

Childrens Place, Inc.  
Form PRRN14A  
April 29, 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

(Amendment No. 1)

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 Under Rule 14a-12

THE CHILDREN'S PLACE, INC.  
(Name of Registrant as Specified in Its Charter)

MACELLUM SPV II, LP  
MACELLUM CAPITAL MANAGEMENT, LLC  
MACELLUM ADVISORS GP, LLC  
MCM MANAGERS, LLC  
MCM MANAGEMENT, LLC  
JONATHAN DUSKIN  
BARINGTON COMPANIES EQUITY PARTNERS, L.P.  
BARINGTON COMPANIES INVESTORS, LLC  
BARINGTON CAPITAL GROUP, L.P.  
LNA CAPITAL CORP.  
JAMES A. MITAROTONDA  
HILCO, INC.  
SETH R. JOHNSON  
ROBERT L. METTLER

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(Name of Persons(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.
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(2) Aggregate number of securities to which transaction applies:

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(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):

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(5) Total fee paid:

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(1) Amount previously paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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PRELIMINARY COPY SUBJECT TO COMPLETION  
DATED APRIL 29, 2015

SHAREHOLDERS FOR CHANGE AT THE CHILDREN'S PLACE

April [ ], 2015

Dear Fellow Stockholders of The Children's Place:

Macellum SPV II, LP ("Macellum") and Barington Companies Equity Partners, L.P. ("Barington" and, collectively with Macellum and the other participants named in this solicitation, "Shareholders for Change at The Children's Place" or "we") are the beneficial owners of an aggregate of 441,670 shares of common stock, par value \$0.10 per share (the "Common Stock") of The Children's Place, Inc., a Delaware corporation ("The Children's Place" or the "Company"), including 92,700 shares of Common Stock underlying certain call options exercisable within sixty (60) days hereof. We have nominated a slate of two (2) highly qualified director candidates for election to the Company's board of directors (the "Board") at The Children's Place's upcoming 2015 annual meeting of stockholders (the "Annual Meeting"). We did so because we believe that the Board must be significantly reconstituted in order to ensure that the Company is being run in a manner consistent with the best interests of stockholders. The individuals we have nominated are highly qualified, capable and ready to serve stockholders to help The Children's Place address the challenges ahead and evaluate open-mindedly all alternative strategies to make The Children's Place a stronger, more profitable, and ultimately more valuable company.

Shareholders for Change at The Children's Place was formed for the purpose of seeking to unlock value at The Children's Place. Our interests are fully aligned with the interests of all stockholders of The Children's Place. We believe that the Company is meaningfully undervalued and that a reconstituted Board is required to enhance stockholder value. We have strong views regarding the future direction of the Company that we have clearly articulated to the Company in conversations with representatives of The Children's Place and in a public letter to the Company.

We tried to work constructively with the Company to reconstitute the Board in a manner that would avoid a proxy contest. Unfortunately, rather than work with us in this regard, the Company rejected our director nominees.

We are therefore seeking your support at the Annual Meeting to elect two (2) highly qualified director candidates with deeply relevant backgrounds for The Children's Place, who would constitute a minority of the Board, if elected, and who are committed to reexamining the Company's current strategy and focusing on specific opportunities to enhance value for stockholders.

The Board is currently composed of eight (8) directors, three (3) of whom are up for election at the Annual Meeting. While the Board is currently divided into three classes, stockholders approved an amendment to the Company's Amended and Restated Certificate of Incorporation to declassify the Board at the Company's 2014 annual meeting of stockholders. The declassification of the Board will be phased in commencing with the Annual Meeting, and will therefore be fully declassified commencing with the 2017 annual meeting of stockholders. We are seeking your support at the Annual Meeting to elect our two (2) nominees in opposition to two (2) of the Company's director nominees. Shareholders for Change at The Children's Place believes that any attempt to increase or decrease the size of the current Board or the number of directors up for election at the Annual Meeting would constitute an improper manipulation of the Company's corporate machinery.



