

CHARMING SHOPPES INC
Form PRE 14A
April 19, 2010
Table of Contents

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)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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Table of Contents

CHARMING SHOPPES, INC.

3750 STATE ROAD

BENSALEM, PENNSYLVANIA 19020

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

June 24, 2010

We are pleased to give you this notice of our 2010 Annual Meeting of Shareholders:

Time and Date: 10:00 a.m. on Thursday, June 24, 2010 (eastern time)

Place: **Lane Bryant, Inc.**

3344 Morse Crossing Road

Columbus, OH 43219-3092

- Items of Business:
1. To elect the eight (8) Director nominees identified in the accompanying Proxy Statement for a one-year term.
 2. To approve the 2010 Stock Award and Incentive Plan.
 3. To hold an advisory vote to approve the compensation of the Charming Shoppes named executive officers, set forth in the Summary Compensation Tables of the Proxy Statement and accompanying narrative disclosure.
 4. To ratify the appointment of Ernst & Young LLP as independent auditors of Charming Shoppes to serve for fiscal 2010.
 5. To transact such other business as may properly come before the Meeting or any adjournment thereof.

Record Date: You are entitled to attend and vote at the Meeting if you were a holder of record of Common Stock at the close of business on April 26, 2010.

Company Reports: Our Annual Report on Form 10-K for our fiscal year ended January 30, 2010 is included with these materials. Financial and other information concerning Charming Shoppes is included in our Annual Report.

Proxy Materials: A Proxy Statement and Proxy Card are also included. If proxy materials are received by mail, a pre-paid postage-paid return envelope is enclosed.

Proxy Voting: Your vote is important. Please read the Proxy Statement carefully and submit your proxy by mailing the enclosed Proxy Card or voting on the Internet (as described below) as soon as possible.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on June 24, 2010.

As permitted by rules adopted by the Securities and Exchange Commission ("SEC"), the Company is making its Proxy Statement and its Annual Report on Form 10-K available electronically via the Internet. In accordance with the SEC rules, we are mailing to most of our shareholders, including beneficial holders of our shares, a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to electronically access this Proxy Statement and our Annual Report on the Internet and how to vote online. In general, shareholders who receive the Notice will not receive a paper copy of the proxy materials in the mail. The Notice contains instructions on how to request a paper copy of the proxy materials, including this Proxy Statement, our Annual Report and Proxy Card.

Please note that we may also send to certain shareholders, including certain registered holders of our shares, a paper copy of these proxy materials by mail. We will begin mailing the Notice to our beneficial holders on May 11, 2010. We will begin to mail paper copies of this Proxy Statement, our Annual Report and form of Proxy Card to our registered holders on or about the same time we mail the Notice.

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The Proxy Statement and our fiscal 2009 Annual Report on Form 10-K to Shareholders are also available at www.charmingshoppes.com/proxy2010.

By Order of the Board of Directors

Colin D. Stern
Secretary
May , 2010

Table of Contents

<u>ABOUT THE MEETING</u>	1
<u>WHAT IS THE PURPOSE OF THE MEETING?</u>	1
<u>WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING?</u>	1
<u>WHAT ARE THE VOTING RIGHTS OF SHAREHOLDERS?</u>	1
<u>WHY DID I RECEIVE A NOTICE IN THE MAIL REGARDING THE INTERNET AVAILABILITY OF THE PROXY MATERIALS?</u>	1
<u>WHY DIDN'T I RECEIVE A NOTICE ABOUT THE INTERNET AVAILABILITY OF THE PROXY MATERIALS?</u>	2
<u>IF I ONLY RECEIVED A NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS, HOW DO I OBTAIN A PAPER OR EMAIL COPY OF THE PROXY MATERIALS?</u>	2
<u>HOW DO SHAREHOLDERS VOTE?</u>	2
<u>IF A SHAREHOLDER GIVES A PROXY, HOW ARE THE SHARES VOTED?</u>	2
<u>HOW ARE PROXIES CHANGED OR REVOKED?</u>	3
<u>HOW MANY SHARES ARE OUTSTANDING AND WHAT CONSTITUTES A QUORUM?</u>	3
<u>WHAT VOTE IS REQUIRED TO APPROVE EACH ITEM?</u>	3
<u>WHAT ARE THE BOARD OF DIRECTORS' RECOMMENDATIONS?</u>	4
<u>OTHER INFORMATION</u>	4
<u>DIRECTORS STANDING FOR ELECTION</u>	4
<u>BIOGRAPHIES OF DIRECTORS AND NOMINEES FOR DIRECTOR</u>	5
<u>CORPORATE GOVERNANCE AT CHARMING SHOPPES</u>	8
<u>BOARD OF DIRECTORS</u>	8
<u>LEAD INDEPENDENT DIRECTOR</u>	9
<u>ROLE OF BOARD OF DIRECTORS IN RISK OVERSIGHT</u>	9
<u>STOCK OWNERSHIP GUIDELINES</u>	9
<u>COMMITTEES OF THE BOARD OF DIRECTORS</u>	9
<u>AUDIT COMMITTEE</u>	10
<u>COMPENSATION COMMITTEE</u>	11
<u>CORPORATE GOVERNANCE AND NOMINATING COMMITTEE</u>	12
<u>ADMINISTRATION COMMITTEE</u>	12
<u>DIRECTOR NOMINATIONS</u>	12
<u>COMMUNICATIONS WITH DIRECTORS</u>	13
<u>ANNUAL MEETING</u>	13
<u>STANDARDS OF BUSINESS CONDUCT</u>	13
<u>COMPENSATION OF DIRECTORS</u>	14
<u>CASH COMPENSATION PAID TO BOARD MEMBERS</u>	15
<u>SHARE PLAN FOR NON-EMPLOYEE DIRECTORS</u>	15
<u>DEFERRAL OF CASH FEES</u>	16
<u>EMPLOYEE DIRECTORS</u>	16
<u>COMPENSATION OF EXECUTIVE OFFICERS</u>	17
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	17
<u>SUMMARY COMPENSATION TABLE</u>	33
<u>OFFER LETTERS AND SEVERANCE AGREEMENTS</u>	34
<u>GRANTS OF PLAN-BASED AWARDS DURING FISCAL 2009</u>	36
<u>OUTSTANDING EQUITY AWARDS AT FISCAL 2009 YEAR-END</u>	38

