

Ezra Dabah

October 11, 2007

Ms. Sally Frame Kasaks
Acting Chairman of the Board
The Children's Place Retail Stores, Inc.
915 Secaucus Road
Secaucus, New Jersey 07094

Dear Ms. Kasaks:

I am writing to express my surprise and disappointment over a series of misleading and disparaging press releases that the Company has issued, including the press release issued today regarding the resignation of Deloitte & Touche.

I am the former long-time chief executive officer of the Company. Under my leadership, since the Company went public in 1997, revenue and earnings per share each grew at a compounded annual growth rate of approximately 30%. In the last fiscal year, my team delivered 38% EPS growth (excluding non-recurring items), grew the Company's market share by 40 basis points to 4.2% (according to NPD) and increased sales per square foot productivity by 8% at The Children's Place Stores and 20% at Disney Stores. My team also conceptualized and drove the new TCP Shoe Store and increased unaided brand recognition from 30% to 44% in 2006. The success of the Company under my leadership and the value my team created for shareholders cannot be questioned. Nor can my integrity. In fact, the Company's recent internal probe explicitly concluded that the conduct at issue did not relate to my integrity. Deloitte & Touche has also never had an issue with my integrity.

Today's press release incorrectly suggests that Deloitte & Touche is resigning because they determined they could not rely on my representations. As we all know, this is not true. I am no longer the chief executive officer and my certification is not at issue. In fact, Deloitte's senior audit partner relied on my representations for more than 11 years.

The Company's two press releases issued on September 26, 2007 also are misleading and disparaging. I provided written and oral comments on prior drafts of these press releases which corrected many of the incorrect and misleading statements but my comments were inexplicably ignored by those who clearly had their own motivations for publicly disparaging my name and reputation.

By stating that I resigned "at the request of the Board", the press release announcing the CEO change improperly suggests that I was fired by the Company for cause. The truth is that the Board and I mutually agreed that I would resign and that my resignation was without cause. By referring explicitly to the second release and stating that "the board of directors announced that it

has resolved previously identified code of conduct violations involving two executives, including Mr. Dabah” the release suggests that some impropriety on my part was the reason that I resigned. Indeed, the story in the Wall Street Journal on September 27, 2007 was that I resigned solely due to the findings of the Company’s internal investigation. Again today, stories by Reuters and the Associated Press suggest that I resigned after “an internal probe found that he did not comply with the company’s securities-trading polices.” This is untrue and publicly disparages me and impugns my character.

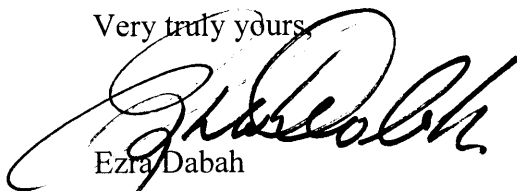
As the entire Board is well aware, my resignation had nothing to do with the “issues” surrounding the “code of conduct” and the Company’s most recent inquiry. My resignation as CEO is solely attributable to a “power-play” by certain members of the board and their discussions with Deloitte & Touche. We all know that this initiated a painful process that in the end led to my resignation and Mr. Crovitz becoming interim CEO, despite the objections of three of the Company’s seven directors. For the Company’s press releases to suggest other reasons for my resignation is untrue and disparaging.

As you know, I was willing, as the Board requested, to stay on with the Company as a consultant to assist in the orderly transition of my responsibilities to Mr. Crovitz (and the permanent CEO). I thought that was the right thing to do for the Company and its shareholders. Even though I would no longer be CEO I was also willing, as the Board requested, to enter into an arrangement under which I would continue to assist the Company in the creative areas of the business, including design, merchandising and marketing. It was only after I became aware of the Company’s efforts to disparage me, and the personal motives of certain directors, that I had to decline the Company’s request to stay on as a consultant.

The September 26, 2007 press release announcing the completion of the internal investigations is also misleading and even more disparaging than the resignation press release. This release wrongly suggests that I engaged in improper “securities trades.” The conduct at issue never involved securities trading and at no time have I violated securities laws. To suggest otherwise is disparaging. The release repeatedly refers to “violations” as if I violated some law or regulation. Again, this is misleading and disparaging. The release twice suggests that my conduct had some “adverse affect” on the company and its operating results. It should have stated the truth: The conduct at issue, which the Company’s code of conduct never anticipated or sought to restrain, had absolutely no effect on the Company or its operating results.

By issuing these press releases, the responsible directors and their advisors have disparaged my good name and reputation and, unless the public record is corrected, including the inappropriate assault on my integrity, I intend to hold the Company and those individual directors and advisors fully responsible.

Very truly yours,



Ezra Dabah

cc: Members of the Board of Directors