We urge you to carefully consider the information contained in the attached Proxy Statement and then support our efforts by signing, dating, and returning the enclosed [COLOR] proxy card today. The attached Proxy Statement and the enclosed [COLOR] proxy card are first being furnished to the stockholders on or about \_\_\_\_\_, 2015.

If you have already voted for the incumbent management slate, you have every right to change your vote by signing, dating, and returning a later dated proxy or by voting in person at the Annual Meeting.

If you have any questions or require any assistance with your vote, please contact [D.F. King & Co., Inc.], which is assisting us, at its address and toll-free numbers listed below.

Thank you for your support.

/s/ Jonathan Duskin & James A. Mitarotonda

Jonathan Duskin & James A. Mitarotonda  
On behalf of Shareholders for Change at The Children's Place

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If you have any questions, require assistance in voting your [COLOR] proxy card, or need additional copies of Shareholders for Change at The Children's Place's proxy materials, please contact [D.F. King & Co., Inc.] at the phone numbers or email listed below.

[D.F. KING & CO., INC.  
c/o Richard Grubaugh  
48 Wall Street  
New York, N.Y. 10005  
(212) 493-6950  
Stockholders Call Toll-Free at: [\_\_]  
E-mail: [\_\_]

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PRELIMINARY COPY SUBJECT TO COMPLETION  
DATED APRIL 29, 2015

2015 ANNUAL MEETING OF STOCKHOLDERS  
OF  
THE CHILDREN'S PLACE, INC.

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PROXY STATEMENT  
OF  
SHAREHOLDERS FOR CHANGE AT THE CHILDREN'S PLACE

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PLEASE SIGN, DATE AND MAIL THE ENCLOSED [COLOR] PROXY CARD TODAY

Macellum SPV II, LP ("Macellum") and Barington Companies Equity Partners, L.P. ("Barington" and, collectively with Macellum and the other participants named in this solicitation, "Shareholders for Change at The Children's Place" or "we") are significant stockholders of The Children's Place, Inc., a Delaware corporation ("The Children's Place" or the "Company"), who beneficially own in the aggregate approximately 2.1% of the outstanding shares of common stock, par value \$0.10 per share (the "Common Stock"), of the Company.

We are seeking to elect two (2) nominees to the Company's Board of Directors (the "Board") because we believe that the Board must be significantly reconstituted to ensure that the interests of the stockholders, the true owners of The Children's Place, are appropriately represented in The Children's Place's boardroom. We have nominated directors who have strong, relevant backgrounds and who are committed to fully exploring all opportunities to unlock stockholder value. We are seeking your support at the Company's 2015 Annual Meeting of Stockholders, scheduled to be held on May 22, 2015 at 10:00 a.m., local time at Two Meadowlands Plaza, East Rutherford, New Jersey 07073 (including any adjournments or postponements thereof and any meeting that may be called in lieu thereof, the "Annual Meeting"), for the following:

1. To elect Shareholders for Change at The Children's Place's director nominees, Seth R. Johnson and Robert L. Mettler (each a "Nominee" and, collectively, the "Nominees"), to the Board as Class III directors to serve a two year term that will expire at the 2017 annual meeting of stockholders (the "2017 Annual Meeting") and until their respective successors have been duly elected and qualified;
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.

This proxy statement ("Proxy Statement") and the enclosed [COLOR] proxy card are first being furnished to the stockholders on or about \_\_\_\_\_, 2015.

We are seeking to change a minority of the Board. This proxy statement ("Proxy Statement") is soliciting proxies to elect not only our two (2) Nominees, but also the one candidate who has been nominated by the Company other than Norman S. Matthews and Stanley W. Reynolds. This gives stockholders who wish to vote for our Nominees the

ability to vote for a full slate of three (3) nominees in total. There can be no assurance that any of the Company's nominees will serve as directors if our Nominees are elected.

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As of the date hereof, the members of Shareholders for Change at The Children's Place collectively beneficially own 441,670 shares of Common Stock (the "Shareholders for Change at The Children's Place Shares"), including 92,700 shares of Common Stock underlying certain call options exercisable within 60 days hereof. We intend to vote all of the Shareholders for Change at The Children's Place Shares that are eligible to vote FOR the election of the Nominees, [FOR] the ratification of the selection of BDO USA, LLP, as the Company's independent registered public accounting firm for fiscal 2015, and [AGAINST] the advisory vote to approve the Say on Pay proposal, as described herein.

