

Related Party Transactions Policy

The Board of Directors of Charming Shoppes, Inc. has adopted the following policy related to the review, approval or ratification of Related Party Transactions.

A. Definitions:

A "**5% Shareholder**" means an entity or person that is known to be the beneficial owner of more than 5% of any class of the Company's equity securities.

"**Board of Directors**" means the Board of Directors of the Company.

The "**Company**" means and includes Charming Shoppes, Inc. and its subsidiaries.

A "**Director**" means a member of the Board of Directors of the Company.

An "**Executive Officer**" means the chairman, vice chairman, president, and any vice president in charge of a principal business unit, division or function (such as acquisitions, leasing, administration, or finance).

The "**GC**" means the General Counsel of the Company.

An "**Immediate Family Member**" of a person means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of the person, as well as any person (other than a tenant or employee) sharing the person's household.

The "**Governance Committee**" means the Corporate Governance and Nominating Committee of the Board of Directors.

A "**Related Party**" means any person:

- (1) who is, or at any time since the beginning of the Company's last fiscal year was, a Director or Executive Officer of the Company or a nominee to become a Director of the Company;
- (2) who is a 5% Shareholder; or
- (3) who is an Immediate Family Member of any of the foregoing persons; or
- (4) a firm, corporation or other entity which is owned or controlled by a person listed in 1, 2 or 3 above or an entity in which any such person is an Executive Officer (or holds a similar position) or has a substantial ownership interest.

A "**Related Party Transaction**" means any transaction, or a series of similar transactions, in which the Company is proposed to be a participant, in which a Related Party will have a direct or indirect material interest, and where the amount involved is at least \$120,000.

"**SEC**" means the United States Securities and Exchange Commission.

B. Policy:

It is the Company's policy that all Related Party Transactions shall be approved or ratified in accordance with this policy by the Governance Committee. A Related Party Transaction entered into subsequent to the adoption of this policy without pre-approval of the Governance Committee

shall not be deemed to violate this policy, or be invalid or unenforceable, as long as the transaction is approved by the Governance Committee as soon as reasonably practicable after it is entered into.

C. Application:

The procedures set forth in this policy are supplemental to, and are not intended to replace or supersede, any other policies or procedures of the Company that require any governing body or an officer of the Company to review and/or approve transactions. In addition, these procedures are supplemental to, and are not intended to replace or supersede, the Company's other policies and procedures that may be applicable to transactions with related persons, including the Company's Standards of Business Conduct Policy, Principles of Corporate Governance and the Charters of the Governance Committee and the Audit Committee. Directors and Executive Officers shall continue to adhere to their obligations and responsibilities under the foregoing other policies and procedures. Transactions that are subject to the procedures set forth in this policy must be reported by each Director, nominee for Director, and Executive Officer as required by Section D regardless of whether such transactions are in compliance with the foregoing other policies and procedures.

Approval or ratification of a Related Party Transaction in accordance with the procedures set forth in this policy shall not constitute final approval of the Company's participation in the transaction in any case where, in accordance with the standard governance practices or procedures of the Company, the approval of the transaction by the Board of Directors, a committee of the Board of Directors or an Executive Officer of the Company would be required; nor, in any such case, shall the prior approval by the Governance Committee relieve the Related Party from providing to the Board of Directors, such committee or such Executive Officer, as applicable, full disclosure of the material facts regarding the nature of the transaction and the related person's relationship to and interest in the transaction.

D. Notice of Potential Related Party Transactions:

Any Executive Officer or Director shall notify the GC as soon as reasonably practicable about any potential Related Party Transaction. Although this policy requires notice of all potential Related Party Transactions, Executive Officers or Directors should pay particular attention to relationships that are outside the ordinary course of business, such as employment of Immediate Family Members; transactions that would be considered unusual for one or both of the parties; and transactions that are provided on terms that would be more favorable to the Related Party than those available to the general public.

E. Determination of Related Party Transactions and Disclosure:

The GC, in consultation with outside counsel, as appropriate, shall determine whether a potential transaction constitutes a Related Party Transaction that requires compliance with this policy and/or disclosure as a Related Party Transaction under applicable SEC rules and regulations. A list of transactions that have been determined not to be Related Party Transactions, and, therefore, not subject to this policy, is attached as Exhibit 1. In addition, this policy shall be disclosed in the Company's annual report on Form 10-K or in the Company's proxy statement, as required by applicable SEC rules and regulations. The Company shall also post this policy on its website.

