

CHARMING SHOPPES INC
Form PRER14A
May 16, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

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

CHARMING SHOPPES, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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CHARMING SHOPPES, INC.

450 WINKS LANE

BENSALEM, PENNSYLVANIA 19020

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

June 26, 2008

We are pleased to give you this notice of our reconvened 2008 Annual Meeting of Shareholders:

- Time and Date: 10:00 a.m. on Thursday, June 26, 2008 (eastern time)
- Place: 450 Winks Lane, Bensalem, PA 19020
- Items of Business:
1. To elect four (4) Class C Directors and two (2) Class B Directors.
 2. To re-approve the material terms of the performance goals under the 2003 Incentive Compensation Plan to preserve the deductibility of compensation payments in accordance with Section 162(m) of the Internal Revenue Code.
 3. To amend our Restated Articles of Incorporation to eliminate the approval requirements for business combinations with interested shareholders.
 4. To amend our Restated Articles of Incorporation and By-laws to declassify our Board of Directors.
 5. To ratify the appointment of Ernst & Young LLP as independent auditors of Charming Shoppes to serve for the 2009 fiscal year.
 6. To transact such other business as may properly come before the reconvened Meeting or any adjournment thereof.
- Record Date: You are entitled to attend and vote at the reconvened Meeting if you were a holder of record of Common Stock at the close of business on March 28, 2008.
- Company Reports: Our Annual Report on Form 10-K for our fiscal year ended February 2, 2008 was first sent to shareholders on April 2, 2008.
- Proxy Materials: A Proxy Statement, Proxy Card and postage-paid return envelope are also enclosed.
- Proxy Voting: Your vote is important. Please read the attached Proxy Statement carefully and submit your proxy by mailing the enclosed Proxy Card as soon as possible.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on June 26, 2008. Our proxy statement is attached. Financial and other information concerning Charming Shoppes is contained in our Annual Report to Shareholders for the fiscal year ended February 2, 2008, which was first sent to shareholders on April 2, 2008. Under new rules issued by the Securities and Exchange Commission (SEC), we are providing access to our proxy materials both by sending you this proxy statement, a Proxy Card, and by notifying you of the availability of our proxy materials on the Internet. **The Proxy Statement and our fiscal 2008 Annual Report to Shareholders are available on our web site at www.charmingshoppes.com.**

By Order of the Board of Directors

Colin D. Stern
Secretary

May , 2008

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CHARMING SHOPPES, INC.

450 Winks Lane

Bensalem, Pennsylvania 19020

PROXY STATEMENT

Charming Shoppes and The Charming Shoppes Full Value Committee have settled the proxy contest related to the 2008 Annual Meeting of Shareholders. As a result, we adjourned the 2008 Annual Meeting of Shareholders from Thursday, May 8, 2008 until Thursday, June 26, 2008. We are submitting this Proxy Statement to our shareholders for approval of the nominees for our Board of Directors set forth in the settlement agreement and for the declassification of the Board of Directors. In addition to these proposals and those set forth in our original Proxy Statement dated April 2, 2008, we are seeking shareholder approval to amend our Restated Articles of Incorporation in order to eliminate the approval requirements for business combinations with interested shareholders.

We are providing these proxy materials in connection with the solicitation by the Board of Directors of Charming Shoppes, Inc., a Pennsylvania corporation, of proxies to be voted at our reconvened 2008 Annual Meeting of Shareholders and at any adjournment of the meeting.

You are invited to attend our reconvened Annual Meeting of Shareholders (Meeting) on June 26, 2008, beginning at 10:00 a.m. eastern time. The reconvened Meeting will be held at 450 Winks Lane, Bensalem, PA 19020. To obtain directions to the Meeting and how to vote in person, please call MacKenzie Partners, Inc. at (212) 929-5500 or (800) 322-2855.

This Proxy Statement and the accompanying Notice of Annual Meeting of Shareholders and Proxy Card are being mailed to shareholders entitled to vote at the reconvened Meeting starting May , 2008. A copy of our Annual Report on Form 10-K for our fiscal year ended February 2, 2008 (fiscal 2008) was first sent to shareholders on April 2, 2008.

ABOUT THE RECONVENED MEETING

What is the purpose of the reconvened Meeting?

At the reconvened Meeting, our shareholders will be asked to consider and act upon the following matters:

Election of four (4) Class C Directors and two (2) Class B Directors to our Board of Directors;

Re-approval of the material terms of the performance goals under the 2003 Incentive Compensation Plan to preserve Charming Shoppes tax deductions;

Amendment of our Restated Articles of Incorporation to eliminate the approval requirements for business combinations with interested shareholders;

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Amendment of our Restated Articles of Incorporation and By-laws to declassify our Board of Directors;

Ratification of the appointment of Ernst & Young LLP as our independent auditors for the 2009 fiscal year; and

Such other business as may properly come before the reconvened Meeting or any adjournment thereof.

