations. We also use a third-party provider to support our Canadian e-commerce operations. On occasion, we may utilize additional facilities to support seasonal warehousing needs. We also use a third-party provider in Malaysia to support our international franchise business.

Previously we operated distribution centers in Ontario, California (the "West Coast DC") and in Dayton, New Jersey ("Northeast DC"). During Fiscal 2012, our management approved a plan to exit the West Coast DC and move the operations to our distribution center in Fort Payne, Alabama (the "Southeast DC"). We ceased operations at the West

Coast DC in the second quarter Fiscal 2012. The lease of the West Coast DC expires in March 2016 and we have subleased this facility through March 2016.

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During Fiscal 2012, our management approved a plan to close our Northeast DC and move the operations to our Southeast DC. We ceased operations in the Northeast DC during the fourth quarter of Fiscal 2012. The lease of our Northeast DC expires in January 2021 and we have subleased this facility through January 2021.
See Note 1 of the Notes to our Consolidated Financial Statements for further detail on exit costs related to our West Coast DC and Northeast DC.

Competition

The children's apparel, footwear and accessories retail markets are highly competitive. Our primary competitors are specialty stores and mass merchandisers including Target Corporation, GapKids, babyGap and Old Navy (each of which is a division of The Gap, Inc.), The Gymboree Corporation, Justice (a division of The Ascena Retail Group, Inc.), Carter's, Inc., J.C. Penney Company, Inc., Kohl's Corporation and other department stores, as well as other discount stores such as Walmart Stores, Inc. We also compete with regional retail chains, catalog companies and Internet retailers. One or more of our competitors are present in substantially all of the areas in which we have stores.

Trademarks and Service Marks

"The Children's Place," "babyPLACE," "Place," "The Place" and certain other marks have been registered as trademarks and/or service marks with the United States Patent and Trademark Office and in Canada. The registration of the trademarks and the service marks may be renewed to extend the original registration period indefinitely, provided the marks are still in use. We intend to continue to use and protect our trademarks and service marks and maintain their registrations. We have also registered our trademarks in other countries where we source our products and where we have established and anticipate establishing franchising operations. We believe our trademarks and service marks have received broad recognition and are of significant value to our business.

Government Regulation

We are subject to extensive federal, state, provincial and local laws and regulations affecting our business, including product safety, consumer protection, privacy, truth-in-advertising, accessibility, customs, wage and hour laws and regulations, and zoning and occupancy ordinances that regulate retailers generally and/or govern the promotion and sale of merchandise and the operation of retail stores and e-commerce. We also are subject to similar international laws and regulations affecting our business. We believe that we are in material compliance with these laws and regulations.

We are committed to product quality and safety. We focus our efforts to adhere to all applicable laws and regulations affecting our business, including the provisions of the CPSIA, the Federal Hazardous Substances Act, the Flammable Fabrics Act and the Textile Fiber Product Identification Act, the Canada Consumer Product Safety Act, the Canadian Textile Labelling Act, the Canadian Care Labelling Program, and various environmental laws and regulations. Each of our product styles currently covered by the CPSIA and the CCPSA are appropriately tested to meet current standards.

Virtually all of our merchandise is manufactured by factories located outside of the United States. These products are imported and are subject to U.S. and Canadian customs laws, which impose tariffs, anti-dumping and countervailing duties on certain imported products, including textiles, apparel, footwear and accessories. We currently are not restricted by any such duties in the operation of our business. In addition, custom duties and tariffs do not comprise a material portion of the cost of our products.

Employees

As of January 31, 2015, we had approximately 16,000 employees, approximately 1,500 of whom were based at our corporate offices and distribution centers, approximately 2,400 of whom were full-time store employees and approximately 12,100 of whom were part-time and seasonal store employees. None of our employees are covered by a collective bargaining agreement. We believe we maintain good employee relations.

Internet Access to Reports

We are a public company and are subject to the disclosure requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Accordingly, we file periodic reports, proxy statements and other information with the

SEC. Such reports, proxy statements and other information may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Room 1580, Washington, D.C. 20549 or by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding us and other issuers that file electronically.
Our website address is www.childrensplace.com. We make available without charge, through our website, copies of our Proxy Statement, Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and

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amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after such reports are filed with or furnished to the SEC. References in this document to our website are not and should not be considered part of this Annual Report on Form 10-K, and the information on our website is not incorporated by reference into this Annual Report on Form 10-K.

We also make available our corporate governance materials, including our corporate governance guidelines and our code of business conduct, on our website. If we make any substantive amendments to our code of business conduct or grant any waiver, including any implicit waiver, from a provision of the code for the benefit of our Chief Executive Officer and President, our Chief Operating Officer and our Chief Financial Officer we will disclose the nature of such amendment or waiver on that website or in a Current Report on Form 8-K.

Item 1A. RISK FACTORS

Investors in the Company should consider the following risk factors as well as the other information contained herein:

We may suffer adverse business consequences if we are unable to anticipate and respond to merchandise trends, marketing and promotional trends or customer shopping patterns.

The apparel industry is subject to rapidly changing fashion trends and shifting consumer preferences. Our success depends in part on the ability of our design and merchandising team to anticipate and respond to these changes. Our design, manufacturing and distribution process generally takes up to one year, during which time fashion trends and consumer preferences may further change.

In addition, marketing technology is evolving rapidly. We market our brand through various means, including customer research, email, direct mailings, advertising, promotional events, and in-store signage. Our ability to deliver a high customer experience that retains our current customer base and acquires new customers is dependent on our being able to anticipate new innovations in technology and our ability to use them to increase our brand value.

New technological innovations are also expanding ways that retail customers shop, including in-store, online, using tablets, mobile devices and other means. Our success depends in part on the ability of our merchandising and marketing teams to anticipate and respond to these innovations. Our failure to anticipate, identify or respond to these innovations could adversely affect customer acceptance of our products resulting in lower sales, increased inventory levels and/or lower margins, which could have a material adverse effect on our financial position, results of operations and cash flows.

Changes in our Comparable Retail Sales and/or quarterly results of operations could have a material adverse effect on the market price of our common stock.

Numerous factors affect our Comparable Retail Sales and quarterly results including, among others, unseasonable weather conditions, merchandise assortment, retail prices, fashion trends, mall traffic, number of visits to our e-commerce site, the retail sales environment, calendar shifts of holidays or seasonal periods, birth rate fluctuations, timing of promotional events, macro-economic conditions and our success in executing our business strategies. Unseasonably cold weather over a prolonged period of time and the occurrence of frequent or severe storms adversely affect our sales and therefore our Comparable Retail Sales. The nature of our target customer heightens the effects of bad weather on our sales. Our target customer is a value conscious, lower to middle income mother buying for infants and children based on need rather than based on fashion, trend or impulse. Therefore, for example, our target customer will not purchase warm weather spring clothing during an extended period of unseasonably cold weather occurring in what otherwise should be warmer weather months.

