

Childrens Place, Inc.  
Form DEF 14A  
March 31, 2015

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

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

**Information Required in Proxy Statement**

**Schedule 14A Information**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

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

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee previously paid with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

April 17, 2015

Dear Fellow Stockholder:

You are cordially invited to attend our Annual Meeting of Stockholders on Friday, May 22, 2015 at 10:00 a.m. at 500 Plaza Drive, Secaucus, New Jersey.

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

This booklet includes the Notice of Annual Meeting and Proxy Statement. The Proxy Statement describes the business we will conduct at the Annual Meeting and provides information about the Company that you should consider when you vote your shares.

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

Very truly yours,

Norman Matthews  
Chairman of the Board

---

April 17, 2015

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

The 2015 Annual Meeting of Stockholders of The Children's Place, Inc. will be held at 500 Plaza Drive, Secaucus, New Jersey on Friday, May 22, 2015, at 10:00 a.m., for the following purposes:

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

**Your vote is important. We encourage you to vote by proxy, even if you plan to attend the Annual Meeting. You may vote your proxy via the internet or by telephone by following the instructions included on your proxy card. You may also vote by mail by signing, dating and returning your proxy card in the envelope provided. Voting now will not limit your right to change your vote or to attend the Annual Meeting.**

By order of the Board of Directors,

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

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

**MACKENZIE PARTNERS, INC.**  
105 Madison Avenue  
New York, New York 10016  
(212) 929-5500 (Call Collect)  
or  
**Call Toll-Free (800) 322-2885**  
Email: [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com)

---

**TABLE OF CONTENTS**

<b><u>PROXY</u></b>	
<b><u>SUMMARY</u></b>	1
<b><u>VOTING</u></b>	
<b><u>PROCEDURES</u></b>	2
<b><u>GOVERNANCE</u></b>	
<b><u>OF THE</u></b>	
<b><u>COMPANY</u></b>	6
<u>The Company's</u>	
<u>Corporate</u>	
<u>Governance</u>	
<u>Commitment</u>	6
<u>The Board of</u>	
<u>Directors</u>	8
<u>Board Nominees</u>	8
<u>Continuing Directors</u>	10
<u>Director</u>	
<u>Independence</u>	12
<u>Board Leadership</u>	
<u>Structure</u>	13
<u>Board Role in Risk</u>	
<u>Oversight</u>	13
<u>Consideration of</u>	
<u>Board Nominees</u>	14
<u>Communications to</u>	
<u>the Board of</u>	
<u>Directors</u>	14
<u>Director Attendance</u>	
<u>at Annual Meetings</u>	14
<u>Committees of the</u>	
<u>Board of Directors</u>	14
<u>Audit Committee</u>	
<u>Report</u>	16
<b><u>EXECUTIVE</u></b>	
<b><u>OFFICERS</u></b>	18
<b><u>EXECUTIVE</u></b>	
<b><u>COMPENSATION</u></b>	20
<u>Compensation</u>	
<u>Discussion and</u>	
<u>Analysis</u>	20
<u>Compensation</u>	
<u>Committee Report</u>	34
<u>Summary</u>	
<u>Compensation Table</u>	35
<u>Grants of Plan-Based</u>	
<u>Awards</u>	38
	40

<u>Outstanding Equity Awards at Fiscal Year-End</u>	
<u>Option Exercises and Stock Vested</u>	43
<u>Deferred Compensation Plan</u>	45
<u>CEO Employment Agreement</u>	45
<u>Offer Letters</u>	47
<u>Change in Control Agreements</u>	48
<u>Severance Guidelines and Severance Agreement</u>	49
<u>Potential Payments Upon Termination or Change in Control</u>	50
<u>Compensation of Directors</u>	52
<b><u>STOCK OWNERSHIP</u></b>	54
<u>Stock Ownership of Directors and Executive Officers</u>	54
<u>Stock Ownership of Certain Beneficial Owners</u>	55
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	56
<u>Certain Relationships and Related Transactions</u>	56

<b><u>PROPOSALS REQUIRING YOUR VOTE</u></b>	57
<u>Proposal 1: Election of Three Class III Directors</u>	57
<u>Proposal 2: Ratification of Selection of Independent Registered Public Accounting Firm</u>	58
<u>Proposal 3: Advisory Vote on Named Executive Officer Compensation ( Say on Pay )</u>	59
<b><u>STOCK PRICE PERFORMANCE GRAPH</u></b>	60
<b><u>OTHER INFORMATION</u></b>	61
<u>Future Stockholder Proposals</u>	61
<u>Nominations for Director</u>	61
<u>Cost and Methods of Soliciting Proxies</u>	61
<u>Available Information</u>	61
<u>Other Business</u>	62

(ii)

---

## PROXY STATEMENT

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

We are mailing a printed copy of this Proxy Statement, a proxy card and the 2015 Annual Report on Form 10-K of the Company to our stockholders beginning on or about April 17, 2015. The 2015 Annual Report on Form 10-K mailed with the Proxy Statement is not part of the proxy-soliciting material.