Who is entitled to vote at the reconvened Meeting?

Only shareholders of record on March 28, 2008, the record date for the Meeting, are entitled to receive notice of and attend and vote at the reconvened Meeting.

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What are the voting rights of shareholders?

Each share of Common Stock is entitled to one vote. There is no cumulative voting.

How do shareholders vote?

You may vote at the reconvened Meeting in person or by proxy.

If a shareholder gives a proxy, how are the shares voted?

Proxies received by us before the reconvened Meeting will be voted at the Meeting in accordance with your instructions. You may submit your proxy by mailing the enclosed Proxy Card. If you sign and return the enclosed Proxy Card, but do not give voting instructions, your shares will be voted by the Proxy Committee of the Board of Directors (the Proxy Committee) on each matter in accordance with the recommendation of the Board of Directors or, if no recommendation is made by the Board of Directors, in the discretion of the Proxy Committee. Thus, for example, if you do not give instructions on your Proxy Card, and a nominee for Director listed on the Proxy Card withdraws before the election (which is not now anticipated), your shares will be voted by the Proxy Committee for any substitute nominee as may be nominated by the Board of Directors. The Proxy Committee consists of Katherine M. Hudson, Lead Independent Director and William O. Albertini, a Director. Under the rules that govern brokers and nominees who have record ownership of shares that are held in street name for account holders (who are the beneficial owners of the shares), brokers and nominees have the discretion to vote such shares on routine matters, such as uncontested Director elections and ratification of independent registered public accounting firms, but not on non-routine matters, such as shareholder proposals or contested Director elections. If a broker or nominee has not received voting instructions from an account holder and does not have discretionary authority to vote shares on a particular item, a broker non-vote occurs. We believe that all of the proposals in this Proxy Statement should be treated as routine matters.

It is possible that matters other than those described above may be brought before shareholders at the reconvened Meeting. If we were not aware of the matter a reasonable time before the mailing of this Proxy Statement, the Proxy Committee will vote your shares on the matter as recommended by the Board of Directors, or, if no recommendation is given, the Proxy Committee will vote your shares in their discretion. In any event, the Proxy Committee will comply with the rules of the SEC when exercising proxies on a discretionary basis.

Was the proxy contest with The Charming Shoppes Full Value Committee resolved?

Yes. On May 8, 2008, we entered into a Settlement Agreement with The Charming Shoppes Full Value Committee to end the proxy contest associated with the Meeting. As a result of this Settlement Agreement, we adjourned the Meeting from Thursday, May 8, 2008 until Thursday, June 26, 2008. We are submitting this Proxy Statement, as required by the Settlement Agreement, to our shareholders for approval of the nominees for our Board of Directors set forth in the Settlement Agreement. In addition to the matters proposed in our Proxy Statement dated April 2, 2008, we are also seeking shareholder approval for proposals to amend the Restated Articles of Incorporation in order to eliminate the approval requirements for business combinations with interested shareholders and to amend the Restated Articles of Incorporation and By-laws to declassify our Board of Directors. For more information on the Settlement Agreement, see **RECENT DEVELOPMENTS**.

How are proxies changed or revoked?

You may change any vote by proxy or revoke a proxy before it is exercised by filing with the Secretary of Charming Shoppes a notice of revocation, a duly executed proxy bearing a later date or by attending the reconvened Meeting and voting in person. Attendance at the reconvened Meeting will not by itself constitute revocation of a proxy.

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If I previously submitted my vote on the GOLD Proxy Card sent by Charming Shoppes or the WHITE Proxy Card sent by The Charming Shoppes Full Value Committee, will my vote be counted?

No. Your vote will not be counted unless you submit a new Proxy Card. The Proxy Card enclosed with this Proxy Statement differs from both the GOLD and WHITE Proxy Cards previously sent to you. This Proxy Card includes six nominees, Dorrit J. Bern, Alan Rosskamm, Arnaud Ajdler, Michael C. Appel, Richard W. Bennet III and Michael Goldstein for election to the Company's Board of Directors, includes a new proposal to amend our Restated Articles of Incorporation to eliminate the approval requirements for business combinations with interested shareholders and a new proposal to amend our Restated Articles of Incorporation and By-laws to declassify our Board of Directors. Thus, please submit the enclosed Proxy Card to vote with respect to all six nominees to Charming Shoppes' Board of Directors, to the amendments to Charming Shoppes Restated Articles of Incorporation and By-laws, to re-approve the material terms of the performance goals under the 2003 Incentive Compensation Plan and to ratify the appointment of Ernst & Young LLP as our independent auditors.