Our Comparable Retail Sales and quarterly results have fluctuated significantly in the past due to the factors cited above, and we anticipate that they will continue to fluctuate in the future, particularly in the current difficult and highly competitive retail environment and continued weak economic conditions affecting our target customer, which may result in declines in consumer spending. The investment community follows Comparable Retail Sales and quarterly results closely and fluctuations in these results, or the failure of our results to meet investor expectations, may have a significant adverse effect on the price of our common stock.

We may not be able to successfully execute our business strategies.

We are continuously seeking new ways to further our brand recognition, develop and implement digital and omni-channel initiatives, expand our channels of distribution and geographical coverage, optimize our North American retail store fleet, and improve our operational processes. Our failure to properly execute our plans, or identify alternative strategies, could have a material adverse effect on our financial position, results of operations and cash flows.

During Fiscal 2015, we plan to drive additional growth and profitability through our international and wholesale distribution channels. Consumer demand, behavior, taste and purchasing trends may differ in international markets and/or in the distribution channels through which our wholesale customers sell products and, as a result, sales of our products may not be successful or meet our expectations, or the margins on those sales may not be in line with those we currently anticipate. We may also face difficulties integrating foreign business operations and/or wholesaling operations with our current sourcing, distribution, information technology systems and other operations. Any of these challenges could hinder our success in new markets or new distribution channels. There can be no assurance that we will successfully complete any planned expansion or that any new business will be profitable or meet our expectations.

During Fiscal 2015, we will continue our store fleet optimization program, which is intended to increase profitability and return on our existing retail store fleet. Currently, it is planned that this program will close approximately 200 underperforming retail stores through fiscal 2017, which include 35 retail stores we closed in Fiscal 2014 and 41 retail stores we closed in Fiscal 2013. Failure to properly identify or measure underperforming retail stores, failure to achieve anticipated sales transfer rates among closed and remaining retail stores in a geographic region, and failure to properly identify and analyze customer segmentation and spending patterns could have a material adverse effect on our financial position, results of operations and cash flows. In addition, pursuant to generally accepted accounting principles, we are required to recognize an impairment charge when circumstances indicate that the carrying value of long-lived assets may not be recoverable. If a determination is made that the asset's carrying value of a long-lived asset is not recoverable over its estimated useful life, the asset is written down to its estimated fair value. We have recognized impairment charges of $11.1 million in Fiscal 2014 and $29.6 million in Fiscal 2013.

Any of the above risks, individually or in aggregation, could negatively impact our financial position, results of operations and cash flows.

A material disruption in, failure of, or inability to upgrade, our information technology systems could materially adversely affect our business, financial position or results of operations and cash flows.
We rely heavily on various information systems to manage our complex operations, including our online business, management of our supply chain, inventory, point-of-sale processing in our stores, gift cards, our private label credit card, and various other processes and transactions. We continue to evaluate and implement upgrades and changes to our IT systems. We are in the process of transforming our business by implementing new computer systems that will enhance our core merchandising, planning and allocation, sourcing, omni-channel capabilities, e-commerce platform and financial and accounting processes, including our implementation of certain planning and allocation, inventory management and pricing business management software which is expected to be completed in Fiscal 2015. Implementing new systems carries substantial risk, including failure to operate as designed, failure to properly integrate with other systems, potential loss of data or information, cost overruns, implementation delays, disruption of operations, failure to implement appropriate security measures, lower customer satisfaction resulting in lost customers or sales, inability to deliver merchandise to our stores, inventory shortages, inventory levels in excess of customer demand, inability to meet the demands of our international franchise partners or our wholesale and retail customers, and the potential inability to meet reporting requirements. In addition, any disruptions or malfunctions affecting our current or new information systems could cause critical information upon which we rely to be delayed, unreliable, corrupted, insufficient or inaccessible. Further, there is no assurance that a successfully implemented system will deliver any anticipated sales or margin improvements or other benefits to us. Risks associated with our information technology systems include:

- risks associated with the failure of our information technology systems due to inadequate system capacity, security breaches, computer viruses, human error, changes in programming, system upgrades or migration of these services to new systems;
- natural disasters or adverse weather conditions;
- disruptions in telephone service or power outages;
- reliance on third parties for computer hardware and software, as well as delivery of merchandise to our customers;
- rapid technology changes; and
- consumer privacy concerns and regulation.

Any of these potential issues, individually or in aggregation, could have a material adverse effect on our business, financial position, results of operations and cash flows.

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We also rely on third-party vendors and outsourcing partners to design, program, implement, maintain and service our existing and planned information systems. Any failures of these vendors to properly deliver their services in a timely fashion or any failure of these vendors to protect our personal or competitively sensitive data or to prevent the authorized access to such data, whether in their possession or through our information systems, could have a material adverse effect on our business, financial position, results of operations and cash flows.

A privacy breach, through a cybersecurity incident or otherwise, or failure to comply with privacy laws could adversely affect our business.

Despite our efforts and technology to secure our computer network, a targeted or random cyber-attack, acts of vandalism, hacking, rogue employees or infection by computer viruses or other malware may bypass our technology and breach our computer network resulting in a material disruption of our computer network and/or a loss of information valuable to our business, including without limitation customer or employee personal information. Any of the above cyber incidents may go undetected for a period of time which could result in materially adverse consequences. Despite our due diligence in selecting and monitoring third party vendors and partners, a similar breach to their computer networks may occur, leading to a material disruption of our computer network and/or a decrease in e-commerce sales and a loss of information valuable to our business, including but not limited to customer or employee personal information. Such a cyber-attack could result in any of the following:

- theft, destruction, loss, misappropriation or release of confidential data, intellectual property or customer information, including personally identifiable information such as credit card information, email addresses, social security numbers, home addresses or health information;
- operational or business delays resulting from the disruption of our computer network and subsequent material clean-up and mitigation costs and activities;
- negative publicity resulting in substantial reputation or brand damage with our customers, partners or industry peers; and
- loss of sales generated through our e-commerce website.