## PROXY SUMMARY

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

### *2014 Performance Highlights*

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

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

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

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

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

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

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





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

Our executive compensation program is designed to reward our management for delivering results and building sustainable stockholder value. We regularly review our compensation programs and policies to reflect feedback from our stockholders, including from the stockholder outreach activities undertaken by the Chair of our Compensation Committee in January and February of 2015. As part of this outreach, our Compensation Committee Chair contacted institutional stockholders holding over 70% of our common stock. This resulted in meetings or conversations with stockholders holding almost 40% of our common stock. Additional stockholders responded to our Compensation Committee Chair's outreach by indicating that they did not need to have a conversation given the discussions they had with the Chair during earlier outreach activities.

Important features of our executive compensation program include:

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

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

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

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

Ø Redesigned our LTIP to use a three-year cliff vesting performance period for performance-based equity awards made to members of management, including our CEO in 2015.

### ***Corporate Governance***

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

Declassification of our Board of Directors.

Elimination of single-trigger equity vesting upon a change in control.

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

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

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

Annual Board and director performance evaluations.

Prohibition on hedging and pledging arrangements in our common stock.

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

### **VOTING PROCEDURES**

#### ***Who Can Vote***

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

### ***How to Vote***

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

### ***Voting by Proxy***

Because many stockholders cannot attend the Annual Meeting in person, it is necessary that a large number of stockholders be represented by proxy. You may vote your proxy by mail, using the internet or by telephone, each as more fully explained below. In each case, we will vote your shares as you direct. When you vote your proxy, you can specify whether you wish to vote for or against or abstain from voting on each nominee for Class III Director, the ratification of the selection of BDO USA, LLP as the Company's independent registered public accounting firm for fiscal 2015, and the approval of the compensation for the Company's named executive officers on an advisory basis ( Say on Pay ).

If any other matters are properly presented for consideration at the Annual Meeting, the persons named on the voting web site and your proxy card as the Proxy Committee (the Proxy Committee ) will have discretion to vote for you on those matters. At the time this Proxy Statement was printed, we knew of no other matters to be raised at the Annual Meeting. Attending the Annual Meeting alone will not be deemed to revoke your proxy.

#### **Vote by Mail**

You can vote your shares by completing and mailing the enclosed proxy card to us so that we receive it before 11:59 p.m. (Eastern Time) on Thursday, May 21, 2015. If you sign and return your proxy card but do not specify how to vote, we will vote your shares in favor of the ratification of the selection of the independent registered public accounting firm.

#### **Vote by Internet**

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

#### **Vote by Telephone**

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

Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. Our telephone voting procedures are designed to authenticate stockholders through individual control numbers. **If you received a proxy card in the mail and choose to vote by telephone, you do not need to return your proxy card.**

### ***Voting at the Annual Meeting***

If you wish to vote at the Annual Meeting, written ballots will be available from the ushers present at the annual meeting. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the Annual Meeting. Voting by proxy, whether by mail, using the internet or by telephone, will not limit your right to vote at the Annual Meeting if you decide to attend in person. However, if you vote by proxy and also attend the Annual Meeting, there is no need to vote again at the Annual Meeting unless you wish to change your vote.



### ***Revocation of Proxies***

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

### ***Quorum***

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

### ***Broker Non-Votes***

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

### ***Street Name Stockholders***

If you are beneficial owner whose shares are held by a broker, your broker has discretionary voting authority under New York Stock Exchange rules to vote your shares for the ratification of BDO USA, LLP, even if your broker does not receive voting instructions from you. However, your broker does not have discretionary authority to vote on any of the other matters to be voted on at the Annual Meeting without instructions from you, in which case a broker non-vote will occur. It is important that you instruct your broker on how to vote your shares.

