CHARMING SHOPPES INC
Form DEFA14A
February 12, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant [X]
Filed by a Party other than 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.
[X] Soliciting Material Pursuant to Rule 14a-12.

CHARMING SHOPPES, INC.
(Name of registration as specified in its charter)

Payment of Filing Fee (Check the appropriate box)
[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

5. Total fee paid:

[ ] Fee paid previously with preliminary materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

PROXY COMMUNICATION STATEMENT:

Charming Shoppes, Inc. and its directors and executive officers may be deemed to be participants in the solicitation of proxies from shareholders in connection with the Company's 2008 Annual Meeting of Shareholders. The Company plans to file a proxy statement with the Securities and Exchange Commission ("SEC") in connection with the solicitation of proxies for the Annual Meeting. Information concerning persons who may be considered participants in the solicitation of the Company's shareholders under the rules of the SEC is set forth in public filings filed by the Company with the SEC, including its proxy statement relating to its 2007 Annual Meeting of Shareholders, and will be set forth in its proxy statement relating to its 2008 Annual Meeting of Shareholders. These documents may be (currently or when filed with the SEC) obtained free of charge at the SEC's website at http://www.sec.gov and the Company's website at http://phx.corporate-ir.net/phoenix.zhtml?c=106124&p=irol-sec or MacKenzie Partners at 1-800-322-2885 or via email at proxy@mackenziepartners.com.

Charming Shoppes, Inc.

Investor Presentation

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Forward-Looking Statements

This presentation contains certain forward-looking statements concerning the Company's operations, performance, and financial condition. Such forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those indicated. Such risks and uncertainties may include, but are not limited to: the failure to effectively implement the Company's plan for consolidation of the Catherines Plus Sizes brand and a new organizational structure, the failure to implement the Company's business plan for increased profitability and growth in the Company's retail stores and direct-to-consumer segments, the failure of changes in management to achieve improvement in the Company's competitive position, the failure to successfully implement the Company's integration of operations of, and the business plan for, Crosstown Traders, Inc., adverse changes in costs vital to catalog operations, such as postage, paper and acquisition of prospects, declining response rates to catalog offerings, failure to maintain efficient and uninterrupted order-taking and fulfillment in our direct-to-consumer business, changes in or miscalculation of fashion trends, extreme or unseasonable weather conditions, economic downturns, escalation of energy costs, a weakness in overall consumer demand, failure to find suitable store locations, increases in wage rates, the ability to hire and train associates, trade and security restrictions and political or financial instability in countries where goods are manufactured, the interruption of merchandise flow from the Company's centralized distribution facilities, competitive pressures, and the adverse effects of natural disasters, war, acts of terrorism or threats of either, or other armed conflict, on the United States and international economies. These, and other risks and uncertainties, are detailed in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2007 and other Company filings with the Securities and Exchange Commission. Charming Shoppes assumes no duty to update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

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Dorrit J. Bern
Chairman, CEO and President

Eric M. Specter
Executive Vice President and CFO

Steven R. Wishner
Sr. Vice President, Finance

Dorrit J. Bern
Chairman, CEO and President

Eric M. Specter
Executive Vice President and CFO

Steven R. Wishner
Sr. Vice President, Finance

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A Multi-Brand,
Multi-Channel Retailer
Focused On Plus Sizes
With $3 Billion In
Annual Sales

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Today's Presentation

- Business Specific Issues And Actions
- Challenging Retail And Economic Environment
- Meeting The Retail And Economic Challenges
- Summary

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- Analyzing customer database in order to more efficiently identify target customer segments
  - Deep dive on customer database to enhance marketing strategy
- Grass-roots efforts at store level to connect with core customers
- Changes made in executive merchandising group
  - Upgraded key merchandising positions
  - Streamlined buying process to improve reaction times
  - Improved inventory turnover in seasonal merchandise
- Negative sales trends in each of our retail brands
- Decreases in store traffic
  - Core credit customer base still shopping our stores
  - Non-core customers shopping less frequently
- Rapidly changing buying preferences of our customer
  - Need more compelling merchandise assortments
  - Need to react more quickly to changing consumer preferences
  -

Customer buying closer to need

>

Customer viewing apparel as more discretionary

Issues

Actions

Business Specific Issues And Actions

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•
New leadership in catalog business

•
Overhaul of all catalogs in merchandising and presentation

•
Reduced amount of prospecting

•
Higher penetration in e-commerce

>
Identifying new targeted customers for e-commerce

•
Changes made throughout the year have resulted in improvement in catalog sales trends

•
Declining response rates in our catalog business

>
Occurring in both the core customer file and in prospecting

Issues

Actions

Business Specific Issues And Actions

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Challenging Retail And Economic Environment

- Reduced consumer demand for women’s moderate apparel
- Consumers' disposable income levels are being eroded, resulting in constrained purchasing behavior

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Meeting The Retail And Economic Challenges

- Focusing Management Attention on Core Brands
  > Closure of Petite Sophisticate Retail concept
  > Rationalized catalog titles
- Improving Lane Bryant Merchandising
  > More fashion-basic product offerings
  > Strengthened merchandise team
- Streamlining Operations
  > Relocation of Catherines from Memphis to Bensalem
  > 13% reduction in corporate and field management positions
  > Consolidation of marketing functions
- Closing 150 Underperforming Stores
  > Primarily at the Fashion Bug brand

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Meeting The Retail And Economic Challenges

- Decreasing Capital Expenditures For FY 2009
  - 30% decrease from fiscal 2008 levels, mainly through a 50% reduction of planned store openings
- Reducing Expenses
  - Decreasing corporate and divisional overhead expenses
- Decreasing Inventory Levels
  - Entering FY 2009 with less seasonal and clearance inventory
- Repurchasing Shares
  - 10.3 million shares repurchased in April 2007
  - Repurchased 24 million shares or 19% of outstanding shares in fiscal 2008
  - New $200 million share repurchase program announced in November 2007

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*Management estimates

Financial Impact* Of
Recent Actions

- Streamlining Initiatives Are Projected To:

> Generate positive cash flow

> Result in approximately $28 million in annualized savings

> Reduce capital expenditures by approximately $43 million in fiscal 2009

> Result in $10.8 million after-tax non-recurring charge

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Summary

- Management team taking steps to improve profitability
- Focusing on core businesses
  > Closure of Petite Sophisticate Retail concept
- Streamlining operations
  > Creation of Fashion Retail Group strengthens management's focus
- Improving product offering
- Managing expenses
- Generating positive cash flow

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