Our systems and procedures are required to meet the Payment Card Industry ("PCI") data security standards, which require periodic audits by independent third parties to assess compliance. Failure to comply with the security requirements or rectify a security issue may result in substantial fines and the imposition of material restrictions on our ability to accept payment by credit or debit cards. There can be no assurance that we will be able to satisfy PCI security standards or to identify security issues in a timely fashion. In addition, PCI is controlled by a limited number of vendors who have the ability to impose changes in PCI's fee structure and operational requirements on us without negotiation. Such changes in fees and operational requirements may result in our failure to comply with PCI security standards, as well as significant unanticipated expenses.

Any of the above risks, individually or in aggregation, could substantially damage our reputation and result in lost sales, fines, and/or lawsuits, which in turn could have a material adverse effect on our financial position, results of operations and cash flows. Although we carry cybersecurity insurance, in the event of a cyber incident, that insurance may not be extensive enough or adequate in amount to cover damages we may incur. Further, a significant breach of federal, state, provincial, local or international privacy laws could have a material adverse effect on our reputation, financial position, results of operations and cash flows.

We regard the protection of our customer, employee, and company data as critical. The regulatory environment surrounding information security and privacy is demanding, with the frequent imposition of new and changing requirements. In addition, customers have a high expectation that we will adequately protect their personal information. Any breach involving this data could cause material harm to our reputation or result in substantial liability, either of which could have a material adverse effect on our financial position, results of operations and cash flows.

Our business could be negatively affected as a result of actions of activist shareholders, and such activism could cause us to incur substantial costs, divert management's attention and resources.

Certain activist shareholders have made, or indicated they will in the future make, strategic proposals, suggestions or requested changes concerning the Company's operations, strategy, management, businesses or other matters. Responding to actions by activist shareholders can be costly and time-consuming, disrupting our operations and diverting the attention of management and our employees. Such activities could interfere with our ability to execute our strategic plan. The perceived uncertainties as to our future direction also could affect the market price and volatility of our common stock. We cannot predict, and no assurances can be given, as to the outcome or timing of any matters relating to the foregoing, and any such

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matters may impact the value of the Company's common stock could have a material adverse effect on our financial position, results of operations and cash flows.

We depend on our relationships with unaffiliated manufacturers, transportation companies, and independent agents. Our inability to maintain relationships with any of these entities, or the failure of any of their businesses, could adversely affect our business and results of operations.

We do not own or operate any manufacturing facilities, and therefore, are dependent upon independent third parties for the manufacture of all of our products. Most of our products are currently manufactured to our specifications, pursuant to purchase orders, by approximately 105 independent manufacturers located primarily in Greater Asia. In Fiscal 2014, we sourced approximately 34% of our total goods from China, approximately 20% from Bangladesh, approximately 15% from Vietnam and approximately 8% from Indonesia. We did not source more than 6% of our total goods from any other country or region. We have no exclusive or long-term contracts with our manufacturers and compete with other companies for manufacturing facilities. We have reduced our reliance on the use of commissioned buying agents, and only use these commissioned agents for the sourcing of select product categories where we lack either technical competency in our own sourcing offices or when product volume is not sufficient to justify expanding our capabilities. Although we believe that we have the in-house capability to more efficiently source certain of our purchases, our inability to do so, or our inability to find adequate sources to support our current needs for merchandise and future growth, could have a material adverse effect on our business, financial position, results of operations and cash flows.

The failure of our third-party manufacturers to adhere to local law in the areas of worker safety (e.g. fire safety and building codes), worker rights of association, and social compliance and health and welfare requirements could result in accidents and practices that cause disruptions or delays in production and/or substantial harm to our reputation, either of which could have a material adverse effect on our business, financial position, results of operations and cash flows.

Our merchandise is shipped directly from manufacturers through third parties to our distribution and fulfillment centers, our stores, our e-commerce customers and our international franchise partners and wholesale customers. Our operating results depend in large part on the orderly, timely and accurate operation of our receiving and distribution process, which depends, in part, on our manufacturers' adherence to shipping schedules and our third party providers' effective management of our domestic and international distribution facilities and capacity. Furthermore, it is possible that events beyond our control, such as political unrest, a terrorist or similar act, military action, strike, weather patterns, natural disaster, continuing government spending cuts or other disruption impacting the countries that we source from, could result in delays in delivery of merchandise to our distribution centers or our stores, international franchise partners and wholesale customers, or the fulfillment of e-commerce orders to our customer, or require us to incur additional costs in air freight to ensure timely delivery. Any such event could have a material adverse effect on our business, financial position, results of operations and cash flows.

If our internal agents, independent agents, principal manufacturers or freight operators experience negative financial consequences, our inability to use or find substitute providers to support our manufacturing and distribution needs in a timely manner could have a material adverse effect on our business, financial position, results of operations and cash flows.

Because we purchase our products internationally, our business is sensitive to risks associated with international business.

Virtually all of our merchandise is purchased from foreign suppliers, including approximately 34% from China, approximately 20% from Bangladesh, approximately 15% from Vietnam and approximately 8% from Indonesia. As a result, we are subject to various risks of doing business in foreign markets and importing merchandise from abroad, such as:

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foreign governmental regulations, including but not limited to changing requirements with regard to product safety, product testing, employment, taxation and language preference in course of dealing;

- the failure of an unaffiliated manufacturer to comply with local laws, including labor laws, health and safety laws or ethical labor practices;
- financial or political instability;
- the rising cost of doing business in particular countries, including China;
- fluctuation of the U.S. dollar against foreign currencies;
- pressure from non-governmental organizations;
- customer acceptance of foreign produced merchandise;
- developing countries with less infrastructure;
- new legislation relating to import quotas or other restrictions that may limit the import of our merchandise;
- imposition of duties, taxes, and other charges on imports;
- significant delays in the delivery of cargo due to port security considerations, political unrest or weather conditions;
- disruption of imports by labor disputes (e.g., including at ports in the U.S.) and local business practices;
- regulations under the United States Foreign Corrupt Practices Act; and

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• increased cost of transportation.

In an attempt to mitigate the above risks within any one country, we maintain relationships with many manufacturers in various countries. In order to maintain and/or reduce the cost of our merchandise, we have reduced and will continue to reduce production in China and have moved and will continue to move production into other developing countries. We cannot predict the effect that this, or the other factors noted above, in another country from which we import products could have on our business. If any of these factors rendered the conduct of business in a particular country undesirable or impractical, or if our current foreign manufacturing sources ceased doing business with us or we cease doing business with them for any reason and we were unable to find alternative sources of supply, we could experience a material adverse effect on our business, negatively impacting our financial position, results of operations and cash flows.