### ***Stockholders of Record***

If you are a registered stockholder and do not vote by Internet or telephone, or return your voted proxy card, your shares will not be voted. If you submit your proxy card with an unclear voting designation or no voting designation at all, your shares will be voted for the ratification of BDO USA, LLP, but not on any of the other proposals.

### ***Required Vote***

*Proposal 1: Election of Three Class III Directors.* Each of the three nominees for Class III Director who receives at least a majority of the votes cast at the Annual Meeting, either in person or by proxy, will be elected. Votes cast include votes for or against each nominee and exclude abstentions and withheld authority. This means that if you abstain from voting or withhold authority to vote for a particular nominee, your vote will not count for or against the nominee. As more fully described in *Majority Voting in Director Elections* below, any nominee in this election who does not receive a majority of the votes cast must promptly offer to tender his resignation to the Board. The Nominating and Corporate Governance Committee will then consider the resignation and make a recommendation to the Board. As discussed above, if you hold your shares in your name and you submit your proxy card with an unclear voting designation or no voting designation at all, the Proxy Committee will not vote your shares on this proposal. Also, as discussed above, if your broker holds your shares, your broker is not entitled to vote your shares on this

proposal without your instructions.

*Proposal 2: Ratification of Selection of Independent Registered Public Accounting Firm.* The affirmative vote of a majority of the votes cast at the Annual Meeting, either in person or by proxy,

is required to ratify the selection of the independent registered public accounting firm. This means that if you abstain from voting on this proposal, your vote will not count for or against this proposal. When voting your proxy, the Proxy Committee will vote for this proposal unless you instruct otherwise. As discussed above, if you hold your shares in your name and you submit your proxy card with an unclear voting designation or no voting designation at all, the Proxy Committee will vote your shares in favor of this proposal. Also as discussed above, if your broker holds your shares, the broker is entitled to vote your shares in favor of this proposal.

*Proposal 3: Advisory Vote on Named Executive Officer Compensation ( Say on Pay ).* The affirmative vote of a majority of the votes cast at the Annual Meeting, either in person or by proxy, is required to approve the advisory vote on named executive officer compensation. This means that if you abstain from voting on this proposal, your vote will not count for or against this proposal. As discussed above, if you hold your shares in your name and you submit your proxy card with an unclear voting designation or no voting designation at all, the Proxy Committee will not vote your shares on this proposal. Also, as discussed above, if your broker holds your shares, your broker is not entitled to vote your shares on this proposal without your instructions.

*Proposal 4: Other Matters As May Properly Come Before the Annual Meeting.* For any other matter that may properly come before the Annual Meeting, the affirmative vote of a majority of the votes cast at the Annual Meeting, either in person or by proxy, and entitled to vote on the proposal, is required for adoption of the proposed resolution. This means that if you abstain from voting on a stockholder proposal, your vote will not count for or against the proposal. As discussed above, if you hold your shares in your name and you submit your proxy card with an unclear voting designation or no voting designation at all, the Proxy Committee will not vote your shares on any other matter that properly comes before the Annual Meeting. Also, as discussed above, if your broker holds your shares, your broker is not entitled to vote your shares on any other matter that properly comes before the Annual Meeting.

### ***Confidential Voting***

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

### ***Majority Voting in Director Elections***

Under the Company's Charter, in an uncontested election for directors (*i.e.*, an election where there are the same number of nominees as seats on the Board up for election), directors must be elected by a majority of the votes cast at the Annual Meeting. A majority of votes cast is defined to mean that the number of shares voted for a director's election exceeds 50% of the total number of votes cast for and against the election of the nominee.

If a nominee for director who is an incumbent director is not re-elected by a majority of the votes cast as set forth above, and no successor has been elected at the Annual Meeting, the Company's Corporate Governance Guidelines require the director to promptly offer to tender his or her resignation to the Board.

The Nominating and Corporate Governance Committee will then make a recommendation to the Board as to whether to accept or reject the tendered resignation or to take other action. The Board will act on the tendered resignation, taking into account the Committee's recommendation, and will publicly disclose its decision and rationale within 90 days from the date of certification of the election results. The Committee, in making its recommendation, and the Board, in making its decision, may each consider any factors or other information that it considers appropriate or relevant. The director who tenders his or her resignation shall not participate in the recommendation of the Committee or the decision of the Board with respect to the acceptance or rejection of his or her resignation.





If a director's resignation is accepted by the Board, or if a nominee who is not an incumbent director is not elected, then the Board in its discretion may determine either to fill such vacancy or to reduce the size of the Board.

