



LANE BRYANT® FASHION BUG® CATHERINES®

2003 Review

CHARMING SHOPPES, INC.



WITH 2,227
STORES AND
\$2.3 BILLION IN
ANNUAL SALES,
CHARMING SHOPPES
IS AMERICA'S LARGEST
PLUS-SIZE WOMEN'S
SPECIALTY APPAREL
RETAILER, AND THE
3RD LARGEST WOMEN'S
SPECIALTY APPAREL
RETAILER IN THE
NATION

FOCUSED

CHARMING SHOPPES is America's largest plus-size women's specialty apparel retailer, through Lane Bryant[®], Fashion Bug[®] and Catherines Plus Sizes[®]. During 2003, our revenues from the sale of women's plus-size apparel represented approximately 77% of our total net sales. Through our three brands, we offer plus-size women's apparel to all age groups, with varied fashion tastes and income levels, in multiple shopping venues. Our share of the plus-size women's specialty apparel market is approximately 40%.

Our strategy of focusing on the growing plus-size market through our three brands has allowed us to gain increased market share in the women's plus-size apparel market. Americans continue to gain weight in all age groups, with an estimated 65% of American adults being overweight and half of American women wearing size 14 or larger. By focusing on the plus-size market, we believe that we are well-positioned to meet the demands of this growing market.

NET SALES

(\$ in millions)

2003	\$2,286
2002	\$2,412
2001	\$1,994

TOTAL ASSETS

(\$ in millions)

2003	\$1,165
2002	\$1,132
2001	\$1,137

TOTAL STOCKHOLDERS' EQUITY

(\$ in millions)

2003	\$605
2002	\$562
2001	\$550

FINANCIAL HIGHLIGHTS (in thousands, except per share and share amounts)

	2003		2002		2001 ⁽¹⁾	
SELECTED INCOME STATEMENT DATA	% to sales		% to sales		% to sales	
Net sales	\$2,285,680		\$2,412,409		\$1,993,843	
Gross profit	643,615	28.2	691,357	28.7	538,242	27.0
Selling, general and administrative expenses	554,884	24.3	603,502	25.0	486,204	24.4
Expenses related to cost reduction plan and restructuring	11,534 ⁽²⁾	0.5	(4,813) ⁽³⁾	(0.2)	37,708 ⁽³⁾	1.9
Pretax income (loss)	63,638	2.8	74,704	3.1	(4,526)	(0.2)
Income (loss) before cumulative effect of accounting changes	40,639	1.8	46,328	1.9	(4,406)	(0.2)
Net income (loss)	40,639	1.8	(2,770) ⁽⁴⁾	(0.1)	(4,406)	(0.2)
SELECTED PER SHARE DATA, ASSUMING DILUTION						
Before cumulative effect of accounting changes	\$ 0.35		\$ 0.39		\$ (0.04)	
Cumulative effect of accounting changes	—		\$ (0.37) ⁽⁴⁾		—	
Net income (loss)	\$ 0.35		\$ 0.01 ⁽⁵⁾		\$ (0.04)	
Diluted weighted average common shares and equivalents outstanding	128,558		130,937		105,842	
SELECTED BALANCE SHEET DATA						
Cash, cash equivalents, and long-term available for sale securities	\$ 138,302		\$ 118,228		\$ 51,885	
Total assets	1,164,879		1,131,886		1,137,147	
Total long-term debt, including current portion	220,097		215,640		217,870	
Total liabilities	559,794		570,252		587,345	
Working capital	271,915		193,517		141,839	
Stockholders' equity	605,085		561,634		549,802	
Long-term debt to equity ratio	33.5%		36.2%		37.9%	
Current ratio	1.9		1.6		1.4	

(1) Includes the results of operations of Lane Bryant, Inc., acquired August 16, 2001, from the date of acquisition.

(2) In March 2003, we announced a cost reduction plan designed to take advantage of the centralization of corporate administrative services and to realize certain efficiencies, in order to improve profitability. Net income for 2003 includes pre-tax expense in the amount of \$11,534,000 (\$7,340,000 after tax, or \$0.06 per diluted share) related to this cost reduction plan.

(3) In January 2002, our Board of Directors approved a restructuring plan that included the closing of The Answer/Added Dimensions chain of 77 stores; the conversion of approximately 20% of the Added Dimensions stores to Catherines stores; the closing of 130 underperforming Fashion Bug stores; and the conversion of 44 Fashion Bug stores to Lane Bryant stores. This restructuring plan resulted in a pre-tax charge of \$37,708,000 (\$24,510,000 after tax, or \$0.22 per diluted share) in 2001. We completed the restructuring plan by the end of 2002, and recognized a pre-tax restructuring credit of \$4,813,000 (\$2,941,000 after tax, or \$0.02 per diluted share), primarily as a result of favorable negotiations of lease terminations.