The Company has set the close of business on April 10, 2015 as the record date for determining stockholders entitled to notice of and to vote at the Annual Meeting (the "Record Date"). The mailing address of the principal executive offices of the Company is 500 Plaza Drive, Secaucus, New Jersey 07094. Stockholders of record at the close of business on the Record Date will be entitled to vote at the Annual Meeting. According to the Company, as of the Record Date, there were 20,751,651 shares of Common Stock outstanding.

THIS SOLICITATION IS BEING MADE BY SHAREHOLDERS FOR CHANGE AT THE CHILDREN'S PLACE AND NOT ON BEHALF OF THE BOARD OR MANAGEMENT OF THE COMPANY. WE ARE NOT AWARE OF ANY OTHER MATTERS TO BE BROUGHT BEFORE THE ANNUAL MEETING OTHER THAN AS SET FORTH IN THIS PROXY STATEMENT. SHOULD OTHER MATTERS, WHICH SHAREHOLDERS FOR CHANGE AT THE CHILDREN'S PLACE IS NOT AWARE OF AT A REASONABLE TIME BEFORE THIS SOLICITATION, BE BROUGHT BEFORE THE ANNUAL MEETING, THE PERSONS NAMED AS PROXIES IN THE ENCLOSED [COLOR] PROXY CARD WILL VOTE ON SUCH MATTERS IN OUR DISCRETION.

SHAREHOLDERS FOR CHANGE AT THE CHILDREN'S PLACE URGES YOU TO SIGN, DATE AND RETURN THE [COLOR] PROXY CARD IN FAVOR OF THE ELECTION OF THE NOMINEES.

IF YOU HAVE ALREADY SENT A PROXY CARD FURNISHED BY COMPANY MANAGEMENT OR THE BOARD, YOU MAY REVOKE THAT PROXY AND VOTE ON EACH OF THE PROPOSALS DESCRIBED IN THIS PROXY STATEMENT BY SIGNING, DATING, AND RETURNING THE ENCLOSED [COLOR] PROXY CARD. THE LATEST DATED PROXY IS THE ONLY ONE THAT COUNTS. ANY PROXY MAY BE REVOKED AT ANY TIME PRIOR TO THE ANNUAL MEETING BY DELIVERING A WRITTEN NOTICE OF REVOCATION OR A LATER DATED PROXY FOR THE ANNUAL MEETING OR BY VOTING IN PERSON AT THE ANNUAL MEETING.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting—This Proxy Statement and our [COLOR] proxy card are available at

[http://www.\[ \]](http://www.[ ])

IMPORTANT

Your vote is important, no matter how few shares of Common Stock you own. Shareholders for Change at The Children's Place urges you to sign, date, and return the enclosed [COLOR] proxy card today to vote FOR the election of the Nominees and in accordance with Shareholders for Change at The Children's Place's recommendations on the other proposals on the agenda for the Annual Meeting.

- If your shares of Common Stock are registered in your own name, please sign and date the enclosed [COLOR] proxy card and return it to Shareholders for Change at The Children's Place, c/o [D.F. King & Co., Inc.] in the enclosed postage-paid envelope today.
- If your shares of Common Stock are held in a brokerage account or bank, you are considered the beneficial owner of such shares of Common Stock, and these proxy materials, together with a [COLOR] voting form, are being forwarded to you by your broker or bank. As a beneficial owner, you must instruct your broker, trustee or other representative how to vote. Your broker cannot vote your shares of Common Stock on your behalf without your instructions.
- Depending upon your broker or custodian, you may be able to vote either by toll-free telephone or by the Internet. Please refer to the enclosed voting form for instructions about how to vote electronically. You may also vote by signing, dating and returning the enclosed voting form.