How many shares are outstanding and what constitutes a quorum?

At the close of business on March 28, 2008, the record date for the Meeting, 113,263,136 shares of Common Stock were outstanding. Shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast must be present at the reconvened Meeting in person or by proxy to constitute a quorum for the transaction of business. Withheld votes and shares voted as abstentions or subject to broker non-votes will count for purposes of determining whether a quorum is present.

What vote is required to approve each item?

Election of Directors: The four nominees for election as Class C Directors who receive the greatest number of votes will be elected as Class C Directors. The two nominees for election as Class B Directors who receive the greatest number of votes will be elected as Class B Directors.

Performance Goals under the 2003 Incentive Compensation Plan: Re-approval of the material terms of the performance goals under the 2003 Incentive Compensation Plan, to preserve the deductibility of compensation payments in accordance with Section 162(m) of the Internal Revenue Code (the Code), requires the affirmative vote of a majority of the votes cast on the matter. This plan was previously approved by our shareholders at the 2003 Annual Meeting of Shareholders.

Amendments to our Restated Articles of Incorporation to Eliminate the Approval Requirements for Business Combinations with Interested Shareholders: Approval of the amendments to our Articles of Incorporation to remove the approval requirements for business combinations with interested shareholders requires the affirmative vote of the holders of at least eighty percent (80%) of the combined voting power of our outstanding common stock.

Amendments to our Restated Articles of Incorporation and By-laws to Declassify the Board of Directors: Approval of the amendments to our Articles of Incorporation to declassify the Board of Directors requires the affirmative vote of the holders of at least eighty percent (80%) of the combined voting power of our outstanding common stock. The By-laws, which do not require a supermajority to approve amendments, will not be amended unless the amendment to the Articles of Incorporation to declassify the Board of Directors is approved.

Ratification of the Appointment of Independent Auditor: Although we are not required to submit the appointment of our independent auditors to a vote of shareholders, we believe that it is appropriate to ask that you ratify the appointment. Ratification of the appointment of Ernst & Young LLP as our independent auditors requires the affirmative vote of a majority of the votes cast on the matter.

Withheld votes, abstentions and broker non-votes will not be taken into account and will have no effect on the outcome of the election of Directors or the approval of other matters that may come before the reconvened Meeting.

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Other: Approval of any other matter that comes before the reconvened Meeting will require the affirmative vote of a majority of the votes cast on the matter.

Why am I voting on nominees for Class C and Class B Directors if the Board of Directors has proposed to eliminate the classified Board structure?

If the proposal to declassify the Board of Directors is not approved by the shareholders, the present classification, which consists of three classes of Directors with overlapping three-year terms, will continue.

What are the Board of Directors recommendations?

The Board of Directors unanimously recommends that you vote as follows:

FOR the four (4) persons nominated as Class C Directors and the two (2) persons nominated as Class B Directors by our Board of Directors for election as Directors.

FOR the re-approval of the material terms of the performance goals under the 2003 Incentive Compensation Plan to preserve Charming Shoppes tax deductions.

FOR the amendments to our Restated Articles of Incorporation to eliminate the approval requirements for business combinations with interested holders.

FOR the amendments to our Restated Articles of Incorporation and By-laws to declassify the Board of Directors.

FOR the ratification of the appointment of Ernst & Young LLP as our independent auditors for fiscal 2009.

You may vote using the Proxy Card enclosed with this Proxy Statement.

Other Information

Our Annual Report on Form 10-K for fiscal 2008 was first mailed to shareholders on April 2, 2008. No material contained in the Annual Report is to be considered a part of the proxy solicitation materials.

Our mailing address is Charming Shoppes, Inc., 450 Winks Lane, Bensalem, Pennsylvania 19020. Our corporate website address is www.charmingshoppes.com. The contents of our website are not incorporated by reference into this Proxy Statement.

RECENT DEVELOPMENTS

In January 2008, the Company received notice from Crescendo Partners II, L.P., Series Q, that it intended to nominate three individuals for election to the Board of Directors. On March 14, 2008, The Charming Shoppes Full Value Committee and its members, Crescendo Partners II, Crescendo Investments II, Crescendo Partners III, Crescendo Investments III, Myca Master Fund, Myca Partners, Eric Rosenfeld, Arnaud Ajdler, Michael Appel and Robert Frankfurt, filed a preliminary proxy statement nominating three individuals to the Board of Directors and soliciting proxies against the Company's proposal to re-approve the material terms of the performance goals under the Company's 2003 Incentive Compensation Plan.