We require our independent manufacturers to operate in compliance with applicable laws and our internal requirements. Our vendor code of conduct promotes ethical business practices and we monitor compliance with them; however we do not control these manufacturers, their labor practices, their health and safety practices, or from where they buy their raw materials. Any violation of labor, health, environmental, safety (eg. fire or building codes) or other laws by any of the independent manufacturers we use or any divergence of an independent manufacturer's labor practices from standards generally accepted as ethical in the United States and Canada could damage our reputation and could have a material adverse effect on our business, negatively impacting our financial position, results of operations and cash flows.

Fluctuations in the prices of raw materials, labor and energy could result in increased product and/or delivery costs.

Increases in the price of raw materials, including cotton, wool and other materials used in the production of fabric and accessories, as well as volatility and increases in labor and energy costs, could result in significant cost increases for our products as well as their distribution to our distribution centers, retail locations, international franchise partners and wholesale and retail customers. To the extent we are unable to offset any such increased costs through value engineering or price increases, such increased costs could have a material adverse effect on our net sales, financial position, results of operations and cash flows.

Our success depends upon the service and capabilities of our management team. Changes in management or in our organizational structure, or inadequate management, could have a material adverse effect on our business.

Over the past few years, we had substantial changes in our management team, including key members of our senior management. While we believe our CEO and President has assembled a strong, experienced senior leadership team that will drive our strategic initiatives, our success is dependent on retaining key individuals within the organization to execute the Company’s strategic plans. Leadership changes can be inherently difficult to manage and may cause disruption to our business or further turnover in our workforce or management team. Senior level management establishes the “tone at the top” by which an environment of ethical values, operating style and management philosophy is fostered. Changes in management, or inadequate management, could lead to an environment that lacks inspiration and/or a lack of commitment by our employees. The inability of our senior management team to maintain an adequate organizational structure and a proper “tone at the top”, or the inability to attract additional qualified managers or other personnel, could have a material adverse effect on our business.

Product liability costs, related claims, and the cost of compliance with consumer product safety laws such as the CPSIA in the U.S. or the CCPSA in Canada or our inability to comply with such laws could have a material adverse effect on our business and reputation.

We are subject to regulation by the CPSC in the U.S., Health Canada in Canada, and similar state, provincial and international regulatory authorities. Although we test the products sold in our stores, on our website, and to our international franchise partners and our wholesale customers, concerns about product safety, including but not limited to concerns about those manufactured in developing countries, may lead us to recall selected products, either voluntarily, or at the direction of a governmental authority, or may lead to a lack of consumer acceptance or loss of consumer trust. Product safety concerns, recalls, defects or errors could result in the rejection of our products by customers, damage to our reputation, lost sales, product liability litigation and increased costs, any or all of which could harm our business and have a material adverse effect on our financial position, results of operations and cash flows.

The cost of compliance with current requirements and any future requirements of the CPSC, Health Canada or other state or international regulatory authorities, consumer product safety laws, including initiatives labeled as “green chemistry” and regulatory testing, certification, packaging, labeling and advertising and reporting requirements, or changes to existing laws could have a material adverse effect on our financial position, results of operations and cash flows. In addition, any failure to comply with such requirements could result in significant penalties, require us to recall products and harm our reputation, any or all of which could have a material adverse effect on our business, reputation, and financial position, results of operations and cash flows.

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Our failure to successfully manage our e-commerce business could have a negative impact on our business.
The successful operation of our e-commerce business depends on our ability to maintain the efficient and uninterrupted operation of our online order-taking and our fulfillment operations, and on our ability to provide a shopping experience that will generate orders and return visits to our site. Risks associated with our e-commerce business include:

- risks associated with the failure of the computer systems that operate our website including, among others, inadequate system capacity, security breaches, computer viruses, human error, changes in programming, system upgrades or migration of these services to new systems;
- disruptions in telephone service or power outages;
- reliance on third parties for computer hardware and software, as well as delivery of merchandise to our customers;
- rapid technology changes;
- credit card fraud;
- the diversion of sales from our physical stores;
- natural disasters or adverse weather conditions;
- changes in applicable federal and state regulations;
- negative reviews on social media;
- liability for online content; and
- consumer privacy concerns and regulation.

Problems in any one or more of these areas could have a material adverse effect on our financial position, results of operations and cash flows, and could damage our reputation and brand.

We have a single distribution center serving the U.S., a single distribution center serving Canada and a single third-party warehouse provider serving the majority of shipments for our international franchise partners. Damage to, or a prolonged interruption of operations at, any of these facilities could have a material adverse effect on our business.

Our U.S. distribution center is located in Fort Payne, Alabama. This facility handles all of our warehousing and store fulfillment activities in the U.S., as well as the fulfillment of all of our e-commerce orders in the U.S. Our Canadian distribution center is located in Mississauga, Ontario, Canada. We also use a third-party provider, also located in Mississauga, to support our Canadian e-commerce operations. These Ontario facilities handle all of our warehousing and store fulfillment activities in Canada. Our international franchise partners receive the majority of shipments of merchandise from our third-party warehouse provider located in Greater Asia. On occasion, we may utilize additional facilities to support our seasonal warehousing needs. Damage to, or prolonged interruption of operations at, any of these facilities due to a work stoppage, weather conditions such as a tornado, hurricane or flood, other natural disaster, or other event could have a material adverse effect on our financial condition, results of operations and cash flows.

We face significant competition in the retail industry, which could impact our ability to compete successfully against existing or future competition.
The children's apparel retail market is highly competitive and we face heightened price and promotional competition. We compete in substantially all of our markets with Target Corporation, GapKids, babyGap and Old Navy (each of which is a division of The Gap, Inc.), The Gymboree Corporation, Justice (a division of The Ascena Retail Group, Inc.), Carter's, Inc., J.C. Penney Company, Inc., Kohl's Corporation and other department stores, as well as other discount stores such as Walmart Stores, Inc. We also compete with a wide variety of specialty stores, other national and regional retail chains, catalog companies and Internet retailers. One or more of our competitors are present in virtually all of the areas in which we have stores. We have observed that Internet retailers operate at a lower cost and

do not incur the geographical limitations suffered by traditional brick and mortar stores, giving Internet retailers a competitive advantage to and imposing significant pricing pressure on brick and mortar stores. In addition, our e-commerce store may divert sales from our brick and mortar stores, cannibalizing sales results at our brick and mortar stores. Many of our competitors are larger than us and have access to significantly greater financial, marketing and other resources than we have. Increased competition, declining birth rates, increased promotional activity and continuing economic pressure on value seeking consumers could also impact our ability to compete successfully. We may not be able to continue to compete successfully against existing or future competition.

