



CHARMING SHOPPES, INC.

# CHARMING SHOPPES, INC.

Jefferies 2011 Global Consumer Conference

June 22, 2011

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**Anthony M. Romano**  
President  
and Chief Executive Officer

**Eric M. Specter**  
Executive Vice President  
and Chief Financial Officer

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# Forward Looking Statements

The Company's presentation may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 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 successfully execute our business plans could result in lower than planned sales and profitability, the failure to realize the benefits from the operation of our credit card program by our third-party provider, the impact of changes in laws and regulations governing credit cards could limit the availability of, or increase the cost of, credit to our customers, the failure to enhance the Company's merchandise and marketing and accurately predict fashion trends, customer preferences and other fashion-related factors, the failure of growth in the women's plus apparel market, the failure to continue receiving financing at an affordable cost through the availability of credit we receive from our bankers, suppliers and their agents, the failure to effectively implement our planned store closing plans, the failure to continue receiving accurate and compliant e-commerce and third-party processing services, the failure to achieve improvement in the Company's competitive position, the failure to maintain efficient and uninterrupted order-taking and fulfillment in our e-commerce and direct-to-consumer businesses, extreme or unseasonable weather conditions, economic downturns, escalation of energy and transportation costs, adverse changes in the costs or availability of fabrics and raw materials, a weakness in overall consumer demand, the 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 failure of our vendors to deliver quality and timely shipments in compliance with applicable laws and regulations, the interruption of merchandise flow from the Company's centralized distribution facilities and third-party distribution providers, inadequate systems capacity, inability to protect trademarks or other intellectual property, 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, Quarterly Reports on Form 10-Q 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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# CHARMING SHOPPES, INC.

## The Plus-Size Authority

- We have a strong and unique platform of leading plus apparel brands
- We are the largest women's specialty plus-size apparel retailer in the U.S.\*
- \$2.0 Billion in annual sales
- Strong balance sheet and free cash flow

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\*According to The NPD Group, Inc./Consumer Tracking Service 12 months ending April 2011

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# Our Market And Leadership Positions

- More Than Half Of American Women Wear Size 14 Or Larger
- Charming Shoppes Ranks #2\* In The U.S. In The Women's Plus-size Apparel Market, A \$17.6B Market
- Lane Bryant's Cacique Brand Ranks #3\* In The U.S. In The Women's Intimate Plus-size Apparel Market, A \$3.2B Market



\*According to The NPD Group, Inc./Consumer Tracking Service 12 months ending April 2011

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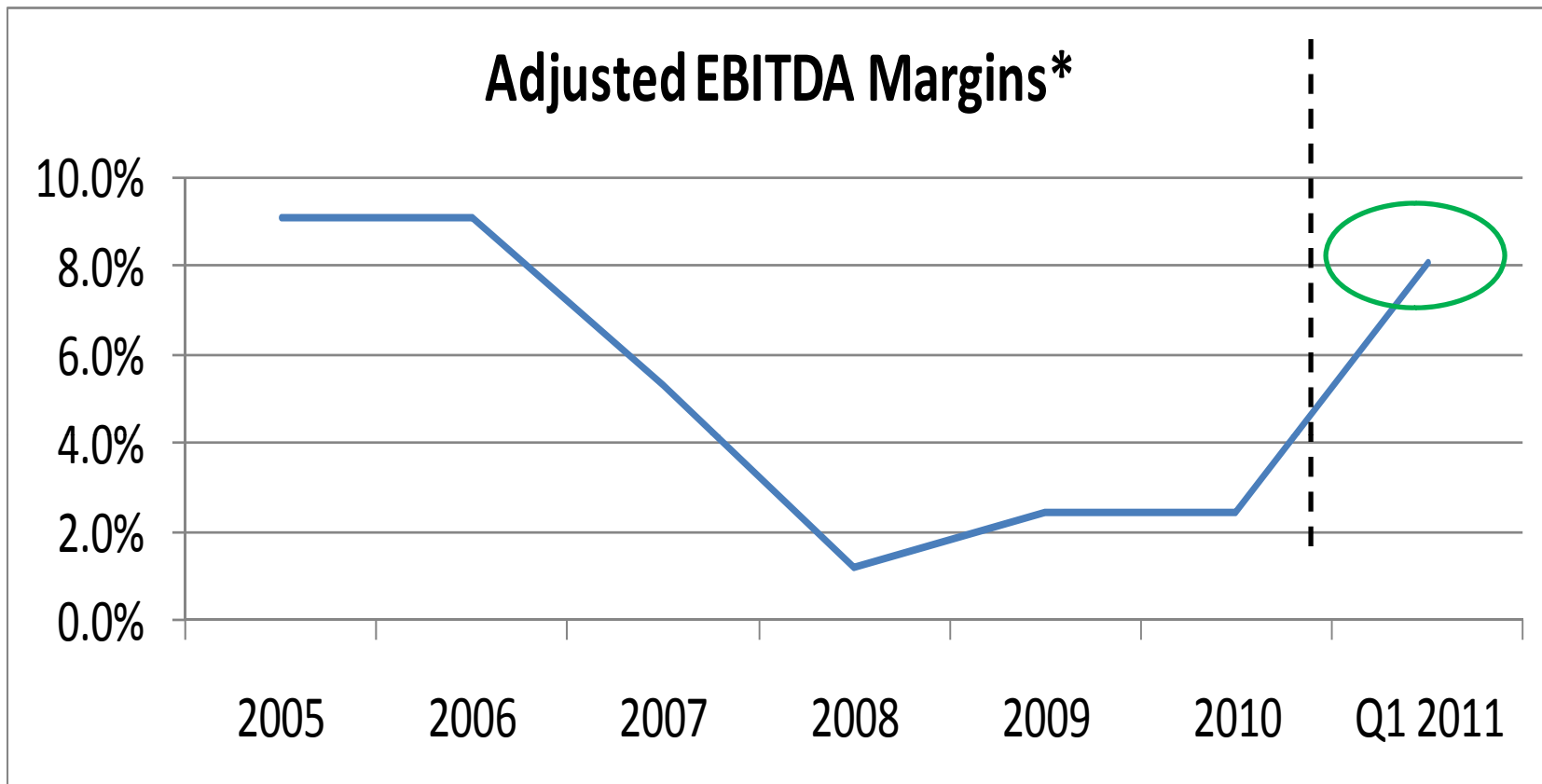
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# Historical Profitability