On May 8, 2008, the Company and The Charming Shoppes Full Value Committee entered into an agreement (the Settlement Agreement) to resolve the proxy contest and related litigation. Under the terms of the Settlement Agreement, we agreed to:

nominate to our Board of Directors for election at the Meeting: two of management's nominees, Dorrit J. Bern, the Company's Chairman, President and Chief Executive Officer, and Alan Rosskamm; two of The Charming Shoppes Full Value Committee's nominees, Arnaud Ajdler and Michael C. Appel; and two experienced retail executives, Richard W. Bennet III and Michael Goldstein;

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submit, recommend and actively solicit proxies in favor of a resolution for approval by our shareholders at the Meeting to declassify our Board of Directors;

to expand the size of the Board of Directors from eight (8) to eleven (11) Directors, ten (10) of whom will be independent;

to appoint at least one of Mr. Ajdler and Mr. Appel, if elected, to each committee of the Board of Directors at the first Board meeting following the Meeting.; and

to reimburse The Charming Shoppes Full Value Committee for actual out of pocket expenses up to a maximum of \$1,000,000 incurred in the proxy contest.

By the terms of the Settlement Agreement, The Charming Shoppes Full Value Committee agreed to irrevocably withdraw its prior nominees and to terminate the proxy contest with respect to the election of Directors at the Meeting. In addition, The Charming Shoppes Full Value Committee and the Company agreed to the voluntary dismissal of the litigation pending in the United States District Court for the Eastern District of Pennsylvania and to provide mutual releases.

As a result of the Settlement Agreement, we adjourned the Meeting from Thursday, May 8, 2008 until Thursday, June 26, 2008 at 10:00 a.m. (Eastern Time). We are submitting this Proxy Statement, as required by the Settlement Agreement, to our shareholders for approval of the nominees for our Board of Directors set forth in the Settlement Agreement and for the declassification of the Board of Directors. In addition, we are also seeking shareholder approval for an additional proposal to amend the Restated Articles of Incorporation in order to eliminate the approval requirements for business combinations with interested shareholders. The Company filed a copy of the Settlement Agreement as Exhibit 10.1 to its current report on Form 8-K filed with the Securities and Exchange Commission on May 9, 2008.

DIRECTORS STANDING FOR ELECTION

Our Restated Articles of Incorporation provide for a classified Board of Directors, consisting of three classes of Directors with overlapping three-year terms. One class of Directors is to be elected each year, with a term extending to the third succeeding annual meeting of shareholders and until the Directors' successors have been duly elected and qualified. The terms of the three current Class C Directors, Dorrit J. Bern, Alan Rosskamm and M. Jeannine Strandjord, will expire as of the date of the Meeting. In connection with the Settlement Agreement with The Charming Shoppes Full Value Committee, the Board of Directors adopted a resolution expanding the number of Directors from eight (8) to eleven (11) effective as of the reconvened Meeting. As such, nominees for four (4) Class C Directors and nominees for two (2) Class B Directors will be voted upon at the reconvened Meeting.

If, however, the shareholders approve the amendments to the Company's Articles of Incorporation and By-laws to declassify the Board of Directors, all Directors, including those Class C and Class B Directors elected at the Meeting will serve one-year terms until the 2009 Annual Meeting of Shareholders. The incumbent Class A and Class B Directors' terms will be shortened to one-year and each of our Directors will stand for reelection at the 2009 Annual Meeting of Shareholders. See **PROPOSAL TO AMEND OUR RESTATED ARTICLES OF INCORPORATION AND BY-LAWS TO DECLASSIFY THE BOARD OF DIRECTORS.**

At the reconvened Meeting, Ms. Bern, Mr. Rosskamm, Mr. Ajdler and Mr. Appel will be nominated for election as Class C Directors for three-year terms and until their successors shall have been duly elected and qualified. In addition, at the reconvened Meeting, Mr. Goldstein and Mr. Bennet will be nominated for election as Class B Directors for three-year terms until their successors shall have been duly elected and qualified. In connection with the settlement of the proxy contest, Ms. Strandjord elected not to stand for reelection. The Board is extremely grateful for her excellent service on behalf of the Company and its shareholders.

*THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE **FOR THE BOARD'S** NOMINEES FOR ELECTION AS DIRECTORS.*

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BIOGRAPHIES OF DIRECTORS AND NOMINEES FOR DIRECTOR

Other than Dorrit J. Bern, each of the following Directors and nominees for Director is independent under the NASDAQ Global Select Market listing requirements and the standards set forth in our Principles of Corporate Governance. For more information about our determination of independence, see **CORPORATE GOVERNANCE AT CHARMING SHOPPES Board of Directors**.

