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New York, New York 10019

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99 Hudson Street
New York, New York 10013

March 11, 2015

Mr. Norman S. Matthews
Chairman of the Board
The Children's Place, Inc.
500 Plaza Drive
Secaucus, NJ 07094

Dear Mr. Matthews:

Barington Capital Group, L.P. ("Barington") and Macellum Advisors GP, LLC ("Macellum") represent a group of shareholders of The Children's Place, Inc. ("Children's Place" or the "Company") that collectively beneficially owns over two percent of the outstanding common stock of the Company. Barington and Macellum both have substantial experience investing in consumer and retail companies and assisting such companies improve their long-term financial and share price performance. Barington's historical investments include Collective Brands, Darden Restaurants, Dillard's, Nautica, Payless ShoeSource, Steve Madden, Stride Rite, The Jones Group and Warnaco.

We believe that The Children's Place is an attractive investment opportunity at its current trading valuation due to its leading market share in the children's apparel market, its large store base coupled with a direct sourcing infrastructure that allows the Company to offer high quality and value products to its customers. The Company also has significant growth opportunities in e-commerce and international markets.

Despite its leading market position, the Company trades at a modest valuation of 6.0x enterprise value to EBITDA.[1] We believe this discounted valuation is due to investors' concern over the Company's deteriorating operating performance since 2010 under the leadership of the current CEO, Ms. Jane Elfers. Since Ms. Elfers became CEO, EBITDA has declined from $210.7 million in the fiscal year ended January 2011 to $156.1 million in the twelve months ended November 1, 2014, a decline of 26%.[2]

Based on our analysis of publicly available information, we are confident that, under the right management team, The Children's Place can more than double its earnings per share (EPS) within the next three years compared to the consensus estimate for fiscal 2014 of $3.04 per share. We believe these results could be achieved through a combination of reinvigorated sales growth, increased margins, strong free cash flow generation through better inventory management and reduced capital expenditures, and aggressive share repurchases.

Due, we believe, to its disappointing operating performance, the Company's stock price has significantly underperformed its peers and the market as a whole over the past one, three and five years, as well as during Ms. Elfers's tenure:

	1 Year (3/10/14 - 3/9/15)	**3 Years** (3/12/12 - 3/9/15)	**5 Years** (3/10/10 - 3/9/15)	**CEO Tenure** (1/4/10 - 3/9/15)
The Children's Place[3]	12.0%	13.0%	35.2%	80.7%
S&P 500 Retailing Index[3]	18.7%	86.3%	155.4%	171.7%
S&P 500 Index[3]	13.1%	61.7%	101.7%	104.7%
Russell 2000 Index[3]	3.3%	56.5%	93.8%	104.7%
Carter's, Inc.[3]	16.1%	86.5%	198.6%	242.9%

We believe the Company has lacked the effective Board oversight that is required to address its deteriorating operating and financial performance. Furthermore, the Company's executives have received generous compensation despite poor results, reflecting a lack of alignment of pay with performance. We feel that a fresh perspective in evaluating performance is warranted and that, to this end, it is critical for the Company to add new independent directors.

We also believe The Children's Place's market leading position in the children's apparel space and its opportunities for working capital and operating improvements would be of interest to potential strategic and financial buyers.

We therefore strongly urge the Board to promptly take the steps we have outlined below to improve the Company's sales and margins, inventory management and capital allocation. We also recommend that the Board add new independent directors, as well as explore a sale of the Company.

I. Situation Overview: Deteriorating Operating Performance

Despite investing over $370 million in capital expenditures since 2010 under Ms. Elfers's leadership, the Company's EBITDA has declined 26% from $210.7 million in fiscal 2011 to $156.1 million during the last twelve months ending November 1, 2014. Due, we believe, to numerous missteps under Ms. Elfers's leadership, the Company has seen its gross margin fall by 460 basis points since 2009. Other key metrics have also declined as shown below.

	2010	**2011**	**2012**	**2013**	**2014 LTM[4]**
Same-Store-Sales Growth	(2.5%)	(2.5%)	2.0%	(2.8%)	(0.8%)[5]
Gross Margin	39.4%	38.4%	38.2%	37.1%	35.5%
Gross Margin Change, bps		(100)	(20)	(110)	(160)
Inventory Turnover	4.9x	4.7x	4.4x	3.8x	3.3x
EBITDA Margin	11.7%	10.2%	9.8%	9.3%	8.6%

Source: S&P Capital IQ

Merchandising mistakes have led to a deterioration in same-store sales and profitability