Table of Contents

<u>OPTION EXERCISES AND STOCK VESTED FISCAL 2009</u>	41
<u>NONQUALIFIED DEFERRED COMPENSATION FOR FISCAL 2009</u>	42
<u>VARIABLE DEFERRED COMPENSATION PLAN</u>	42
<u>SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP)</u>	43
<u>POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL</u>	44
<u>PROPOSAL FOR APPROVAL OF THE CHARMING SHOPPES, INC. 2010 STOCK AWARD AND INCENTIVE PLAN</u>	50
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	60
<u>ADVISORY VOTE ON THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS</u>	61
<u>REPORT OF THE COMPENSATION COMMITTEE</u>	63
<u>PRINCIPAL SHAREHOLDERS AND MANAGEMENT OWNERSHIP</u>	64
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	67
<u>AUDIT COMMITTEE REPORT</u>	68
<u>AUDIT AND OTHER FEES</u>	69
<u>AUDIT AND OTHER FEES FOR PAST TWO FISCAL YEARS</u>	69
<u>AUDIT AND PERMISSIBLE NON-AUDIT SERVICES PRE-APPROVAL POLICIES AND PROCEDURES</u>	69
<u>PROPOSAL FOR RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS</u>	71
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	71
<u>PROPOSALS FOR 2011 ANNUAL MEETING</u>	71
<u>COST OF SOLICITATION</u>	71
<u>HOUSEHOLDING</u>	72
<u>ADDITIONAL INFORMATION</u>	72
<u>2010 STOCK AWARD AND INCENTIVE PLAN</u>	A-1

Table of Contents

CHARMING SHOPPES, INC.

3750 State Road

Bensalem, Pennsylvania 19020

PROXY STATEMENT

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 2010 Annual Meeting of Shareholders and at any adjournment of the meeting.

You are invited to attend our Annual Meeting of Shareholders (the Meeting) on June 24, 2010, beginning at 10:00 a.m. eastern time. The Meeting will be held at Lane Bryant's offices, 3344 Morse Crossing Road, Columbus, Ohio 43219-3092.

As permitted by rules adopted by the Securities and Exchange Commission (SEC), on May 11, 2010, we mailed to most of our shareholders, including beneficial holders of our shares, entitled to vote at the Meeting a Notice of Internet Availability of Proxy Materials (the Notice) containing the instructions on how to electronically access on the Internet this Proxy Statement and our Annual Report on Form 10-K for our fiscal year ended January 30, 2010 (fiscal 2009) and how to vote online. As used in this Proxy Statement the terms fiscal 2008 and fiscal 2007 refer to our fiscal years ended January 31, 2009 and February 2, 2008, respectively. The term fiscal 2010 refers to our fiscal year which will end on January 29, 2011. In general, shareholders who receive the Notice will not receive a paper copy of the proxy materials in the mail. If you would like to receive a paper copy of our proxy materials, please follow the instructions included in the Notice. In addition, the Notice contains instructions on how shareholders may request to receive proxy materials in paper form by mail or electronically by e-mail on an ongoing basis.