The following persons have been nominated for election as Class C Directors to terms scheduled to end in 2011:

DORRIT J. BERN

Director Since 1995

Ms. Bern, 58, has been our President and Chief Executive Officer since August 1995 when she joined Charming Shoppes. She also served as Vice Chairman of the Board of Directors from August 1995 until January 1997 when she was elected Chairman of the Board. Before joining us, Ms. Bern was employed by Sears, Roebuck & Co., beginning in 1987 during which period she held various merchandising positions culminating with her appointment as Group Vice President of Women's Apparel and Home Fashions in December 1993. Before joining Sears, Roebuck & Co., Ms. Bern held merchandising positions at other prominent retailers. Ms. Bern is also a Director of Southern Company and OfficeMax Incorporated.

ALAN ROSSKAMM

Director Since 1992

Mr. Rosskamm, 58, was the Chief Executive Officer of Jo-Ann Stores, Inc. (Jo-Ann), from October 1985 to August 2006, and Chairman of the Board of Directors from July 1992 to August 2006. Under his leadership, Jo-Ann became the nation's leading retailer of fabrics and sewing supplies and one of the nation's largest retailers of craft and floral products, operating 800 stores in 47 states. He continues as a member of Jo-Ann's Board of Directors, where he has served since 1985. Since 2006, Mr. Rosskamm has advised a number of start-up ventures, including retailer PetSense, Inc.

MICHAEL C. APPEL

Nominee

Mr. Appel, 58, was an interim Chief Executive Officer for Caswell-Massey Co. Ltd., Ciro, Inc., Laura Ashley, N.A. and MacKenzie-Childs, Ltd. Mr. Appel served as financial advisor to the Creditors Committee in the bankruptcy proceeding of Kasper A.S.L., Ltd., a leading manufacturer of women's apparel under the Kasper and Ann Klein brands that filed for Chapter 11 in February 2002. Mr. Appel assisted in developing and implementing a successful turnaround plan for Kasper A.S.L., Ltd. and was awarded the 2004 Turnaround of the Year Award by the Turnaround Management Association for his work with Kasper A.S.L., Ltd. Mr. Appel served as Chief Restructuring Officer of HCI Direct, the leading U.S. direct marketer of women's hosiery. He later served as interim Chief Executive Officer at HCI Direct, launched a successful new product line and recruited a new Chief Executive Officer. Mr. Appel began his career in 1973 at Bloomingdale's where he spent ten years in merchandising. Mr. Appel currently serves as Managing Director of Quest Turnaround Advisors, a firm that provides turnaround and crisis management services to Boards of Directors, management, creditors and shareholders.

ARNAUD AJDLER

Nominee

Mr. Ajdler, 32, serves as a Director and on the Compensation and Human Resources Committee of O'Charley's Inc., a multi-concept restaurant company that operates or franchises a total of 364 restaurants under three brands. He also serves as a Director and on the Compensation Committee of Mothers Work, Inc., a designer and retailer of maternity apparel. Since its inception in June 2006, Mr. Ajdler has served as a member of the Board of Directors and the Secretary of Rhapsody Acquisition Corp., an OTC Bulletin Board-listed blank check company formed to effect a business combination with an operating business. From June 2004 until June 2006 Mr. Ajdler also served as the Chief Financial Officer, a Director and the Secretary of Arpeggio Acquisition

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Corporation. Arpeggio completed its business combination with Hill International, Inc. in June 2006 and since such time Mr. Ajdler has served as a Director of the surviving company, a NYSE listed company. From August 2006 until the company was acquired in October 2007, Mr. Ajdler served as a Director of The Topps Company, Inc., a NASDAQ listed company. He has been a Managing Director of Crescendo Partners since December 2005.

The following persons have been nominated for election as class B Directors, with terms scheduled to end in 2010:

RICHARD W. BENNET, III

Nominee

Mr. Bennet, 55, is the former Vice Chairman of The May Department Stores Company. Previous to his appointment as Vice Chairman in 2000, Mr. Bennet served in various executive management positions including President and Chief Executive Officer of Kaufmanns and Famous Barr. Prior to these executive leadership positions, Mr. Bennet held a number of senior merchandising positions, including General Merchandise Manager responsibilities at Filene's, Famous Barr and May D & F. He began his retail career as an assistant buyer with Famous Barr Department Stores in St. Louis. Mr. Bennet has also served as President and Chief Executive Officer of Direct Holdings Worldwide, an international direct marketing business with a variety of holdings including Time Life Entertainment. Currently, Mr. Bennet is Co-Chief Executive Officer of CCA Global Partners, a cooperative of independent retail stores providing buying service and infrastructure to 3,600 locations with revenues of over \$10 billion. Mr. Bennet also serves on the Board of Directors of drugstore.com, inc., a leading online drugstore and information site for health, beauty, personal care, and pharmacy products.