We may be unable to protect our trademarks and other intellectual property rights.

We believe that our trademarks and service marks are important to our success and our competitive position due to their name recognition with our customers. We devote substantial resources to the establishment and protection of our trademarks and service marks on a worldwide basis, including in the countries in which we have business operations or plan to have business operations, including through foreign franchise partners. We are not aware of any material claims of infringement or material challenges to our right to use any of our trademarks in the United States or Canada. Nevertheless, the actions we have taken, including to establish and protect our trademarks and service marks, may not be adequate to prevent others from imitating our products or to prevent others from seeking to block sales of our products. Also, others may assert proprietary rights in our intellectual property and we may not be able to successfully resolve these types of conflicts to our satisfaction. In addition, the laws of certain foreign countries may not protect our proprietary rights to the same extent as do the laws of the United States and we may not be successful in attaining our trademarks in foreign countries where we plan to conduct business.

Because certain of our subsidiaries operate outside of the United States, some of our revenues, product costs and other expenses are subject to foreign economic and currency risks.

We have store operations in Canada and buying operations in various locations in Greater Asia, primarily Hong Kong, and we have plans to continue to expand our store operations internationally primarily through franchises.

The currency market has seen significant volatility in the value of the U.S. dollar against other foreign currencies. While our business is primarily conducted in U.S. dollars, we purchase virtually all of our products overseas, and we generate significant revenues in Canada in Canadian dollars. Cost increases caused by currency exchange rate fluctuations could make our products less competitive or have a material adverse effect on our profitability. Currency exchange rate fluctuations could also disrupt the business of the third party manufacturers that produce our products, or franchisees that purchase our products, by making their purchases of raw materials or products more expensive and more difficult to finance.

Approximately 12% of our consolidated net sales and approximately 13% of our total operating expenses are transacted in foreign currencies. Changes in currency exchange rates affect the U.S. dollar value of the Canadian dollar denominated prices at which our Canadian business sells product. As a result, fluctuations in exchange rates impact the amount of our reported sales and expenses, which could have a material adverse effect on our financial position, results of operations and cash flows. Additionally, we have foreign currency denominated receivables and payables that are not hedged against foreign currency fluctuations. When settled, these receivables and payables could result in significant transaction gains or losses.

We depend on generating sufficient cash flows, together with our existing cash balances and availability under our credit facility, to fund our ongoing operations, capital expenditures, debt service requirements and share repurchase program or payment of dividends.

Our ability to fund our ongoing operations, planned capital expenditures, share repurchase programs, payment of dividends and debt service requirements will depend on our ability to generate cash flows. Our cash flows are dependent on many factors, including:

- seasonal fluctuations in our net sales and net income, which typically are lowest in the second fiscal quarter;
- the timing of inventory purchases for upcoming seasons, particularly in the second fiscal quarter as our sales are lowest and we are purchasing merchandise for the back-to-school season;
- vendor, other supplier and agent terms and related conditions, which may be less favorable to us as a smaller company in comparison to larger companies; and
- general business conditions, economic uncertainty or slowdown, including the continuing weakness in the overall economy.

Most of these factors are beyond our control. It is difficult to predict the impact that general economic conditions will continue to have on consumer spending and our financial results. However, we believe that they will continue to result in reduced spending by our target customer, which would reduce our revenues and our cash flows from operating activities from those that otherwise would have been generated. In addition, steps that we may take to limit cash outlays, such as delaying the purchase of inventory, may not be successful or could delay the arrival of merchandise for future selling seasons, which could reduce our net sales or profitability. If we are unable to generate sufficient cash flows, we may not be able to fund our ongoing operations, planned capital expenditures, share repurchase programs, payment of dividends or potential debt service requirements and we may be required to seek additional sources of liquidity.

In addition, at January 31, 2015, approximately $154.7 million, or 89%, of our cash was held in foreign subsidiaries. Because our investments in these foreign subsidiaries are considered permanently reinvested, any repatriation of cash from them would require the accrual and payment of U.S. federal and certain state taxes, which would negatively impact our results of operations and/or the amount of available funds. While we currently have no intention to repatriate cash from these subsidiaries, should the need arise domestically, there is no guarantee that we could do so without material adverse tax consequences. In addition, these funds are subject to foreign currency exchange rate fluctuations, which if these rates should move unfavorably, could cause a material decrease in available funds.

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Negative changes in the economy, such as deterioration in the U.S. and/or global economic environment, and resulting declines in consumer confidence and spending, could continue to have an adverse effect on the apparel industry and on our operating results.

The apparel industry is cyclical in nature and is particularly affected by adverse trends in the general economy. Purchases of apparel and related merchandise are generally discretionary and therefore tend to decline during recessionary and weak economic periods and also may decline at other times. This is particularly true with our target customer who is a value conscious, lower to middle income mother buying for infants and children based on need rather than based on fashion, trend or impulse. Increases in tax rates, declines in real estate values, reduced credit lending by banks, high unemployment levels, increased pressure on value seeking consumers and significant volatility in the global financial markets have negatively impacted the level of consumer spending for discretionary items. This has and continues to adversely affect our business as it is dependent on consumer demand for our products. In North America, we have experienced a decrease in customer traffic, including at shopping malls, and a highly promotional environment. If the global macroeconomic environment continues to be weak or deteriorates further, there will likely be a negative effect on our revenues, operating margins and earnings which could materially adversely affect our financial position, results of operations and cash flows.

In addition to the factors contributing to the current economic environment, there are a number of other factors that could contribute to reduced levels of consumer spending, such as increases in interest rates, fluctuating food, fuel and other energy costs, and increases in tax rates. Similarly, natural disasters, political unrest, actual or potential terrorist acts and other conflicts can also create significant instability and uncertainty in the world, causing consumers to defer purchases or preventing our suppliers and service providers from providing required services or materials to us. These or other factors could materially and adversely affect our financial position, results of operations and cash flows.

Changes in federal, state or local law, or our failure to comply with such laws, could increase our expenses and expose us to legal risks.

Changes in regulatory areas, such as privacy and information security, product safety, consumer credit, healthcare or environmental protection, among others, could cause our expenses to increase. In addition, if we fail to comply with applicable laws and regulations, particularly wage and hour laws, privacy laws or data collection and security laws, we could be subject to legal and reputational risk, including government enforcement action and class action civil litigation, which could have a material adverse effect on our financial position, results of operations and cash flows.