In contested elections, where there are more nominees than seats on the Board up for election, directors are elected by a plurality vote. This means that the nominees who receive the most votes of all the votes cast for directors will be elected.

## GOVERNANCE OF THE COMPANY

### **The Company's Corporate Governance Commitment**

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

#### *Board Independence, Experience and Diversity*

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

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

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

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

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

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

**Charters for Board Committees.** Each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee has a committee charter developed under the leadership of its committee chair. The committee charters describe the purpose,

responsibilities, structure and operations of each committee. The Audit Committee charter and the Compensation Committee charter reflect the authority and responsibilities of the committees under the corporate governance rules of the SEC and the Nasdaq Stock Market. The committee charters are available on the Company's web site at <http://www.childrensplace.com> under the Corporate Governance tab in the section entitled Investor Relations. **Corporate Governance Guidelines.** The Company's Corporate Governance Guidelines reflect the Board's views and Company policy regarding significant corporate governance issues. As part of its ongoing review of best practices in corporate governance, the Board periodically updates the guidelines. The Board believes the guidelines reflect best practices. The guidelines are available on the Company's web site at <http://www.childrensplace.com> under the Corporate Governance tab in the section entitled Investor Relations.

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

#### ***Board Focused on Key Business Priorities***

**Oversight Role of Board.** The Board plays a major role in overseeing the Company's business strategy. It reviews the Company's strategic and annual plans, conducts periodic offsite retreats with senior management, and receives detailed briefings throughout the year on critical aspects of the implementation of the strategic and annual plans. These include performance reviews, presentations regarding development initiatives and reports from specific disciplines such as finance, design, merchandising, store operations, planning and allocation, supply chain, real estate, information technology, human resources and legal.

#### ***Direct Access to Management***

**Management Participation at Board Meetings.** Topics are presented to the Board by the members of management who are most knowledgeable about the issue at hand. An open and informal environment allows dialogue to develop between directors and management, which often produces new ideas and areas of focus.

**Direct Access to Management.** The Board's direct access to management continues outside the boardroom during discussions with corporate officers and other employees. Directors are invited to contact senior executives directly with questions and suggestions.

#### ***Ensuring Management Accountability***

**Performance-Based Compensation.** The Company has linked the pay of its executives and managers directly to the Company's performance. As described in greater detail under the heading Executive Compensation - Compensation Discussion and Analysis below, the Compensation Committee adheres to this pay-for-performance philosophy, and performance-based incentives (cash and equity) comprise a significant component of management's overall compensation.

**CEO Evaluation Process.** The Board's evaluation of the CEO is an annual process. As part of the overall evaluation process, Board members meet and speak informally with the CEO to give and seek feedback on a regular basis.

#### ***Board Practices Promote Effective Oversight***

**Board Size.** Designed to maximize board effectiveness, the Corporate Governance Guidelines provide that the Board will periodically evaluate whether a larger or smaller board would be preferable based on the Company's circumstances.

**Directorship Limits.** To devote sufficient time to properly discharge their duties, the Corporate Governance Guidelines provide that, without Board approval, (i) directors should not serve on more than five other public company boards, (ii) directors who also serve as CEOs or in equivalent positions of other companies should not serve on more than one other public company board in addition to their employer's board and the Company's Board, and (iii) the Company's CEO should not serve on more than one other public company board in addition to the Company's Board.

***Continuous Improvement through Evaluation***

**Board Self-Evaluation Process.** Each year, the Board evaluates its performance against criteria that it has determined are important to its success. The Board then considers the results of the evaluation and identifies steps to enhance its performance.

**Board Committee Evaluations.** Self-evaluations of the Board's committees are also conducted annually. The results of these evaluations are reviewed with the Board, and, as necessary, enhancements are agreed for each committee.

**Individual Director Evaluations.** Complementing the Board and committee self-evaluations, the Board has also developed an individual director evaluation process. Using director effectiveness criteria selected following a review of external best practices, directors evaluate their peers and the resulting feedback is shared with individual directors. The process enables the directors to provide valuable feedback to one another and identifies areas of strength and areas of focus for enhanced effectiveness.

**The Board of Directors**

The Board oversees the business, assets, affairs, performance and financial integrity of the Company. In accordance with the Company's long-standing practice, the Board is fully independent, other than Jane Elfers, who is the President and Chief Executive Officer of the Company. At the end of fiscal 2014, the Board had eight directors, with seven independent directors and one employee director, the Chief Executive Officer.