Please note that we may also send to certain shareholders, including certain registered holders of our shares, entitled to vote at the Meeting, our proxy materials by mail. This Proxy Statement and the accompanying Notice of Annual Meeting of Shareholders, Proxy Card and our Annual Report on Form 10-K for our fiscal year ended January 30, 2010 are being mailed to these shareholders on May 11, 2010. The Proxy Statement and our fiscal 2009 Annual Report on Form 10-K are also available at www.charmingshoppes.com/proxy2010.

ABOUT THE MEETING

What is the purpose of the Meeting?

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

Election of the eight (8) Director nominees named in this Proxy Statement for a one-year term;

Approval of the 2010 Stock Award and Incentive Plan;

An advisory vote to approve the compensation of the Charming Shoppes named executive officers, as set forth in the Summary Compensation Tables and the accompanying narrative disclosure.

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Ratification of the appointment of Ernst & Young LLP as our independent auditors for fiscal 2010; and

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

Who is entitled to attend and vote at the Meeting?

Only shareholders of record on April 26, 2010, the record date for the Meeting, are entitled to receive notice of and attend and vote at the Meeting.

What are the voting rights of shareholders?

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

Why did I receive a notice in the mail regarding the Internet availability of the proxy materials?

The SEC permits companies to furnish their proxy materials over the Internet. As a result, we are mailing to most of our shareholders the Notice instead of a paper copy of the proxy materials. All shareholders will be able to access the proxy materials online and may also request a paper copy of the proxy materials. Most shareholders that receive the Notice will not be mailed a paper copy of the proxy materials unless they request a copy. Instructions on how to access the proxy materials over the Internet and on how to request a paper copy of the proxy materials may be found on the Notice. In addition, the Notice contains instructions on how shareholders may request to receive proxy materials in paper form by mail or electronically by e-mail on an ongoing basis. These instructions are also set out below. Unless the shareholder requests a paper copy of the proxy materials, a shareholder receiving the Notice will only be able to vote via the Internet.

Table of Contents

Why didn't I receive a notice about the Internet availability of the proxy materials?

We are providing some of our shareholders with paper copies of the proxy materials instead of the Notice. Shareholders who receive the proxy materials by mail will only be able to vote by mailing the Proxy Card enclosed with the Proxy Statement. If you want to receive an email copy of our proxy materials, you must request one, as described below.

If I only received a Notice of Internet Availability of Proxy Materials, how do I obtain a paper or email copy of the proxy materials?

If you want to receive a paper or e-mail copy of our proxy materials, you must request one. There is no charge to you for this. Please make your request on or before June 10, 2010 to facilitate timely delivery. If you received only the Notice, you may request a copy of the proxy materials for this Meeting and all future meetings:

by Internet at www.proxyvote.com;

[by telephone at 1-800-579-1639; or]

by e-mail at sendmaterial@proxyvote.com.

If requesting proxy materials by e-mail, please send a blank e-mail with your 12-Digit Control Number (located on the Notice) in the subject line.

How do shareholders vote?

Shareholders of record on the record date may vote at the Meeting in person or by proxy.

Voting by Internet. If you received the Notice, the website for Internet voting is in the Notice. Please follow the instructions contained in the Notice. Internet voting is available 24 hours a day, seven days a week through 11:59 p.m., on Wednesday, June 23, 2010. Alternatively, if you requested a paper copy of the proxy materials, you may also vote by mail by marking the Proxy Card enclosed with the paper copy, dating and signing it, and returning it in the postage-paid envelope provided.

Voting by mail. If you received a paper copy of the proxy materials, you may vote only by mail by marking the Proxy Card enclosed with this Proxy Statement, dating and signing it, and returning it in the postage-paid envelope provided. If you received the Notice and wish to vote by mail, you must request a paper copy of the materials as discussed above.

Shareholders who hold their shares through a broker (in street name) must vote their shares in the manner prescribed by their broker.

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

Proxies received by us before the Meeting will be voted at the Meeting in accordance with your instructions. If you sign and return the enclosed Proxy Card or vote via the Internet, 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, and a nominee for Director 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 Alan Rosskamm, our Chairman of the Board of Directors, and Michael Goldstein, a Director and Chair of our Compensation Committee.

Table of Contents

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, under the rules governing them, to vote such shares on routine matters. 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 because it is not a routine matter under the applicable rules, a broker non-vote occurs. Uncontested director elections had previously been treated as a routine matter under the rules that govern brokers, however, following recent amendments to these rules, uncontested director elections are now considered non-routine. Accordingly, if an account holder does not instruct the broker or nominee on how to vote in the uncontested director election (Proposal No. 1), a broker non-vote will occur. Consistent with the prior rules, approval of the 2010 Stock Award and Incentive Plan (Proposal No. 2) is a non-routine matter. Brokers and nominees will continue to have the discretion to vote any uninstructed shares on the advisory vote on compensation of the named executive officers (Proposal No. 3) and the ratification of Charming Shoppes independent registered public accounting firm (Proposal No. 4).