Changes in tax laws, the interpretation of existing laws, or our failure to sustain our reporting positions on examination could adversely affect our effective tax rate and/or subject us to significant penalties and interest.

Our business is subject to a wide array of laws and regulations. Significant legislative or regulatory changes that impact our relationship with our workforce or our customers could increase our expenses and adversely affect our operations. None of our employees are currently represented by a collective bargaining agreement. However, from time to time there have been efforts to organize our employees at various locations. There is no assurance that our employees will not unionize in the future.

If our landlords should suffer financial difficulty or if we are unable to successfully negotiate acceptable lease terms, it could have an adverse effect on our business and results of operations and cash flows.

Currently, approximately 62% of our stores are located in malls, approximately 22% are located in strip centers, approximately 12% are located in outlet centers and approximately 4% are located in street stores. If any of our landlords should suffer financial difficulty, it could render them unable to fulfill their duties under our lease agreements. Such duties include providing a sufficient number of mall co-tenants, common area maintenance, utilities, and payment of real estate taxes. While we have certain remedies under our lease agreements, the loss of business that could result if a shopping center should close or if customer traffic were to significantly decline as a result of lost tenants or improper care of the facilities could have a material adverse effect on our financial position, results of operations and cash flows.

The leases for most of our existing stores are for initial terms of 10 years. If we are unable to continue to negotiate acceptable lease and renewal terms, it could have a material adverse effect on our financial position, results of operations and cash flows.

Tax matters could impact our results of operations and financial condition.

We are subject to income taxes in the United States and foreign jurisdictions, including Canada and Hong Kong. Our provision for income taxes and cash tax liability in the future could be adversely affected by numerous factors including, but not limited to, income before taxes being lower than anticipated in countries with lower statutory tax rates and higher than anticipated in countries with higher statutory tax rates, changes in the valuation of deferred tax assets and liabilities, and

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changes in tax laws, regulations, accounting principles or interpretations thereof, which could adversely impact our results of operations, financial condition and cash flows in future periods. In addition, we are subject to the examination of our income tax returns by the Internal Revenue Service, Revenue Canada and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There can be no assurance that the outcomes from these continuous examinations will not have an adverse effect on our financial position, results of operations and cash flows.

Any disruption in, or changes to, our consumer credit arrangements, including our private label credit card agreement, may adversely affect the ability of our customers to obtain consumer credit.

Credit card operations are subject to numerous federal and state laws that impose disclosure and other requirements upon the origination, servicing and enforcement of credit accounts and limitations on the maximum amount of finance charges that may be charged by a credit provider. Additionally, during periods of increasing consumer credit delinquencies, financial institutions may reexamine their lending practices and procedures. There can be no assurance that the delinquencies being experienced by providers of consumer credit generally would not cause providers of third party credit offered by us to decrease the availability of, or increase the cost of such credit.

Any of the above risks, individually or in aggregation, could have a material adverse effect on the way we conduct business and could negatively impact our financial position, results of operations and cash flows.

Pending legal and regulatory actions are inherent in our business and could adversely affect our results of operations or financial position or harm our businesses or reputation.

We are, and in the future may be, subject to legal and regulatory actions in the ordinary course of our business. Some of these proceedings have been brought on behalf of various alleged classes of complainants. In certain of these matters, the plaintiffs are seeking large and/or indeterminate amounts, including treble, punitive or exemplary damages. Substantial legal liability in these or future legal or regulatory actions could have a material adverse effect on us or cause us reputational harm, which in turn could harm our business prospects.

Our litigation and regulatory matters are subject to many uncertainties, and given their complexity and scope, their outcome cannot be predicted. Our reserves for litigation and regulatory matters may prove to be inadequate. Litigation and regulatory matters could materially adversely affect our results of operations or cash flows. In light of the unpredictability of our litigation and regulatory matters, it is also possible that in certain cases an ultimately unfavorable resolution of one or more pending litigation or regulatory matters could have a material adverse effect on our financial position, results of operations and cash flows.

Legislative actions and new accounting pronouncements could result in us having to increase our administrative expenses to remain compliant.

In order to comply with the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, future accounting guidance or disclosure requirements by the SEC, future guidance that may come from the Public Company Accounting Oversight Board ("PCAOB"), or future changes in listing standards by the Nasdaq Global Select Market, we may be required to enhance our internal controls, hire additional personnel and utilize additional outside legal, accounting and advisory services, all of which could cause our general and administrative expenses to increase.

Changes to existing authoritative guidance and regulations may materially impact our financial statements. The FASB is continuing its convergence efforts with its international counterpart, the International Accounting Standards Board, to converge U.S. and International GAAP into one uniform set of accounting rules. The effect of changing accounting rules on our financial statements could be significant. Changes to our financial position, results of operations or cash flows could impact our debt covenant ratios or a lender's perception of our financial statements causing an adverse impact on our ability to obtain credit, or could impact investor analyses and perceptions of our business causing the market value of our stock to decrease. In addition, any changes in the current accounting rules, including legislative and other proposals, could increase the expenses we report under U.S. GAAP and have a material adverse effect on our financial position, results of operations and cash flows.

Our share price may be volatile.

Our common stock is quoted on the Nasdaq Global Select Market. Stock markets in general have experienced, and are likely to continue to experience, price and volume fluctuations, which could have a material adverse effect on the market price of our common stock without regard to our operating performance. In addition, we believe that factors such as quarterly fluctuations in our financial results, our Comparable Retail Sales results, other risk factors identified here, announcements by other retailers, the overall economy and the geopolitical environment could individually or in aggregation cause the price of our common stock to fluctuate substantially.

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We initiated the payment of a quarterly cash dividend in Fiscal 2014. Future declarations of quarterly cash dividends, and the establishment of future record and payment dates, are at the discretion of our Board of Directors based on a number of factors, including future financial performance, general business and market conditions, and other investment priorities. Any reduction or discontinuance by us of the payment of quarterly cash dividends could cause the market price of our common stock to decline.

Acts of terrorism, effects of war, natural disasters, other catastrophes or political unrest could have a material adverse effect on our business.

The threat or actual acts of terrorism continue to be a risk to the global economy. Terrorism and potential military responses, political unrest, natural disasters, pandemics or other health issues have disrupted and could disrupt commerce, impact our ability to operate our stores in affected areas, impact our ability to import our products from foreign countries or impact our ability to provide critical functions necessary to the operation of our business. A disruption of commerce, or an inability to recover critical functions from such a disruption, could interfere with the production, shipment or receipt of our merchandise in a timely manner or increase our costs to do so, which could have a material adverse impact on our financial position, results of operations and cash flows. In addition, any of the above disruptions could undermine consumer confidence, which could negatively impact consumer spending patterns or customer traffic, and thus have a material adverse impact on our financial position, results of operations and cash flows.