If the GC determines that a transaction constitutes a Related Party Transaction, the transaction will be referred to the Governance Committee in accordance with Section F of this policy.

F. Review and Approval or Ratification of Related Party Transactions:

Related Party Transactions will be referred by the GC to the Governance Committee for approval or, if applicable hereunder, ratification. All determinations by the Governance Committee under this policy shall be reported to the Board of Directors at its next regularly scheduled meeting.

In reviewing Related Party Transactions, the Governance Committee will be provided with full details of the Related Party Transaction, including:

- (1) the terms of the transaction;
- (2) the business purpose of the transaction;
- (3) the benefits to the Company and to the relevant Related Party;
- (4) whether the transaction would require a waiver of the Company's Standards of Business Conduct Policy; and
- (5) whether the transaction would require the consent of any lender (or any other third party) in accordance with any requirements of the Company's financing arrangements.

In determining whether to approve a Related Party Transaction, the Governance Committee will consider, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Party's interest in the transaction.

Any member of the Governance Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction, but may, if so requested by the Chair of the Governance Committee, participate in some or all of the Governance Committee's discussions of the Related Party Transaction.

G. Transactions That Are Not Ratified or Approved:

In any case where the Governance Committee determines not to ratify a Related Party Transaction that has been entered into without prior approval by the Governance Committee, the Board of Directors may consider additional action, in consultation with counsel, including, but not limited to, termination of the transaction on a prospective basis, rescission of such transaction or modification of the transaction in a manner that would permit it to be ratified by the Governance Committee.

In any case where the Governance Committee does not approve a Related Party Transaction presented to it for prior approval, the Related Party Transaction shall not be consummated. The Related Party Transaction subsequently may be re-presented to the Governance Committee by the GC if its terms are modified in a manner that would permit the Related Party Transaction to be approved by the Governance Committee in accordance with Section F hereof.

H. Adoption:

This policy is adopted on this 26th day of April, 2007.

Exhibit 1

Transactions that are not Related Party Transactions

The following transactions are deemed not to be Related Party Transactions and shall be deemed to be pre-approved by the Committee, even if the aggregate amount involved will exceed \$120,000:

- (1) **Employment of Executive Officers.** Any employment by the Company of an Executive Officer of the Company if:
 - (a) the related compensation is required to be reported in the Company's proxy statement under Item 402 of the Securities and Exchange Commission ("SEC's") compensation disclosure requirements (generally applicable to "named executive officers"); or
 - (b) the Executive Officer is not an immediate family member of another Executive Officer or Director of the Company, the related compensation would be reported in the Company's proxy statement under Item 402 of the SEC's compensation disclosure requirements if the Executive Officer was a "named executive officer", and the Company's Compensation Committee approved (or recommended that the Board approve) such compensation.
- (2) **Director Compensation.** Any compensation paid to a Director if the compensation is required to be reported in the Company's proxy statement under Item 402 of the SEC's compensation disclosure requirements;
- (3) **Certain Transactions with other Companies.** Any transaction with another company with respect to which a Related Party's only relationship is as an employee (other than an Executive Officer), Director or beneficial owner of less than 10% of that company's shares.
- (4) **Certain Company Charitable Contributions.** Any charitable contribution, grant or endowment by the Company to a charitable organization, foundation or university with respect to which a Related Party's only relationship is an employee (other than an Executive Officer) or a Director, if the aggregate amount involved does not exceed the lesser of \$250,000 or two (2%) percent of the charitable organization's total annual receipts;
- (5) **Transactions Where all Shareholders Receive Proportional Benefits.** Any transaction where the Related Party's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a pro rata basis (e.g. dividends).
- (6) **Transactions Involving Competitive Bids.** Any transaction involving a Related Party where the rates or charges involved are determined by competitive bids.
- (7) **Certain Banking-related Services.** Any transaction with a Related Person involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.
- (8) **Miscellaneous.** Ordinary course business travel and expenses, advances and reimbursements.

- (9) Indemnification payments and payments under Directors and Officers indemnification insurance policies made pursuant to the Company's Articles of Incorporation or By-Laws or pursuant to any policy, agreement or instrument.

Approved by the Board of Directors on April 26, 2007

(personal/related party transactions 4-26-07.doc)