It is possible that matters other than those described above may be brought before shareholders at the Meeting. If we were not aware of the matter a reasonable time before the mailing of this Proxy Statement and the Notice, 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.

How are proxies changed or revoked?

You may change any vote by proxy or revoke a proxy before it is exercised by (i) executing a proxy bearing a later date (1) by mail if you received the proxy materials by mail or (2) online if you received the Notice, (ii) filing with the Secretary of Charming Shoppes a notice of revocation or (iii) attending the Meeting and voting in person. Attendance at the Meeting will not by itself revoke your proxy.

How many shares are outstanding and what constitutes a quorum?

At the close of business on April 26, 2010, the record date for the Meeting, 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 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 eight (8) nominees for election as Directors who receive the greatest number of votes will be elected as Directors. Under our Articles of Incorporation, cumulative voting is not permitted.

2010 Stock Award and Incentive Plan: Approval of the 2010 Stock Award and Incentive Plan requires the affirmative vote of a majority of the votes cast on the matter.

Advisory Approval of the Compensation of the Named Executive Officers: Approval of the compensation of the Charming Shoppes named executive officers, set forth in the Summary Compensation Tables and the accompanying narrative disclosure, is not binding on the Company. However, we value the opinion of our shareholders on all corporate governance matters, including executive compensation, and believe it is appropriate to ask that you approve the compensation on an advisory basis. Our Board of Directors will consider the results of this advisory vote in making future compensation decisions for our executives. Approval of the non-binding resolution requires the affirmative vote of a majority of the votes cast on the matter.

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 their 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.

Other: Approval of any other matter that comes before the Meeting will require 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, because only the number of votes cast for each nominee is relevant, nor will withheld votes, abstentions or broker non-votes be taken into account or have any effect on the approval of other matters that may come before the Meeting because abstentions, withheld votes and broker non-votes are not equivalent to a negative vote.

Table of Contents

What are the Board of Directors' recommendations?

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

FOR the eight (8) persons nominated by the Board as Directors for a one-year term.

FOR the approval of the 2010 Stock Award and Incentive Plan.

FOR the approval of the compensation of the Charming Shoppes named executive officers, set forth in the Summary Compensation Tables and the accompanying narrative disclosure, on a non-binding basis.

FOR the ratification of the appointment of Ernst & Young LLP as our independent auditors for fiscal 2010.

If you received our proxy materials by mail, you may vote using the Proxy Card enclosed with this Proxy Statement. If you received the Notice, you may vote via the Internet by following the instructions included on the Notice.

Other Information

We have enclosed our Annual Report on Form 10-K for fiscal 2009. 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., 3750 State Road, 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.

DIRECTORS STANDING FOR ELECTION

At our 2008 Annual Meeting of Shareholders, our shareholders approved amendments to the Company's Articles of Incorporation and By-laws to declassify our Board of Directors. Consequently, each Director elected at the 2010 Annual Meeting of Shareholders serves a one-year term until the 2011 Annual Meeting of Shareholders and until a successor has been selected or qualified or until his or her earlier death, resignation or removal.

Alan Rosskamm, a Director since 1992, was elected Non-Executive Chairman of the Board on June 26, 2008. On July 8, 2008, Dorrit J. Bern resigned from her position as President and Chief Executive Officer of Charming Shoppes and as a Director. Mr. Rosskamm was appointed Interim Chief Executive Officer of Charming Shoppes on July 10, 2008 and a search committee of the Board was constituted to recruit a permanent Chief Executive Officer.

On April 2, 2009, James P. Fogarty was appointed as President and Chief Executive Officer and was also elected by the Board as a Director of the Company to serve until the Meeting. In connection with Mr. Fogarty's appointment, Mr. Rosskamm resigned as Interim Chief Executive Officer. Messrs. Rosskamm and Fogarty are among our nominees for election as Directors at the Meeting.

On April 9, 2010, the Board elected Bruce J. Klatsky as a member of the Board, effective May 6, 2010, to serve until the Meeting and until his successor has been elected and shall have been qualified. Mr. Klatsky is also among our nominees for election as Director at the Meeting.

Yvonne M. Curl and M. Jeannine Strandjord have decided not to stand for reelection. The Board is extremely grateful for their excellent service on behalf of the Company and its shareholders.

The number of Directors is currently set at ten (10). In accordance with our By-laws and in connection with the resignations of Ms. Curl and Ms. Strandjord, our Board of Directors has specified that as of the date of the Meeting, the number of Directors will be set at eight (8). Each director elected at the Meeting will serve for a one-year term until his or her successor shall have been duly selected and qualified. The Board has nominated the people listed below to serve as Directors.