ITEM 1B.-UNRESOLVED STAFF COMMENTS

None.

ITEM 2.-PROPERTIES

We lease all of our existing store locations in the United States, Puerto Rico and Canada, with lease terms expiring through 2025. The average unexpired lease term for our stores is approximately 4.4 years in the United States (including Puerto Rico) and approximately 5.0 years in Canada. The leases for most of our existing stores are for initial terms of 10 years and provide for contingent rent based upon a percentage of sales in excess of specific minimums. We anticipate that we will be able to extend those leases which we wish to extend on satisfactory terms as they expire, or relocate to desirable locations.

The following table sets forth information with respect to our non-store locations as of January 31, 2015:

Location	Use	Approximate Sq. Footage	Current Lease Term Expiration
Fort Payne, AL (1)	Warehouse Distribution Center	700,000	Owned
Ontario, Canada (2)	Warehouse Distribution Center	95,000	4/30/2019
500 Plaza Drive, Secaucus, NJ (3)	Corporate Offices	200,000	5/31/2029
Hong Kong, China (3)	Product Support	28,000	4/30/2015
Shanghai, China (3)	Product Support	2,200	8/10/2016
Gurgaon, India (3)	Product Support	11,000	5/14/2015
Dhaka, Bangladesh (3)	Product Support	5,600	11/30/2015
Ho Chi Minh City, Vietnam (3)	Product Support	2,000	12/31/2016

(1) Supports The Children's Place U.S. stores and e-commerce business.

(2) Supports The Children's Place Canadian stores.

(3) Supports both The Children's Place U.S. stores, our e-commerce business, The Children's Place Canadian stores and our international franchisees.

During the first quarter of Fiscal 2012, our management approved a plan to exit our West Coast DC and move the operations to our Southeast DC. We ceased operations at our West Coast DC in May 2012. The lease of our West Coast DC expires in March 2016 and we have subleased this facility through March 2016.

During the third quarter of Fiscal 2012, our management approved a plan to close our Northeast DC and move the operations to the Company's Southeast DC. We ceased operations in our Northeast DC during the fourth quarter of Fiscal 2012. The lease of our Northeast DC expires in January 2021 and we have subleased this facility through January 2021.

On occasion, we may utilize additional facilities to support seasonal warehousing needs.

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ITEM 3.-LEGAL PROCEEDINGS

We are involved in various legal proceedings arising in the normal course of business. In the opinion of management, any ultimate liability arising out of these proceedings will not have a material effect on our financial position, results of operations or cash flows.

ITEM 4.-MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5.-MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the Nasdaq Global Select Market, or Nasdaq, under the symbol “PLCE.” The following table sets forth the range of high and low sales prices on Nasdaq of our common stock for the fiscal periods indicated.

	High	Low
2014		
First Quarter	$55.10	$47.25
Second Quarter	51.30	45.49
Third Quarter	54.38	47.07
Fourth Quarter	63.65	47.75
2013		
First Quarter	$51.61	$44.51
Second Quarter	57.06	49.29
Third Quarter	58.02	51.40
Fourth Quarter	57.42	51.88

On March 24, 2015, the last reported sale price of our common stock was $63.83 per share, the number of holders of record of our common stock was approximately 60 and the number of beneficial holders of our common stock was approximately 8,200.

The Company's Board of Directors has authorized the following share repurchase programs: (1) $100.0 million on November 26, 2012 (the “2012 Share Repurchase Program”); and (2) $100.0 million on March 3, 2014 (the “2014 Share Repurchase Program”). At January 31, 2015, the 2012 Share Repurchase Program had been completed, and there was approximately $39.8 million remaining on the 2014 Share Repurchase Program. On January 7, 2015, the Board of Directors authorized a $100 million share repurchase program (the "2015 Share Repurchase Program"). Under the 2014 Share Repurchase Program and the 2015 Share Repurchase Program, the Company may repurchase shares in the open market at current market prices at the time of purchase or in privately negotiated transactions. The timing and actual number of shares repurchased under the program will depend on a variety of factors including price, corporate and regulatory requirements, and other market and business conditions. We may suspend or discontinue the program at any time, and may thereafter reinstitute purchases, all without prior announcement.

Additionally, in March 2014, our Board of Directors instituted the payment of a quarterly cash dividend and during Fiscal 2014 we paid cash dividends of $11.5 million. The Board of Directors authorized a quarterly cash dividend of $0.15 per share to be paid on April 30, 2015 to shareholders of record on the close of business on April 9, 2015. Future declarations of quarterly dividends and the establishment of future record and payment dates are subject to approval by the Company’s Board of Directors based on a number of factors, including business and market conditions, the Company’s future financial performance and other investment priorities.

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The following table provides a summary of our cash dividends paid by quarter during Fiscal 2014:

	Fiscal Year Ended January 31, 2015				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Fiscal 2014
Cash dividends declared and paid per common share	$0.1325	$0.1325	$0.1325	$0.1325	$0.53
Cash dividends paid (in thousands)	$2,938	$2,892	$2,854	$2,807	$11,491

Pursuant to restrictions imposed by our equity plan during black-out periods, we withhold and retire shares of vesting stock awards in exchange for payments to satisfy minimum withholding tax requirements. Our payment of the withholding taxes in exchange for the shares constitutes a purchase of our common stock. Also, we acquire shares of our common stock in conjunction with liabilities owed under a deferred compensation plan, which are held in treasury. The following table summarizes our share repurchases (in thousands):

	Fiscal Year Ended			
	January 31, 2015		February 1, 2014	
	Shares	Value	Shares	Value
Share repurchases related to:				
2012 Share buyback program	282	14,671	1,296	65,691
2014 Share buyback program (1)	1,189	60,209	—	—
Withholding taxes	22	1,249	2	139
Shares acquired and held in treasury	2	107	9	456

(1) Subsequent to January 31, 2015 and through March 24, 2015, we repurchased an additional 0.2 million shares for approximately $13.3 million.

The following table provides a month-to-month summary of our share repurchase activity during the 13 weeks ended January 31, 2015:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value (in thousands) of Shares that May Yet Be Purchased Under the Plans or Programs
11/2/14-11/29/14 (1)	108,436	$51.20	106,313	$50,514
11/30/14-1/3/15 (2)	130,239	55.63	130,100	43,277
1/4/14-1/31/15 (3)	56,730	60.68	56,600	39,841
Total	295,405	$54.98	293,013	$39,841

(1) Includes 1,345 shares acquired as treasury stock as directed by participants in the Company's deferred compensation plan and 778 shares withheld to cover taxes in conjunction with the vesting of a stock award.