MICHAEL GOLDSTEIN

Nominee

Mr. Goldstein, CPA, 66, served as Chairman of the Toys "R" Us Children's Fund from June 2001 until May 2006. Mr. Goldstein was Chairman of Toys "R" Us, Inc. from February 1998 to June 2001, Chief Executive Officer from August 1999 to January 2000 and Vice Chairman and Chief Executive Officer from February 1994 to February 1998. Mr. Goldstein is also lead Director at Medco Health Solutions, Inc. and Director of 4Kids Entertainment, Inc., The Bear Stearns Companies, Inc., Martha Stewart Living Omnimedia, Inc. and Pacific Sunwear of California, Inc. Mr. Goldstein served as a director of United Retail Group, Inc. prior to the company being sold in 2007. He is also a Director of various private companies and non-profit entities.

The following Class A Directors are continuing in office, with terms scheduled to end in 2009:

WILLIAM O. ALBERTINI

Director Since 2003

Mr. Albertini, 65, retired in 1999 as Executive Vice President and Chief Financial Officer of Bell Atlantic Global Wireless, Inc., a provider of wireless communication services. Before joining that company, from 1995 to 1997 he served as Executive Vice President and Chief Financial Officer of Bell Atlantic Corporation, and also as a Director of Bell Atlantic. Mr. Albertini is also a Director of BlackRock, Inc., Triumph Group, Inc. and Airgas, Inc.

CHARLES T. HOPKINS

Director Since 1999

Mr. Hopkins, 65, was associated with the public accounting firm of KPMG LLP from 1966 until 1999. During his term at KPMG LLP, Mr. Hopkins served as an audit partner and a SEC reviewing partner. From 1993 until 1998, Mr. Hopkins was managing partner of KPMG's Philadelphia Business Unit.

YVONNE M. CURL

Director Since 2004

Ms. Curl, 53, was the Chief Marketing Officer of Avaya, Inc. (Avaya) from October 2000 through April 2004. In that capacity, she was responsible for the strategic and operational management of Avaya's global marketing organization. Avaya provides voice, converged voice and data customer relationship management,

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messaging, multi-service networking and structured cabling products and services to its customers. Before joining Avaya, Ms. Curl was employed by Xerox Corporation beginning in 1976, where she held positions in sales, marketing and field operations culminating with her appointment as Corporate Vice President, Senior Vice President and General Manager, Public Sector, Worldwide in January 1999. In that capacity, she was responsible for developing strategic and tactical market plans for the provision of document solutions and services to the public sector worldwide. Ms. Curl is also a Director of Nationwide Mutual Insurance Company, HealthSouth Corporation and Welch Allyn Inc.

The following Class B Directors are continuing in office, with terms scheduled to end in 2010:

PAMELA DAVIES

Director Since 1998

Dr. Davies, 51, has been the President of Queens University of Charlotte since July 2002. Dr. Davies was the Dean of the McColl School of Business, Queens University of Charlotte from June 2000 until March 2001 when she was appointed Chief Operating Officer of that institution. From June 1997 to June 2000, she served as Professor of Management and Dean of the Bennett S. LeBow College of Business at Drexel University. From 1992 to 1997, Dr. Davies served as Chairman of the Department of Management at the University of Central Florida. Her professional specialization is in the field of strategic planning with a particular emphasis on competitive and marketing strategy. She has written and lectured on these topics extensively. Dr. Davies is also a Director of C&D Technologies, Inc. and Sonoco Products Company.

KATHERINE M. HUDSON

Director Since 2000

Ms. Hudson, 61, served as the Chairman of the Board of Directors of Brady Corporation until November 2003 when she retired. Prior to her appointment as Chairman, she was the President, Chief Executive Officer and a Director of Brady Corporation from January 1994 until March 2003. Brady Corporation is a leading manufacturer and marketer of complete identification solutions which improve productivity, performance, safety and security. Its products include high-performance labels, signs, software, printers, specialty die-cut materials and data-collection systems. Before joining Brady Corporation, she was a Vice President at Eastman Kodak Company and General Manager of its Professional, Printing and Publishing Imaging Division. Her 24 years at Eastman Kodak Company included positions in finance, communications and public affairs, information systems and the management of instant photography and printing. Ms. Hudson formerly served as Director of Telefonaktiebolaget LM Ericsson. She currently serves on the Alverno College Board of Trustees and as Immediate Past Chairman of the Medical College of Wisconsin Board of Trustees.

Settlement Agreement with The Charming Shoppes Full Value Committee

In connection with the Settlement Agreement with The Charming Shoppes Full Value Committee, we agreed to nominate Mr. Appel and Mr. Ajdler as Class C Directors to our Board of Directors. In addition, we agreed that at least one of these nominees, if elected, would be appointed to each committee of the Board of Directors at the first Board meeting following the Meeting.