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

Table of Contents**BIOGRAPHIES OF DIRECTORS AND NOMINEES FOR DIRECTOR**

In addition to the information presented below regarding each nominee's specific experience, qualifications, attributes and skills that led the Board to conclude that he or she should serve as a director, the Board also believes that all of our director nominees have a reputation for integrity and honesty and adhere to high ethical standards. Each nominee has also demonstrated business acumen and an ability to exercise sound judgment and each has significant experience on other boards and board committees and/or as senior executives with large public companies. In particular, we value board members with experience in operations, finance, accounting and marketing, merchandising and sales and those with considerable educational backgrounds.

Other than James P. Fogarty, our President and Chief Executive Officer, 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. In addition, Yvonne M. Curl and M. Jeannine Strandjord, who served as Directors in fiscal 2009 but are not standing for reelection, are also independent under the applicable requirements and standards. Upon Mr. Rosskamm's resignation as our Interim Chief Executive Officer, the Board undertook a review of Mr. Rosskamm's independence and determined he was independent under these standards. For more information about our determination of independence, see **CORPORATE GOVERNANCE AT CHARMING SHOPPES** *Board of Directors*.

ARNAUD AJDLER

Director Since 2008

Mr. Ajdler, 34, is a Senior Managing Director of Crescendo Partners, a value-oriented investment firm based in New York. He is also an adjunct professor at Columbia University Business School where he teaches a course in value investing. Mr. Ajdler currently serves on the boards of directors of the following public companies: (1) Destination Maternity Corporation, since March 2008, currently chairman of the Compensation Committee, and a member of the Nominating and Corporate Governance Committee; and (2) O Charley's Inc., since March 2008, currently a member of the Compensation and Human Resources Committee. He has also served on the boards of directors of the following other public companies within the last five years: (1) The Topps Company, from August 2006 until the sale of the Company in October 2007, member of the Audit Committee; (2) Hill International, Inc., from June 2006 until June 2009, member of the Governance and Nominating Committee; and (3) Rhapsody Acquisition Corp., from its inception in June 2006 until July 2008. From June 2004 until June 2006, Mr. Ajdler also served as Chief Financial Officer, a Director and the Secretary of Arpeggio Acquisition Corporation, an acquisition company. Arpeggio completed its business combination with Hill International Inc. in June 2006. Mr. Ajdler previously worked as a management consultant for the consulting company Mercer Management Consulting from 2000 until 2001. Mr. Ajdler received a B.S. in engineering from the Free University of Brussels, Belgium, an S.M. in Aeronautics from the Massachusetts Institute of Technology and an MBA from the Harvard Business School. In considering Mr. Ajdler for Director of the Company, the Board considered his strong business, financial and mergers and acquisitions background as well as his perspective obtained from serving on other public company boards of directors. Mr. Ajdler also brings to the Board the perspective of a major shareholder in our company.

MICHAEL C. APPEL

Director Since 2008

Mr. Appel, 60, has been a Director at AlixPartners LLP (AlixPartners), a global consulting agency that provides turnaround and crisis management, as well as enterprise improvement consulting services to boards of directors, management, creditors and shareholders, since 2010. From 2001 until 2010, Mr. Appel was a Managing Director at Quest Turnaround Advisors where he headed the Retail and Consumer Goods Practice. Representative clients included Skip's Clothing and Kasper A.S.L., Ltd. (Kasper), a leading manufacturer of women's apparel under the Kasper and Anne Klein brands. From 2002 until 2004, he served as financial advisor to the creditors committee in the Kasper Chapter 11 bankruptcy proceeding, for which he was recognized with the Turnaround Management Association's Turnaround of the Year Award for 2004. From 2002 until 2003, he served as Chief Restructuring Officer and later as Interim Chief Executive Officer at HCI Direct, Inc. a leading U.S. direct marketer of women's hosiery. Mr. Appel has served as the Interim Chief Executive Officer for specialty retailers such as Caswell-Massey Inc. in 1992, Ciro, Inc. in 1994, Laura Ashley N.A. in 1998, Levene's and Palmer's (a home furnishings retailer in New Zealand) in 1997 and Wilkes Bashford from March 2009 until the company was sold on November 30, 2009 in a Section 363 sale in connection with the company's Chapter 11 proceeding. Mr. Appel began his career at retailer Bloomingdale's in 1973, where he served in a variety of different merchandising positions and rose to serve as Divisional Merchandise Manager of Childrenswear until his departure in 1982. From 1983 until 1986, he was Vice President of Merchandising at retailer Fortunoff, and from 1986 until 1990, he was Executive Vice President and President of Hoffritz for Cutlery, an 80-store national specialty chain. He graduated from Brandeis University, Phi Beta Kappa, and received an MBA with Distinction from the Harvard Business School. Mr. Appel is a member of the board of directors of the LIM Fashion Education Foundation, and currently serves on our Compensation Committee and Corporate Governance and Nominating Committee. In considering Mr. Appel for Director of the Company, the Board considered his considerable experience managing and working with retail companies, especially companies facing internal and external challenges.