We believe negative same-store sales growth has been primarily due to a number of poor merchandising decisions by the Company's current management. One of these numerous missteps, in our view, was emphasizing higher priced items. On the November 17, 2011 investor conference call, Ms. Elfers stated *"[A]verage unit retail in the quarter increased in the mid-teens with the highest AUR in girls."* Again on the March 7, 2012 investor conference call, Ms. Elfers stated that *"AUR increased in the high single digits during fiscal 2011…"* Despite an increase in AURs, the Company's gross margins nonetheless suffered declines in fiscal 2011 mainly due to markdowns, and the Company's same-store sales growth was negative and the number of customer transactions was down. In fact, The Children's Place has experienced declining gross margins every year Ms. Elfers has been at the helm of the Company. These declines have been accelerating, culminating this year in the worst gross margin decline during her tenure.

Inefficient Inventory Management

As shown in the table above, the Company's inventory turnover has fallen from 4.9x in fiscal 2010 to 3.3x during the twelve months ending November 1, 2014. Ironically, Ms. Elfers specifically targeted improvement of inventory turnover as one of her five key initiatives during her first earnings call in March 10, 2010.

"The five key initiatives are strengthening the merchandise, accelerating new store growth with the focus on value centers, optimizing inventory management, sharpening our marketing message and driving e-commerce growth."

During the same call, she remarked:

"In addition to focusing on getting the right merchandise into the right store at the right time, we're taking a hard look at how much inventory we need to drive top line sales and how to optimize inventory flow into the store. I have a bias for lean inventories, and there is clearly an opportunity at The Children's Place to reduce inventory levels and better manage flow to the stores."

Fast forwarding to 2014, the Company is carrying 47% more inventory on a comparable sales level in the third quarter of 2014 than it did in the third quarter of 2010. Ms. Elfers has not only failed to meet her publicly stated objective of efficient working capital management, but under her leadership, it has actually significantly worsened. Poor inventory management is also likely related to the Company's delay in implementing a planning and allocation system. We believe Ms. Elfers has been leading an unsuccessful effort to reengineer the Company's planning and allocation processes since March 2010 when she stated on an investor conference call:

"I think if you look at the many, many companies that have come before us and have forged ground on merchandise planning and allocation, you will also see that payback is almost immediate. So we're excited about the opportunity."

She continues to promise the benefits of a new planning and allocation system even after 4.5 years and said the following during the most recent earnings call in November 2014:

"Progress continues on our seamless retail initiative in advance of the deployment of sophisticated assortment planning, allocation and replenishment tools. We remain on track targeting the back half of 2015 to start to see the results of these initiatives."

We estimate that Ms. Elfers's failure to manage inventory is costing the Company an additional $110 million of working capital which could have been better utilized to maximize shareholder value. In addition, we believe the Company's poor inventory management is interrelated with its declining same-store sales and declining gross margins, as slow turning inventory leads to greater reliance on markdowns.

Poor Capital Allocation on Expansion of Domestic Store Footprint

During Ms. Elfers's tenure, capital spending has exceeded depreciation and amortization by $77 million. Notably, the Company has expanded its store footprint from 947 stores in January 2010 to 1,117 stores in November 2014. While many "best in class" retailers were already working to shrink their North American store footprints and migrate sales to the internet, the Company was accelerating store growth. At a point when it was already one of the largest specialty retailers in North America, the Company proceeded to grow stores by another 18% since 2010 and as recently as two years ago initiated a plan to grow to 1,250-1,300 stores, or 18-22% more than the existing number of stores at the time. On the November 15, 2012 investor conference call Ms. Elfers stated *"…we completed an extensive market analysis in the first quarter of 2012, which indicated a fleet potential of 1,250 to 1,300 stores in North America."* Then a mere seven months later in June of 2013, the then Chief Financial Officer of the Company, Mr. Michael Scarpa, updated investors that *"…we have made the decision to close approximately 100 underperforming stores through 2016 including 45 this year."*

This abandoned North American expansion plan was a tremendous loss of time and energy as well as capital expenditure. It is our belief that the Company would have been far better served accelerating international store growth rather than expanding its store base in North America.

High Management Turnover

We are concerned by the significant amount of turnover among top level executives at The Children's Place. We believe that constant executive turnover has been a major contributor to the Company's disappointing financial and share price performance. Shortly after Ms. Elfers was appointed to the CEO position in 2010, she made a number

of management changes. On the March 7, 2012 investor conference call Ms. Elfers reported that since she joined the Company, *"…we have replaced and upgraded over half of our headquarter staff including key roles such as Chief Operating Officer, Head Merchant, Head of Design, Chief Marketing Officer, and Head of International."* Four of the five key positions Ms. Elfers highlighted three years ago are no longer held by the same executives.