During fiscal 2014, the Board met six times, and the independent directors met regularly in executive session without Ms. Elfers present. All members of the Board attended all meetings of the Board.

At the Company's annual meeting of stockholders held in 2014, our stockholders adopted and approved an amendment to our Amended and Restated Certificate of Incorporation to declassify our Board of Directors. The declassification of our Board will be phased in commencing with this Annual Meeting, and will result in the Board being fully declassified (and all Board members standing for annual elections) commencing with the 2017 annual meeting of stockholders.

The table below summarizes the implementation of the declassification of our Board pursuant to the amendment:

<b>Annual Meeting Year</b>	<b>Length of Term for Directors Elected</b>	<b>Year that Term Would Expire</b>
2015	Two years	2017
2016	One year	2017
2017 and thereafter	Annual election	One year later

**Board Nominees**

The Company's Corporate Governance Guidelines outline the characteristics expected of all directors, including independence, integrity, high personal and professional ethics, sound business judgment and the ability and willingness to commit sufficient time to the Board. The Nominating and Corporate Governance Committee annually

reviews the individual skills and characteristics of the directors, as well as the composition of the Board as a whole.

In evaluating the suitability of individual Board members, the Nominating and Corporate Governance Committee seeks directors with strong reputations and experience in areas relevant to the strategy and operations of our business and takes into account many factors, including the depth of experience in retailing, apparel, marketing, finance and other disciplines, domestically and internationally, relevant to the success of a publicly traded specialty apparel retailer in today's business environment, educational and professional background, personal accomplishment, gender, age and ethnic diversity. The Nominating and Corporate Governance Committee, however, does not base its nomination of a candidate solely on these factors.

The Nominating and Corporate Governance Committee strives to nominate directors with a variety of complementary skills so that, as a group, the Board will possess the appropriate talent, skills and expertise to oversee the Company's business. Each nominee and continuing director set forth below satisfies the above criteria. Each nominee and continuing director has served in a senior executive position in a large, complex organization and has gained extensive experience in core management skills, such as strategic and financial planning, financial reporting, corporate governance, risk management and leadership development. This variety and depth of experience enables the nominees to make significant contributions to the deliberations of the Board.

Biographical information for each director nominee for election at this year's Annual Meeting is set forth below. Of the nominees, Mr. Matthews has been a director since 2009, Mr. Reiss has been a director since 2012 and Mr. Reynolds has been a director since 2014.

**Norman Matthews, 82**  
**Independent Class III Director since 2009**

Mr. Matthews currently serves as our Chairman of the Board and as a member of our Compensation Committee and Nominating and Corporate Governance Committee. Mr. Matthews served as President of Federated Department Stores until his retirement in 1988. He joined Federated Department Stores in 1978 as Chairman - Gold Circle Stores Division. He was promoted to Executive Vice President of Federated Department Stores in 1982, to Vice Chairman in 1984 and to President in 1987. Prior to joining Federated Department Stores, Mr. Matthews served as Senior Vice President, General Merchandise Manager for E.J. Korvette, and as Senior Vice President, Marketing and Corporate Development for Broyhill Furniture Industries. In 2005, Mr. Matthews was named as one of eight outstanding directors by the Outstanding Directors Exchange. Mr. Matthews received an MBA from the Harvard University Graduate Business School.

Mr. Matthews possesses an extensive knowledge of the apparel and retail industries and corporate governance practices from his years as a senior executive and a member of the boards of directors of several public companies. Mr. Matthews' experience provides him with a deep understanding of corporate governance processes and trends, and the complex strategic, risk and other oversight responsibilities associated with the role of the chairman of a public company.

*Public Company Directorships:* Henry Schein, Inc. (2002 - current), Spectrum Brands (2010 - current), and Duff & Phelps Corporation (2012 - current).

**Kenneth Reiss, 72**  
**Independent Class III Director since 2012**

Mr. Reiss currently serves as the Chair of our Audit Committee. Prior to his retirement in June 2003, Mr. Reiss was a partner at the accounting firm of Ernst & Young, L.L.P. since 1977, where he served as the lead external auditor for several publicly traded companies, including Toys 'R Us, Inc.,

Staples, Inc., Phillips-Van Heusen, Inc. and Kenneth Cole Productions, Inc. At Ernst & Young, L.L.P., Mr. Reiss served as the Managing Partner of Audit for the New York office, the Director of the Audit Practice for the Retail and Consumer Products Industry, and the Chair of the Audit Practice Service Delivery Committee. As noted below, Mr. Reiss serves on the Boards of Directors of The Wet Seal, Inc. and Harman International Industries, Inc., and serves as the Chairman of the Audit Committees at those companies. Mr. Reiss received an MBA from the Rutgers University School of Business.