Since only your latest dated proxy card will count, we urge you not to return any proxy card that you receive from the Company. Even if you return the management proxy card marked "withhold" as a protest against the incumbent directors, it will revoke any proxy card that you may have previously sent to us. Remember, you can vote for our two (2) Nominees only on our [COLOR] proxy card. So please make certain that the latest dated proxy card you return is the [COLOR] proxy card.

[D.F. KING & CO., INC.  
c/o Richard Grubaugh  
48 Wall Street  
New York, N.Y. 10005  
(212) 493-6950  
Stockholders Call Toll-Free at: [\_\_]  
E-mail: [\_\_]

## Background to the Solicitation

The following is a chronology of material events leading up to this proxy solicitation:

- On June 26, 2014, certain representatives of each of Barington and the Company engaged in a conference call during which they discussed the Company, its industry and strategy for the future.
  - On July 22, 2014, certain representatives of each of Barington and the Company engaged in telephonic discussions during which they further discussed the Company, its industry and strategy for the future.
- On October 17, 2014, a representative of Macellum held a call with a representative of the Company to discuss the Company's recent performance.
- On December 17, 2014, certain representatives of Macellum held a call with a representative of the Company to further discuss the Company's recent performance.
- In summer of 2014, Jonathan Duskin, a representative of Macellum, called Kenneth Reiss, a member of the Board, pursuant to which Mr. Duskin expressed his concerns with the Company's performance.
- On March 11, 2015, Macellum and Barington delivered a letter to the Company's Chairman, Norman S. Matthews, pursuant to which they expressed their belief, among other things, that despite the Company's leading position in the children's apparel market, the Company's shares trade at a modest valuation due to investors' concern about the Company's deteriorating operating performance since 2010 under the leadership of current Chief Executive Officer, Jane Elfers. In the letter, Macellum and Barington stated that they believe there are multiple ways to improve stockholder value at The Children's Place, including improvements in the Company's sales and margins, inventory management and capital allocation. Macellum and Barington further expressed their belief that there are likely a number of strategic and financial buyers who would be interested in acquiring the Company at a significant premium to its current trading valuation in order to capitalize on the Company's leading position in the children's apparel market, its stable operating cash flow, and substantial opportunities for working capital and operating improvements. Macellum and Barington also issued a press release on March 11, 2015 disclosing the March 11th letter to Chairman Matthews.
- Also on March 11, 2015, Mr. Duskin called Mr. Reiss to notify him of the March 11th letter to Chairman Matthews and expressed his desire to discuss the letter with Mr. Reiss. There was no further contact between Messrs. Duskin and Reiss.
- On March 22, 2015, James A. Mitarotonda, a representative of Barington, and Joseph Gromek, a member of the Board, engaged in telephonic discussions during which they discussed the Company and Board composition, as well as Mr. Gromek's investment in a publicly-traded special purpose acquisition vehicle sponsored by Mr. Mitarotonda. Mr. Mitarotonda stated that he preferred to work constructively with the Company and did not intend to engage in a proxy contest.
- On March 24, 2015, Mr. Mitarotonda contacted Mr. Gromek to request a meeting with Mr. Matthews or other representatives of the Company to further discuss the Company. Mr. Gromek recommended that he contact either the Company's management or Mr. Matthews.
- On March 31, 2015, the Company filed a definitive proxy statement with the Securities and Exchange Commission (the "SEC") on Form DEF 14A in connection with the Annual Meeting. In the definitive proxy statement, the Company announced that it scheduled the Annual Meeting for May 22, 2015, which is approximately two (2) to

three (3) weeks prior to the Company's historical annual meeting dates.