Table of Contents

RICHARD W. BENNET, III

Director Since 2008

Mr. Bennet, 57, was the Vice Chairman of The May Department Stores Company from 2000 until 2002. Before his appointment as Vice Chairman, Mr. Bennet served in various executive management positions in other retailers including President and Chief Executive Officer of Kaufmanns and Famous Barr from 1997 until 1999 and from 1995 until 1996, respectively. Before holding these executive leadership positions, Mr. Bennet held a number of senior merchandising positions, such as General Merchandise Manager, at retailers such as Filene's, from 1993 until 1994, Famous Barr, from 1987 until 1992, and May D & F in 1986. Mr. Bennet 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, from 2005 until 2007. 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, where he has worked since 2008. Mr. Bennet has also served on the board of directors of drugstore.com, inc., a leading online drug store and information site for health, beauty, personal care and pharmacy products, since 2007. Mr. Bennet has an MBA from Washington University, St. Louis. He has not served on the board of any other public company within the last five years. In considering Mr. Bennet for Director of the Company, the Board considered his extensive experience in the various executive management positions he has held in the retail sector and especially in apparel merchandising.

JAMES P. FOGARTY

Director Since 2009

Mr. Fogarty, 41, is our President and Chief Executive Officer. Before his appointment as President and Chief Executive Officer of the Company, Mr. Fogarty was a Managing Director of Alvarez & Marsal (A&M), an independent global professional services firm from August 1994 until his appointment in April 2009. He was also a member of A&M's Executive Committee for North America Restructuring. During his tenure at A&M, Mr. Fogarty most recently served as President and Chief Operating Officer of Lehman Brothers Holdings (subsequent to its Chapter 11 bankruptcy filing) from September 2008 until he joined us. From September 2005 through February 2008, he was President and Chief Executive Officer of American Italian Pasta Company, the largest producer of dry pasta in North America. He served as the Chief Financial Officer at Levi Strauss & Co., a brand-name apparel marketer, from 2003 until 2005. From December 2001 through September 2003, he served as Senior Vice President and Chief Financial Officer of The Warnaco Group, a then \$1.5 billion global apparel maker, which emerged from bankruptcy in early 2003 after completing a successful turnaround during his tenure. In considering Mr. Fogarty for Director of the Company, the Board considered his excellent credentials and past experience in retail as well as his current position with the Company.

MICHAEL GOLDSTEIN

Director Since 2008

Mr. Goldstein, 68 was employed by Ernst & Young (and its predecessor firms) from 1963 to 1979, including six years as an audit partner. Mr. Goldstein served as Chairman of the Toys 'R Us Children's Fund from 2001 until 2006 and was Chairman of Toys 'R Us, Inc. from 1998 to 2001, Chief Executive Officer from August 1999 until January 2000, Vice Chairman and Chief Executive Officer from 1994 to 1998 and Chief Financial Officer from 1983 until 1994. Mr. Goldstein currently serves on the boards of directors of the following public companies: (1) 4 Kids Entertainment, Inc., since 2003, currently chairman of the Audit Committee and member of the Compensation Committee and Nominating and Governance Committee; (2) Martha Stewart Omnimedia, Inc., since 2004, currently Lead Director and member of the Audit Committee and the Compensation Committee; (3) Medco Health Solutions, Inc., since 2003, currently Lead Director, chairman of the Corporate Governance and Nominating Committee, and member of the Audit Committee and the Mergers and Acquisitions Committee; and (4) Pacific Sunwear of California, Inc., since 2004, currently chairman of the Audit Committee. Mr. Goldstein is also a director of various private companies and not-for-profit charitable organizations. He has also served on the boards of the following other public companies within the last five years: Bear Stearns & Co. from 2007 until 2008; Finlay Enterprises, Inc. from 1999 until 2006; and United Retail Group from 1999 until 2007. Mr. Goldstein has served as a Director of the Company since 2008 and is currently the Chairman of the Compensation Committee and a member of the Corporate Governance and Nominating Committee. In considering Mr. Goldstein for Director of the Company, the Board considered his experience and governance leadership roles on the boards of various other public companies, as well as his extensive background in finance, both as an audit partner and then as a finance executive and chief executive officer at a large public corporation.