Since 2010, the Company is on its fourth CFO, third Head of Design, second Head of Planning and Allocation, third Head of Sourcing, second Head of Merchandising and second Chief Operating Officer. Furthermore, the Chief Marketing Officer and Chief Information Officer, both hired during Ms. Elfers's tenure, have also left and have not been replaced.

We question Ms. Elfers's managerial expertise and whether she is capable of identifying and retaining the appropriate talent to improve the Company's performance.

CEO has been richly compensated despite poor operating performance

Despite the Company's poor operating results and the Company's stock price lagging all relevant market benchmarks during Ms. Elfers's tenure, compensation for Ms. Elfers has been, in our opinion, egregious. In 2014, leading proxy advisory firm Glass Lewis stated:

"The Company has been deficient in linking executive pay to corporate performance, as indicated by the 'F' grade received by the Company in Glass Lewis' pay-for-performance model. A properly structured pay program should motivate executives to drive corporate performance, thus aligning executive and long-term shareholder interests. In this case, the Company has not implemented such a program."

We find it remarkable that Ms. Elfers's total compensation over the last three years was $35.1 million, which, for comparison, was $11.7 million, or 50%, greater than that of the CEO of Carter's.[6] Carter's has a market capitalization that is nearly four times larger, and its stock outperformed The Children's Place by 130% over this three year period:

	2011	2012	2013	3-year Total
The Children's Place CEO compensation	$11.1	$17.2	$6.8	$35.1
The Children's Place total shareholder return	*7.0%*	*-16.6%*	*28.6%*	*14.8%*
Carter's CEO compensation	$6.0	$9.8	$7.6	$23.4
Carter's total shareholder return	*34.9%*	*39.8%*	*29.9%*	*144.9%*

The CEO Compensation Target was over 2x the Median Target CEO Compensation of the Company's identified peer group in 2012, reaching the 100th percentile. The Company uses a peer group that has a median market capitalization of greater than $2 billion, or almost double The Children's Place's market capitalization. Even with a reduction in 2013 after poor performance, the CEO's compensation level is astounding to

us. Ms. Elfers was awarded $6.8 million of total compensation in 2013 despite missing the Company's original target for adjusted operating income by 9.5%.[7] Despite poor operating performance, management has nonetheless been richly compensated while, we believe, shareholder value has suffered.

II. Time for Change

As significant shareholders of the Company, we are extremely disappointed by The Children's Place's financial and share price performance and believe that it is time for decisive action and change at the Company.

Improve Sales and Margins

We strongly believe that The Children's Place needs to return to its historic leadership position in merchandising and further develop its role as a children's lifestyle brand. The past years of deteriorating operating performance under Ms. Elfers is evidence that the emphasis on higher-priced items at The Children's Place stores has not been well received by customers. We believe that the Company performed significantly better when it leveraged its world-class sourcing operation to provide core basics, key items and playwear to mothers for children of all ages. We further believe that a better merchandising effort would also improve the Company's gross margins. We also believe there is substantial opportunity for the Company to reduce its SG&A expenses.

The Company has told investors that e-commerce is the fastest growing and highest margin portion of its business. We believe that e-commerce is a natural area of opportunity for children's apparel given the nature of the purchase. It is also an excellent venue for expanding the brand into new product categories. We believe that the Company's operating margins can improve as e-commerce grows and as the Company takes advantage of numerous upcoming lease expirations to close underperforming stores. We also see opportunity in the Company's international expansion plans through the franchise model which should also lead to growing sales and increasing margins.

Improve Inventory Management

We believe that there is significant room for improvement in the Company's inventory management. It is our belief that a return to the Company's historical inventory turnover of 4.9x can release an estimated $110 million of cash that can be utilized to maximize shareholder value including share repurchases. Furthermore, we do not believe the Company should be satisfied with achieving its historical inventory turnover, but instead should target faster inventory turnover as demonstrated by many best in class retailers. We also believe that efficient inventory management will lead to lesser markdowns at the Company's stores and therefore improved merchandising margins. Through more efficient inventory management, we believe the Company can improve its gross margins

closer to its historical 40% from its current mid-30s and therefore can significantly improve its operating cash flow.

Improve Capital Allocation

The Children's Place is a relatively mature retailer in North America and, in our view, needs to allocate capital resources accordingly. During Ms. Elfers's tenure, capital expenditures have exceeded depreciation and amortization by $77 million. We believe a large portion of this money has been spent on new store openings and information technology systems which should not be recurring. Accordingly, we would expect that capital expenditures should be less than depreciation and amortization in the future. Aided by low capital expenditures as well as improvements in working capital, we believe the Company should be able to generate free cash flow well in excess of its net income over the next several years.