- On March 31, 2015, Mr. Duskin called Mr. Matthews and left him a message requesting a phone call with Mr. Matthews.
- On April 1, 2015, Mr. Duskin emailed Mr. Matthews following up on his March 31st request to set up a phone call with Mr. Matthews, which was subsequently scheduled for April 6, 2015.
- On April 6, 2015, Messrs. Mitarotonda and Duskin had a telephone conversation with Mr. Matthews during which they discussed Board composition generally and the addition of representatives of Macellum and Barington to the Board. Mr. Matthews indicated that he would discuss this proposal with the Board.
- On April 7, 2015, Mr. Matthews emailed Mr. Duskin requesting a phone call with Mr. Duskin to be scheduled for April 9, 2015.
- On April 9, 2015, Messrs. Mitarotonda and Duskin had a telephone conversation with Mr. Matthews during which Messrs. Mitarotonda and Duskin were informed by Mr. Matthews that the Board had rejected their request for Board representation. Messrs. Mitarotonda and Duskin informed Mr. Matthews that in order to preserve their rights, they would deliver a nomination letter to the Company by the April 10, 2015 nomination deadline. However, Messrs. Mitarotonda and Duskin also requested an opportunity to engage in further discussions as soon as possible in hopes of reaching a mutually agreeable arrangement with the Company. Mr. Matthews then agreed to a meeting with Messrs. Mitarotonda and Duskin upon his return from vacation in two (2) weeks. To date, Mr. Matthews has not contacted Messrs. Mitarotonda or Duskin to arrange a meeting.
- On April 10, 2015, Macellum and Barington delivered a letter (the “Nomination Letter”) to the Company’s Secretary, in accordance with the Company’s bylaws (the “Bylaws”), nominating Janet E. Grove, Seth R. Johnson and Robert Mettler for election to the Board at the Annual Meeting.
- On April 13, 2015, the Company issued a press release announcing its receipt of the Nomination Letter and the Board’s decision to reject the election of the Nominees to the Board.
- Also on April 13, 2015, the Company filed a preliminary proxy statement with the SEC on Form PREC14A in connection with the Annual Meeting.
- On April 17, 2015, the Company filed a revised preliminary proxy statement with the SEC on Form PRER14A in connection with the Annual Meeting.
- On April 23, 2015, the Company filed a definitive proxy statement with the SEC on Form DEFC14A in connection with the Annual Meeting.
- On April 23, 2015, Shareholders for Change at The Children’s Place filed a preliminary proxy statement with the SEC on Form PREC14A in connection with the Annual Meeting.
- On April 27, 2015, Shareholders for Change at The Children’s Place issued an investor presentation outlining in detail its views regarding why immediate change is necessary at The Children’s Place.
- Also on April 27, 2015, Shareholders for Change at The Children’s Place issued a press release announcing its release of the investor presentation.
- On April 29, 2015, certain representatives of Macellum and Barington had a phone call with certain representatives of the Company, during which the Company refused to discuss the business or the views of Macellum and

Barrington unless they withdrew their nominees.

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## REASONS FOR THE SOLICITATION

We are soliciting your support to elect our Nominees at the Annual Meeting because we have been extremely dissatisfied with the performance of the Company under its current Board. We believe that the Board needs to be reconstituted with directors that have the experience, the independence, and the stockholder-oriented mindset to oversee and implement the changes necessary to enhance stockholder value.

We believe 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 and its large store base coupled with a direct sourcing infrastructure that allows the Company to offer high quality and value products to its customers. We believe 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.<sup>1</sup> 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, Jane Elfers. Based on our analysis of publicly available information on the Company, we believe that with the right management team in place, the Company can more than double its earnings per share (EPS) within the next three years compared to the Company's actual results for fiscal 2014 of \$3.05 per share.<sup>2</sup>

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, aggressive share repurchases and accretively closing underperforming stores.

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<sup>1</sup> 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.

<sup>2</sup> Analysis derived from information set forth in Company filings.

## WE ARE CONCERNED WITH THE COMPANY'S PROLONGED UNDERPERFORMANCE

## We are Concerned with the Company's Poor Stock Price Performance

We are seriously concerned that the Company's stock price has significantly underperformed its peers and the market as a whole over the past one, three and five-year periods prior to the release of our March 11th letter and during Ms. Elfers' tenure, as displayed in the following chart.<sup>3</sup>

	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	12.0%	13.0%	35.2%	80.7%
S&P 500 Retailing Index	18.7%	86.3%	155.4%	171.7%
S&P 500 Index	13.1%	61.7%	101.7%	104.7%
Russell 2000 Index	3.3%	56.5%	93.8%	104.7%