Significant Progress Made During the 1<sup>st</sup> Quarter 2011

\*Refer to GAAP to non-GAAP reconciliation at <http://www.charmingshoppes.com/investors/manage/index.asp>

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# Our Opportunity

- Capitalize On Lane Bryant's Strong Brand And Market Position To Accelerate Sales And Operating Results
- Distort Invested Capital To Lane Bryant And Cacique Brands



# Strategic Growth Initiatives

- > Driving E-Commerce Growth
- > Strengthening Merchandise Offerings
  - > Elevated colors, prints and patterns
  - > Novelty core / fashion
  - > Improved mix
  - > Upgraded talent in design, product development and merchandising
  - > Added new classifications
- > Optimizing Inventory Management



# Strategic Growth Initiatives

- > Migrating Mall Locations to Lifestyle Centers as Appropriate
  - > Compelling store economics
  - > \$250K investment
  - > Drives sales increase
  - > Reduction in occupancy costs
  - > Higher EBITDA %



# Financial Review – 1st Quarter 2011

(\$ in millions, except EPS)	1 <sup>st</sup> Quarter 2011	1 <sup>st</sup> Quarter 2010
Net Sales	\$504.4	\$504.8
Same Store Sales	+2%	-2%
Gross Profit	\$285.3	\$276.6
<i>Gross Margin</i>	56.6%	54.8%
Total Operating Expenses*	\$259.1	\$268.2
<i>Expense to Sales</i>	51.4%	53.1%
Adjusted EBITDA*	\$40.7	\$25.2
<i>EBITDA to Sales</i>	8.1%	5.0%
GAAP income per diluted share	\$0.22	\$0.03
Non-GAAP income per diluted share*	\$0.17	\$0.04
Cash	\$180.4	\$191.3
Net Cash / Net (Debt)	\$17.5	\$(27.1)

\*Refer to GAAP to non-GAAP reconciliation at <http://phx.corporate-ir.net/phoenix.zhtml?c=106124&p=irol-audioarchives> 9

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# Summary

- Leading market share in women's plus-size specialty apparel
- Strong brand recognition in an under-served and growing market
- Uptrending 4th Quarter 2010 and 1st Quarter 2011 performance
- Consistent, significant liquidity
- Continue to build Lane Bryant into a high performing brand
- Consistent, improving performance will be the measure of our success
- We remain committed to:
  - Intensifying brand focus on each primary target customer
  - Improving profitability at both the corporate and brand level
  - Increasing inventory productivity
  - Building a winning corporate culture by attracting and retaining key talent



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## Appendix

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# Financial Review – Fiscal Year 2010

(\$ in millions, except EPS)	2010	2009
Net Sales	\$2,061.8	\$2,064.6
Same Store Sales	+3%	-13%
Gross Profit	\$1,015.0	\$1,023.6
<i>Gross Margin</i>	49.2%	49.6%
Total Operating Expenses*	\$1,033.2	\$1,049.5
<i>Expense to Sales</i>	50.1%	50.8%
Adjusted EBITDA*	\$50.2	\$50.5
<i>EBITDA to Sales</i>	2.4%	2.4%
GAAP loss per diluted share	\$(0.47)	\$(0.67)
Non-GAAP loss per diluted share*	\$(0.26)	\$(0.52)
Cash	\$117.5	\$186.6
Net (Debt)	\$(47.0)	\$(33.3)

\*Refer to GAAP to non-GAAP reconciliation at <http://phx.corporate-ir.net/phoenix.zhtml?c=106124&p=irol-audioarchives> 12

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# Brand Positioning



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# lanebryant



[www.lanebryant.com](http://www.lanebryant.com)

She is 35-55 years old

She is a woman of many lifestyles – work, casual, active

Likes to experiment with fashion

She shops frequently and likes to buy clothes with good quality at a reasonable price

She is brand-conscious and prefers retailers that offer fashionable choices

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# cacique *intimates*



Known for solutions, fit,  
quality, fashion and style

Represents 31% of sales  
from the full-line  
Lane Bryant chain

Offers key intimates  
categories and  
complementary products

Introducing cacique **body**

[www.cacique.com](http://www.cacique.com)

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# FASHION BUG



She is 30-50 years old

She is value-minded

Loves the challenge of finding a great deal with coupons and store promotions that are easy to understand

Likes to shop for complete outfits

[www.fashionbug.com](http://www.fashionbug.com)

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[www.catherines.com](http://www.catherines.com)

She's our baby-boomer,  
45+ years old

Classic styling with an  
emphasis on fit and  
comfort

Offering styling for the  
woman wearing extended  
sizes

She prefers clothing that is  
more appropriate for her  
age – she does not want to  
dress “younger” than she is

Likes to look “put together”

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