We are encouraged by the Company's historical practice of utilizing its ample free cash flow to repurchase shares. In the five years from 2010 to 2014, the Company has repurchased 8.1 million shares for $394 million, or an average cost of $49 per share. Given that the Company still has $210 million of cash and investments and just $19 million drawn on its $200 million revolving credit facility, the Company should be in a strong position to execute substantial additional share repurchases on an accelerated basis over the next several years. We believe these share repurchases would be highly accretive and would help the Company to achieve our target of more than doubling its earnings per share.

Explore Opportunities for a Sale Transaction

Given the current management team's history of poor execution, we lack confidence in the ability of the current management team led by Ms. Elfers to successfully bring The Children's Place back to its historical metrics of profitability and working capital efficiency. Accordingly, while encouraging management to pursue the operating recommendations outlined above, we believe the Board should also use this opportunity to explore opportunities for a sale of the Company.

We believe that The Children's Place's market leading position in the children's apparel space and its direct sourcing infrastructure would be of strategic interest to larger companies who could capitalize on efficient low-cost sourcing opportunities. We think a strategic player would be able to improve the Company's cost structure and inventory management as well as rationalize the Company's store base and would likely willing to pay a significant premium to acquire the Company. Private equity buyers would also likely be interested in The Children's Place given the Company's stable operating cash flow and substantial opportunities for working capital and operating improvements.

Improvements to the Board

We would acknowledge that the Company has made some incremental changes to governance. However, we believe that Board oversight is still lacking. Recent additions to the Board have not added value with regard to the most pressing matters at hand – declining same-store sales, deteriorating margins, and poor operating execution and lagging share price. Furthermore, we believe that executive compensation has been excessive relative to poor execution. We feel that a fresh perspective in evaluating results is warranted and that it is critical that the Company add new independent directors at this juncture.

III. Conclusion

Given The Children's Place's deteriorating operating performance, we believe that change is necessary and that the status quo is unacceptable. We can no longer wait for management to continue to pursue a flawed strategy which has yet to deliver any meaningful value for shareholders. We strongly feel that there should be a greater sense of urgency at the Board to take action to set the Company on a path towards maximizing long-term value for shareholders.

We look forward to discussing our views in person.

Sincerely,

James A. Mitarotonda
Barington Capital Group, L.P

Jonathan Duskin
Macellum Advisors GP, LLC

About Barington Capital Group, L.P.

Barington Capital Group, L.P. is an investment firm that, through its affiliates, manages a value-oriented, activist investment fund that was established by James A. Mitarotonda in January 2000. The Firm invests in undervalued publicly traded companies that Barington believes could appreciate significantly in value as a result of a change in corporate strategy or from various operational, financial or corporate governance improvements. Barington's investment team, senior advisors and industry contacts are seasoned operating specialists, experienced in working with companies to design and implement initiatives to improve their financial and share price performance.

About Macellum Advisors GP, LLC

Macellum Advisors GP, LLC was formed in July 2009 by Jonathan Duskin. Macellum and its partners, through their in-depth sector knowledge, are dedicated to identifying investment opportunities in the consumer and retail sector. Mr. Duskin has focused on the consumer and retail sector for over 15 years and his partners have extensive operating history, collectively serving as CEOs and Directors of over two dozen leading companies in the sector. Mr. Duskin has a long track record of enhancing value in turnaround investments by overseeing and implementing new merchandise and marketing strategies, operational reorganizations, cost cutting programs, balance sheet restructurings and effective board governance.

Important Disclosures

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Please see http://www.barington.com/press-releases.html for additional disclosures concerning the letter.

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[1] Source: S&P Capital IQ as of March 6, 2015 based on an enterprise value calculation of $1.014 billion and the consensus EBITDA estimate for 2015 of $169.5 million.
[2] EBITDA is calculated as reported operating income plus asset impairment charges plus depreciation and amortization less other income.
[3] Source: S&P Capital IQ. Returns are calculated assuming the reinvestment of dividends.
[4] Represents last twelve months ended November 1, 2014.
[5] Represents comparable retail sales change for the first nine months of fiscal 2014 compared to the first nine months of fiscal 2013.
[6] Source: Company proxy statement.
[7] Based on the Company's 2014 proxy statement, the original Adjusted Operating Income target for fiscal 2013 was $122 million and the Company reported $110.4 million, 9.5% lower than the original target.