Table of Contents**KATHERINE M. HUDSON**

Director Since 2000

Ms. Hudson, 63, is the retired Chairman of the board of directors, President and Chief Executive Officer of Brady Corporation (Brady), a global manufacturer of identification solutions and specialty industrial products. Ms. Hudson became President and CEO of Brady in 1994 after spending twenty-four years with Eastman Kodak Company an imaging technology products provider. Her career at Eastman Kodak Company included positions in systems analysis, supply chain, finance, corporate communications, investor relations, information technology and litigation operations. Her general management experience spanned both commercial and consumer product lines. Her last position at Eastman Kodak Company was as the Vice President and General Manager of Professional, Printing and Publishing Imaging, a business unit with \$2.3 billion in revenues. Recruited to lead Brady, Ms. Hudson launched efforts to globalize the company, expanding its presence from eight countries to twenty-two. From 1994 until her retirement in 2003, Brady's revenues doubled and its market capitalization tripled. Ms. Hudson has also served on the boards of directors of the following public companies within the last five years: (1) CNH Global, from 2004 until 2006, and previously served as Non-Executive Chairman; and (2) Ericsson, from 2006 until 2008. In addition to the Board of Directors of Charming Shoppes, Ms. Hudson has served on the board of directors of International Flavors and Fragrances, Inc. since 2008. In the past, Ms. Hudson has served on the Audit Committees of Case Corporation and CNH Global, the Compensation Committee of Apple Computer Corporation and all three committees of the Company, at various times. As Chief Information Officer at Eastman Kodak Company, she was honored by Information Week as the Chief Information Officer of the Year in 1991 and by CIO Magazine as one of the twenty-five most influential people in shaping the computer industry in 1992. In considering Ms. Hudson for Director of the Company, the Board considered her executive experience and governance leadership roles on other boards, as well as her extensive background in innovation, process organization and information technology.

BRUCE J. KLATSKY

Director Since May 2010

Mr. Klatsky, 61, was the Chief Executive Officer of Phillips-Van Heusen Corporation (PVH), an apparel and retail company whose brands include Calvin Klein, Geoffrey Bean, IZOD, Van Heusen, and G.H. Bass & Co., from 1992 until 2005 and served as the Chairman of the board of directors of PVH from 1994 until 2007. As Chief Executive Officer of PVH, Mr. Klatsky oversaw the operations and strategic direction of this multi-division NYSE-listed company with annual sales and royalties of approximately \$2 billion, including licensing revenues attributable to a multi-billion dollar global brand licensing business. Under Mr. Klatsky's leadership, PVH's market capitalization grew from approximately \$300,000,000 to more than \$3,500,000,000. Mr. Klatsky joined PVH in 1971 as a merchandising trainee and subsequently held various management positions before being named President of PVH in 1987. After leaving his executive position at PVH, Mr. Klatsky co-founded LNK Partners, a private equity firm focused on investing in consumer and retail business such as Ariat and Au Bon Pain. Mr. Klatsky has served on the board of directors of Gazal Ltd., one of the largest publicly traded retail and apparel companies in Australia, since 2009, and currently serves as the Chairman. He also serves on the board of directors for a number of private and not-for-profit organizations and served on President Clinton's White House Apparel Task Force, which addressed working conditions around the globe, and as an advisor on U.S. trade policy to the administrations of Presidents Reagan and Bush. Mr. Klatsky received his B.S., cum laude, from Case Western Reserve University and attended the Georgetown University Law Center in 1970 and 1971. In considering Mr. Klatsky for Director of the Company, the Board considered his extensive executive and management experience at a global retail company as well as his experience on other boards of directors.

ALAN ROSSKAMM

Director Since 1992

Mr. Rosskamm, 60, has served as the Chief Executive Officer of Breakthrough Charter Schools since November 1, 2009. Breakthrough Charter Schools is a non-profit charter management organization created to support the operation of four high performing public charter schools in Cleveland, Ohio. He served as our Interim Chief Executive Officer from July 10, 2008 until April 2, 2009. He was appointed as our Non-Executive Chairman of the Board on June 26, 2008. Mr. Rosskamm was the Chief Executive Officer of Jo-Ann Stores, Inc. (Jo-Ann), from October 1985 until August 2006, and Chairman of its board of directors from July 1992 until 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 2007, Mr. Rosskamm has been a director of PetSense, Inc., a start-up retailer with 32 pet stores serving smaller U.S. markets. He has not served on the board of any other public company within the last five years. In considering Mr. Rosskamm for Director of the Company, the Board considered his executive experience and governance leadership roles on other boards, as well as his extensive background in retail.

Table of Contents

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 our 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, our independent Directors regularly meet in executive sessions without the participation of management 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 and the applicable Chicago Stock Exchange listing requirements regarding corporate governance policies and procedures. Our corporate governance documents comply with all applicable requirements.

The number of Directors is currently set at ten (10). In accordance with our By-laws and in connection with the resignations of Ms. Curl and Ms. Strandjord, our Board of Directors has specified that as of the date of the Meeting, the number of Directors will be set at eight (8). Seven (7) of the eight (8) Director nominees are, as well as Ms. Curl and Ms. Strandjord, who are not standing for reelection, non-employees, and the Board of Directors has determined that each of these seven (7) Director nominees, including Mr. Rosskamm, following his resignation as Interim Chief Executive Officer, as well as Ms. Curl and Ms. Strandjord, have 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 seven (7) Director nominees 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 James P. Fogarty, our President and Chief Executive Officer. See also *Audit Committee* below.