(2) Includes 139 shares withheld to cover taxes in conjunction with the vesting of a stock award.

(3) Includes 130 shares withheld to cover taxes in conjunction with the vesting of a stock award.

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Equity Plan Compensation Information

On May 20, 2011, our shareholders approved the 2011 Equity Incentive Plan (the "2011 Equity Plan"). Upon adoption of the 2011 Equity Plan, we ceased issuing awards under the 2005 Equity Incentive Plan (together with the 1997 Stock Option Plan, the "Prior Plans"). The following table provides information as of January 31, 2015, about the shares of our Common Stock that may be issued under our equity compensation plans.

Plan Category	COLUMN (A) Securities to be issued upon exercise of outstanding options (1)	COLUMN (B) Weighted average exercise price of outstanding options	COLUMN (C) Securities remaining available for future issuances under equity compensation plans (excluding securities reflected in Column (A)) (2)
Equity Compensation Plans Approved by Security Holders	30,000	$29.05	904,283
Equity Compensation Plans Not Approved by Security Holders	N/A	N/A	N/A
Total	30,000	$29.05	904,283

(1) Amount consists of 30,000 shares issuable under our 2005 Equity Incentive Plan.

(2) Includes shares forfeited or withheld to cover taxes related to awards granted under the Prior Plans, which are available for future issuances under the 2011 Equity Plan.

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Performance Graph

The following graph compares the cumulative stockholder return on our common stock with the return on the CRSP Total Return Index for the NASDAQ Stock Market (US Companies) and CRSP Total Return Index for the NASDAQ Retail Trade. The graph assumes that $100 was invested on January 30, 2010 in each of our common stock, the CRSP Total Return Index for the NASDAQ Stock Market (US Companies) and the CRSP Total Return Index for the NASDAQ Retail Trade.

The table below sets forth the closing price of our Common Stock and the closing indices for the CRSP Total Return Index for the NASDAQ Stock Market (US Companies) and CRSP Total Return Index for the NASDAQ Retail Trade on the last day of each of our last six fiscal years.

	2009	2010	2011	2012	2013	2014
The Children's Place---"PLCE"	31.800	42.270	50.050	49.530	52.670	59.950
CRSP Total Return Index for the NASDAQ Stock Market (US Companies)	579.464	742.933	1,011.628	1,163.278	1,518.350	1,736.188
CRSP Total Return Index for the NASDAQ Retail Trade	463.164	577.479	699.415	827.442	912.911	1,111.523

The table below assumes that $100 was invested on January 30, 2010 in each of our common stock, CRSP Total Return Index for the NASDAQ Stock Market (US Companies) and CRSP Total Return Index for the NASDAQ Retail Trade.

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	2009	2010	2011	2012	2013	2014
The Children's Place---"PLCE"	100.000	132.920	157.390	155.75	165.63	190.42
CRSP Total Return Index for the NASDAQ Stock Market (US Companies)	100.000	126.710	135.890	156.53	204.44	234.68
CRSP Total Return Index for the NASDAQ Retail Trade	100.000	124.670	151.010	178.64	197.07	239.97

ITEM 6.-SELECTED FINANCIAL DATA

We are the largest pure-play children's specialty apparel retailer in North America. As of January 31, 2015, we operated 1,097 The Children's Place stores across North America and an online store at www.childrensplace.com. The following table sets forth certain historical financial and operating data for the Company. The selected consolidated financial information presented below is derived from our audited Consolidated Financial Statements for each of the five years in the period ended January 31, 2015. The information contained in this table should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, and the audited consolidated financial statements and notes thereto included elsewhere herein.

	Fiscal Year Ended (1)				
Statement of Operations Data (in thousands, except per share and square footage data):	January 31, 2015	February 1, 2014	February 2, 2013	January 28, 2012	January 29, 2011
Net sales	$1,761,324	$1,765,789	$1,809,486	$1,715,862	$1,673,999
Cost of sales	1,139,024	1,110,268	1,118,046	1,056,213	1,013,878
Gross profit	622,300	655,521	691,440	659,649	660,121
Selling, general and administrative expenses	470,686	485,653	510,918	477,425	456,558
Asset impairment charges (2)	11,145	29,633	2,284	2,208	2,713
Other costs (income) (3)	(68)	(906)	11,088	—	—
Depreciation and amortization	60,494	64,858	77,435	74,573	71,640
Operating income	80,043	76,283	89,715	105,443	129,210
Interest income (expense), net	(168)	265	(20)	(690)	(1,530)
Income before income taxes	79,875	76,548	89,695	104,753	127,680
Provision for income taxes	22,987	23,522	26,452	30,408	47,920
Net income	56,888	53,026	63,243	74,345	79,760
Diluted income per common share	$2.59	$2.32	$2.61	$2.90	$2.91
Cash dividends declared and paid per common share (4)	$0.53	—	—	—	—
Selected Operating Data for Continuing Operations:					
Number of Company operated stores open at end of period	1,097	1,107	1,095	1,049	995
Comparable retail sales increase (decrease)	0.4%	(2.8)%	2.0%	(2.5)%	(2.5)%
Average net sales per store (5)	$1,316	$1,354	$1,393	$1,492	$1,587
Average square footage per store (6)	4,675	4,704	4,791	4,903	4,943
Average net sales per square foot (7)	$280	$285	$300	$299	$318
Balance Sheet Data (in thousands):					
Working capital (8)	$334,812	$357,971	$353,729	$357,373	$365,736
Total assets	958,618	990,630	923,410	866,252	872,762
Long-term debt	—	—	—	—	—
Stockholders' equity	589,118	616,778	620,949	624,969	626,157

(1) The period ending February 2, 2013 was a 53-week year. All other periods presented were 52-week years.

(2) Asset impairment charges generally relate to the write-off of fixed assets related to underperforming stores. In Fiscal 2013, asset impairment charges also included the write-off of obsolete systems.

(3) Other costs include exit costs associated with the closures of the West Coast DC and Northeast DC in Fiscal 2012 and additional sublease agreements executed in Fiscal 2013.

(4) The Company instituted its quarterly dividend program and paid its first dividend during the first quarter of Fiscal 2014.

(5) Average net sales per store represents net sales from stores open throughout the full period divided by the number of such stores.