On May 5, 2008, the Company issued a press release announcing that it intends to appoint Mr. Bennet and Mr. Goldstein to the Board of Directors following the Meeting. As part of the Settlement Agreement with The Charming Shoppes Full Value Committee, we agreed to nominate Mr. Goldstein and Mr. Bennet as Class B Directors at this Meeting.

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CORPORATE GOVERNANCE AT CHARMING SHOPPES

Our business is managed under the direction of our Board of Directors, in accordance with the Pennsylvania Business Corporation Law and our By-laws. Members of the Board of Directors are kept informed of our business through discussions with the Chairman, President and Chief Executive Officer and other officers, by reviewing materials provided to them and by participating in regular and special meetings of the Board of Directors and its committees. In addition, to promote open discussion among our non-employee Directors, those Directors regularly meet in executive sessions without the participation of management or employee Directors. Our Directors are encouraged to, and do, attend continuing education programs on corporate governance practices from time to time.

Board of Directors

Our Board of Directors has a long-standing commitment to sound and effective corporate governance practices. The foundation for our corporate governance is the Board's policy that a substantial majority of the members of the Board of Directors should be independent. Our Principles of Corporate Governance Statement is available on our corporate website (www.charmingshoppes.com). We have reviewed internally and with our Board of Directors the provisions of the Sarbanes-Oxley Act of 2002, the related rules of the SEC and current NASDAQ Marketplace Rules and NASDAQ Global Select Market listing requirements regarding corporate governance policies and procedures. Our corporate governance documents comply with all applicable requirements.

As a result of the Settlement Agreement, our Board of Directors passed a resolution, in accordance with our By-laws, that as of the date of the Meeting, the number of Directors will be set at eleven (11). Ten (10) of the eleven (11) Directors and five (5) of the six (6) nominees for Director are non-employees, and the Board of Directors has determined that each of these ten (10) Directors and five (5) nominees for Director has no relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director, and that each meets the objective requirements for independence under the NASDAQ Marketplace Rules. Therefore, the Board of Directors has determined that each of these ten (10) Directors and five (5) nominees for Director is independent under the standards currently set forth in the NASDAQ Global Select Market listing requirements and the standards set forth in our Principles of Corporate Governance. The only Director who is not independent is Dorrit J. Bern, our Chief Executive Officer. See also **Corporate Governance at Charming Shoppes Audit Committee** below.

On May 5, 2008, the Board of Directors amended the By-laws to separate the duties of Chairman of the Board and Chief Executive Officer and to require that the Chairman of the Board be independent. This By-law amendment is to be effective immediately following the Meeting.

Each Director is required to disclose to the Board of Directors any direct or indirect material interest he or she may have in a transaction with us before we enter into the transaction, and to refrain from participating in any Board of Directors decision regarding the transaction. In addition, each Director and nominee for election as Director delivers to the Company annually a questionnaire that includes, among other things, information relating to any transactions in which both the Director or nominee, or their family members, and the Company participates, and in which the Director or nominee, or such family member, has a material interest.

On April 26, 2007 our Board of Directors adopted a written policy which requires that any transaction involving the Company in which one of our Directors, nominees for Director, executive officers, or greater than five percent shareholders, or their immediate family members, has a material interest be approved or ratified by the Corporate Governance and Nominating Committee if the amount involved is at least \$120,000. Previously, this function had been handled by the Audit Committee. In determining whether to approve or ratify any such transaction, the disinterested members of the Corporate Governance and Nominating Committee must consider, in addition to other factors they deem appropriate, whether the transaction is on terms no less favorable to the Company than those available to an unaffiliated third party under the same or similar circumstances.

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On March 12, 2008, we entered into a residential lease agreement with our Chief Executive Officer, effective as of February 1, 2008, under which the Company started charging rent for the Company-owned apartment made available to her at a monthly rent of \$7,900. In accordance with the Company's written policy for related party transactions the lease was submitted to the Corporate Governance and Nominating Committee on March 7, 2008 for ratification. The Corporate Governance and Nominating Committee determined that the lease is at fair market value and on terms no less favorable to the Company than those to an unaffiliated third party.

On May 8, 2008, we entered into a Settlement Agreement with The Charming Shoppes Full Value Committee. The Charming Shoppes Full Value Committee includes two of our nominees for Director, Mr. Appel and Mr. Ajdler. In connection with the Settlement Agreement, we agreed to reimburse The Charming Shoppes Full Value Committee for actual out of pocket expenses incurred in the proxy contest, including preparation costs of filings, legal and other advisor fees, and litigation expenses related to the proxy contest, up to a maximum reimbursement of \$1,000,000.