On May 5, 2008, the Board of Directors amended the Company's 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. We separated the positions of Chairman of the Board and Chief Executive Officer at this time because the Board determined that this enhances the independence of the Board, increases the effectiveness of the Board's oversight of management (as the Chairman is not a member of management himself), deters conflicts of interest and conflicts of function that may arise when the Chief Executive Officer is also the Chairman, and permits our Chief Executive Officer to devote a greater amount of time and concentration to the management and development of the Company and our business. The Board serves a vital role in the oversight of management and we believe that the Board is most effective in this role when led by an independent Chairman. Upon Mr. Rosskamm's appointment to serve as the Company's Interim Chief Executive Officer, while the Board of Directors searched for a suitable replacement, the By-laws were amended to permit Mr. Rosskamm to serve in such position while remaining as Chairman, which the Board of Directors believes was appropriate given the temporary nature of this executive appointment. On April 2, 2009, the Company appointed James P. Fogarty as President and Chief Executive Officer and elected him as a Director of the Company. Mr. Rosskamm remains the Non-Executive Chairman of our Board of Directors.

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.

Our Board of Directors has 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. 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.

Table of Contents

During fiscal 2009, our Board of Directors held sixteen meetings either in person or by conference telephone. 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

Until 2008, the positions of Chief Executive Officer and Chairman of the Board of Directors were combined, and the Board also had in place a Lead Independent Director, a position most recently filled by Katherine M. Hudson, to provide additional oversight. After the 2008 Annual Meeting of Shareholders, we amended our By-laws to separate the positions of Chairman of the Board of Directors and Chief Executive Officer and eliminated the role of Lead Independent Director.

Role of Board of Directors in Risk Oversight

Our Audit Committee and Compensation Committee are primarily responsible for overseeing the Company's risk management process on behalf of the full Board. Our Corporate Governance and Nominating Committee is primarily responsible for overseeing the Company's positions and practices regarding significant issues of corporate governance on behalf of the full Board. Our Audit Committee, Compensation Committee, and Corporate Governance and Nominating Committee report to the full Board and our Board works with these committees to manage risks relating to accounting matters, financial reporting and legal and regulatory compliance, employment practices, our compensation and benefits programs, and corporate governance matters, among others. See *Audit Committee* and *Compensation Committee* below.

While the Board oversees the Company's risk management, management is responsible for the day-to-day risk management process. Our Chief Executive Officer, who is also a Director and reports to the Board, advises the Board of specific risks facing the Company and works with the Board and, in particular, the Chairman to manage these risks, as necessary. We believe this division of responsibility is the most effective approach for addressing risks facing the Company and that our Board structure supports this approach.

Stock Ownership Guidelines

We have adopted Stock Ownership Guidelines that call for Directors, within five years of the adoption of guidelines on April 30, 2009 or within five years of their election to the Board of Directors, whichever is the later, to own at least 40,000 shares of the Company's Common Stock. Deferred stock, restricted stock units and restricted stock are eligible toward meeting this ownership guideline. All directors who were required to comply with these guidelines by April 30, 2009 complied with the guidelines.

Committees of the Board of Directors

Our Board of Directors has the following standing committees: Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee, and Administration Committee. On June 24, 2009, our Board of Directors dissolved the Finance Committee and its functions were assumed by the full Board. 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). We will disclose any amendments to our committee charters on our website. Following the resignation of our former Chief Executive Officer on July 8, 2008, the Board appointed a CEO Search Committee to lead the search for a new Chief Executive Officer. The work of this committee has been completed and it has been disbanded.

Table of Contents

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

Current Board Committee Membership

	AUDIT COMMITTEE	COMPENSATION COMMITTEE	CORPORATE GOVERNANCE AND NOMINATING COMMITTEE	ADMINISTRATION COMMITTEE
Arnaud Ajdler	+		+	+
Michael C. Appel		+	+	
Richard W. Bennet, III	+	+		
Yvonne M. Curl	+		+X	
James P. Fogarty				+
Michael Goldstein		+X	+	
Katherine M. Hudson*	+		+	+
Alan Rosskamm				+
M. Jeannine Strandjord	+X	+		
Number of Meetings in Fiscal 2009**	8	7	7	0

+ Member

X Chairperson

* Ms. Hudson was the designated Lead Independent Director before the appointment of Alan Rosskamm as the Non-Executive Chairman of the Board effective June 26, 2008.

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

Audit Committee

The Charter of the Audit Committee is reviewed annually by the Board of Directors and was most recently amended by our Board in fiscal 2010. 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 these interactions; (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