Mr. Reiss provides significant experience and expertise in accounting, auditing and risk management in the retail and apparel industries. Mr. Reiss qualifies as an audit committee financial expert under applicable SEC rules.

*Public Company Directorships:* The Wet Seal, Inc. (2005 – current) and Harmon International Industries, Inc. (2008 – current).

**Stanley W. Reynolds, 50**  
**Independent**  
**Class III**  
**Director**  
**since 2014**

Mr. Reynolds currently serves as a member of our Audit Committee. He is the Executive Vice President & Chief Financial Officer of 7-Eleven, Inc. Mr. Reynolds joined 7-Eleven, Inc. in 1997 and held positions of increasing responsibility prior to his appointment in 2005 as Chief Financial Officer.

Mr. Reynolds provides the Company with years of senior level executive experience in global retail operations with a focus on financial and accounting, international operations, and global supply chain management and distribution. Mr. Reynolds has a track record of successfully developing, implementing and overseeing long-term strategic business plans that encompass and balance global operations and growth with efficient and effective capital allocation. Mr. Reynolds qualifies as an audit committee financial expert under applicable SEC rules.

#### **Continuing Directors**

The following table sets forth certain information with respect to the Class I and Class II Directors, whose term of office continues beyond the Annual Meeting. Each of our continuing directors possesses strong experience and educational and professional background in areas relevant to the strategy and operations of our business. Each has complementary skills in areas such as strategic and financial planning, financial reporting, corporate governance and leadership development which enables our continuing directors to make significant contributions to our Board.

**Joseph Alutto, 73**  
**Independent**  
**Class II**  
**Director since 2008**

Dr. Alutto currently serves as the Chair of our Nominating and Corporate Governance Committee. From June 2014 to present, Dr. Alutto has served as the Distinguished Professor of Organizational Behavior at The Ohio State University. From July 2013 to June 2014, Dr. Alutto served as Interim President of The Ohio State University. Prior to that, from October 2007 to July 2013, Dr. Alutto served as Executive Vice President and Provost of The Ohio State University. Dr. Alutto also served as the institution's Interim President and Provost from July 2007 to October 2007. Prior to these positions, Dr. Alutto

served as the Dean of the Max M. Fischer College of Business at The Ohio State University for 16 years.

Dr. Alutto's experience in senior leadership positions with an institution such as The Ohio State University brings to the Company an in-depth understanding of organizational behavior, operations, processes, strategy, risk management and talent management.

*Public Company Directorship:* M/I Homes, Inc. (2005 – current).

**Jane Elfers, 54** Ms. Elfers has served as our President and Chief Executive Officer since January 2010. Ms. Elfers  
**Class I Director** has over 30 years of experience as a retail executive, having begun her career with Macy's.  
**since 2010**

Ms. Elfers formerly served as President and Chief Executive Officer of Lord & Taylor from May 2000 to September 2008. She is a graduate of Bucknell University where she received a degree in Business Administration and where she serves on the Board of Trustees.

Ms. Elfers brings to the Company significant leadership skills, in-depth experience as a Chief Executive Officer, and a talent for assembling best in class management teams. Ms. Elfers has deep turnaround experience and her vision for The Children's Place is to become a leading global omni-channel brand. Her strategic growth plan focuses on talent, product, business transformation through technology, alternate channels of distribution and store fleet optimization, with an overlay of a focus on talent and an underlying core of operational excellence.

**Susan Patricia** Ms. Griffith currently serves as a member of our Nominating and Corporate Governance Committee  
**Griffith, 50** and our Compensation Committee. She is the Personal Lines Chief Operating Officer for The  
**Independent** Progressive Corporation where Ms. Griffith has responsibility for the direct management of the  
**Class I Director** insurance Claims, Personal Lines and Customer Relationship Management organizations,  
**since 2012** overseeing over 19,000 employees across the United States. Ms. Griffith joined Progressive in 1988  
and has held positions of increasing responsibility, including serving as President of Customer  
Operations from 2014 to 2015, Claims Group President from 2008 to 2014 and as Chief Human  
Resources Officer from 2002 to 2008.