During fiscal 2008, our Board of Directors held nine meetings. Each member of the Board of Directors attended at least 75% of the total number of meetings of the Board of Directors and all committees on which he or she served. From time to time, the Board of Directors and Board Committees act by unanimous written consent.

Lead Independent Director

We have designated Katherine M. Hudson as our Lead Independent Director. The Board of Directors has determined that Ms. Hudson qualifies as an independent Director under current NASDAQ Marketplace Rules and under the standards set forth in our Principles of Corporate Governance. After the Meeting, we expect to appoint an Independent Chairman of the Board of Directors and discontinue the designation of the Lead Independent Director.

Stock Ownership Guidelines

We have adopted stock ownership guidelines that call for Directors, within five years of the adoption of the guideline on January 20, 2005 or within five years of their election to the Board of Directors, whichever is the later, to own at least 15,000 shares of our Common Stock. Deferred stock, restricted stock units and restricted stock count toward meeting this ownership guideline.

Committees of the Board of Directors

Our Board of Directors has an Audit Committee, Compensation Committee (formerly the Compensation and Stock Option Committee), Corporate Governance and Nominating Committee, Finance Committee and Administration Committee. The charters of these Committees have been approved by our Board of Directors and (other than the Administration Committee which meets infrequently) are available on our corporate website (www.charmingshoppes.com).

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The following table presents information regarding the membership of our Board Committees as of the date of this Proxy Statement:

Current Board Committee Membership

	AUDIT COMMITTEE	COMPENSATION COMMITTEE	CORPORATE GOVERNANCE AND NOMINATING COMMITTEE	FINANCE COMMITTEE	ADMINISTRATION COMMITTEE
William O. Albertini		+		+X	
Charles T. Hopkins	+X			+	
Yvonne M. Curl	+XX	+	+X		
Pamela Davies		+	+		
Katherine M. Hudson*	+	+X			+
Dorrit J. Bern					+X
Alan Rosskamm			+	+	+
M. Jeannine Strandjord	+			+	
Number of Meetings in Fiscal 2008**	12	11	7	3	0

+ Member

X Chairperson

XX Ms. Curl was appointed as a member of the Audit Committee on June 20, 2007.

* Ms. Hudson has been designated as the Lead Independent Director.

** The Committees from time to time act by unanimous written consent.

In connection with the Settlement Agreement with The Charming Shoppes Full Value Committee, we agreed that at least one of Mr. Ajdler or Mr. Appel, if elected, would be appointed to each committee of the Board of Directors at the first Board meeting following the Meeting.

Audit Committee

The Audit Committee operates under a written charter that has been approved by the Board of Directors. The Charter is reviewed annually by the Board of Directors. The Audit Committee's primary responsibility is to assist the Board of Directors in fulfilling its oversight responsibilities to our shareholders and other constituencies. In furtherance of those oversight responsibilities, the Audit Committee's primary duties are to (1) serve as an independent and objective party to monitor the quality, reliability and integrity of our accounting and financial reporting processes, including our internal control over financial reporting, (2) monitor our compliance with ethics policies and legal and regulatory requirements, (3) review and evaluate the qualifications, independence and performance of our independent auditors and internal auditors, (4) be directly responsible for the appointment, retention and compensation of the independent auditors, including pre-approving all audit and permissible non-audit services, (5) provide an open avenue of communication among and individually with the independent auditors, internal auditors, members of management and the Board of Directors and take appropriate actions resulting from this interaction, (6) review the scope of the audits to be conducted by the independent auditors and internal auditors and meet to discuss the results of their respective audits, (7) review with management, the independent auditors and our internal auditors the selection and disclosure of critical accounting policies and practices, significant financial reporting issues and judgments and estimates made in connection with the preparation of the financial statements and changes in accounting policies and practices and the effect on the financial statements, (8) review with management and the independent auditors our audited annual and unaudited quarterly financial statements before filing them with the SEC, and (9) review with management, the internal auditors and independent auditors, management's assessment of internal control over financial reporting and the independent auditors evaluation of the effectiveness of our internal control over financial reporting.

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The Board of Directors has determined that each member of the Audit Committee is independent, under the independence standards discussed above, and that each member meets the additional standards of independence applicable under the Sarbanes-Oxley Act of 2002 and related rules of the SEC and the NASDAQ Marketplace Rules and NASDAQ Global Select Market listing requirements. In addition, the Board of Directors has determined that Mr. Hopkins qualifies as an audit committee financial expert in accordance with the definition of audit committee financial expert set forth in Item 401(h)(2) of Regulation S-K, adopted by the SEC. The Board of Directors has made no determination as to whether other members of the Audit Committee do or do not so qualify. Mr. Hopkins acquired these qualifications through his lengthy service as an aud