(4) In 2002, we fully adopted the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets," and recorded a write-down of Catherines goodwill of \$43,975,000 to reduce the carrying value of the goodwill to its estimated fair value. In addition, we recognized a charge of \$5,123,000, net of income taxes of \$2,758,000, in connection with the adoption of EASB Emerging Issues Task Force ("EITF") Issue 02-16, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor."

(5) Results do not add due to rounding.

FORWARD-LOOKING STATEMENTS

This publication contains forward-looking statements based on management's current expectations, estimates and projections. All statements that address expectations or projections about the future, including statements about the Company's strategy for growth, cost reductions, market position, revenues, earnings, liquidity, financing needs or plans, future operations, expected expenditures and financial results, as well as assumptions relating to the foregoing, are forward-looking statements. Some of the forward-looking statements may be identified by words like "expects," "believes," "estimates," "anticipates," "plans," "intends," "projects," "indicates," and similar expressions. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Many factors, including those discussed more fully in documents filed with the Securities and Exchange Commission by Charming Shoppes, Inc., particularly its latest annual report on Form 10-K, could cause results to differ materially from those stated. These factors include, but are not limited to: failure to successfully implement the cost reduction program and the Company's plan for increased profitability and growth in the plus-size women's apparel business, changes in or miscalculation of fashion trends, extreme or unseasonable weather conditions, economic downturns, a weakness in overall consumer demand, failure to find suitable store locations, the ability to hire and train associates, trade restrictions and political or financial instability in countries where goods are manufactured, the interruption of merchandise flow to the Company's retail stores from its distribution facilities, competitive pressures, and the adverse effects of acts or threats of war, terrorism, or other armed conflict. The Company 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 herein will not be realized.

OUR VISION

DEAR SHAREHOLDER:

We entered 2003 with a clear vision of the expectations and challenges that lay before us. Our most important job—to reenergize Lane Bryant's fashion assortments and performance and make the necessary changes to regain your confidence in our flagship brand's leadership position. We recognized that 2003 would be work in progress, and a year of repositioning, all against the backdrop of an economy that was beginning to emerge from recession.

Indeed, we ended 2003 on a positive note at Lane Bryant by achieving positive same-store sales performance in the fourth quarter. Through the year, we have seen progress in our approach to meeting our customers' needs and in our improved apparel offerings to her, focusing on her varied lifestyles. We are encouraged with the direction of our Lane Bryant brand, which has continued to improve into early 2004. Lane Bryant has undergone significant changes over the last year, in every aspect of the organization. This has been a difficult time, but important in making the brand more viable, and allowing us to achieve this progress.

Despite challenges at Lane Bryant early in the year, we were able to protect our level of operating earnings by proactively managing our expense structure. Additionally, our operating performance at our Fashion Bug brand showed improvement during 2003, following strong performance in 2002.

Our differentiated brands are well positioned to serve America's diverse and growing women's plus-size population. Now that nearly 50 percent of American women wear at least a size 14, our customers do indeed represent a significant apparel consumer group.

A widely recognized name in plus-size fashion, Lane Bryant is the plus-size fashion leader in the industry. Because of Lane Bryant's standing as a destination store for plus-size women, we had the confidence to embark on a strip and lifestyle shopping center-based growth strategy for Lane Bryant, complementing our mall positioning. When we acquired Lane Bryant in 2001, we immediately began our expansion outside the malls. Strip and lifestyle shopping centers provide our customers with convenient places to shop and provide us with attractive occupancy rates. The number of Lane Bryant strip-center stores grew from 18 percent to 23 percent of the total Lane Bryant chain during 2003. These stores' comparable sales outperformed our mall-based units by nearly five percentage points this year, validating our strip-center strategy. Our long-term vision is to grow Lane Bryant to at least 1,000 stores and to achieve an approximately 50-50 mix of strip versus mall-based stores.

Our 1,000-store Fashion Bug chain—specializing in apparel and accessories in plus, misses and junior sizes—is a leading women’s fashion apparel retailer in strip shopping centers nationwide. As the fashion authority in many small-town and rural markets, The Bug successfully meets the needs of both its value-conscious customer through its Priced Just Right Program, and its fashion-oriented customer through trend-right merchandise. Following improved performance in 2002, Fashion Bug continued to increase its operating margin by expanding gross margin and reducing expenses during 2003.

Rounding out the Charming Shoppes’ brand strategy, Catherines offers a broad collection of classic plus-size merchandise. Catherines specializes in satisfying not only the needs of the plus-size customer, but also the shopper who wears extended plus-sizes (over size 28) and petite plus-sizes. Catherines is the only national specialty retailer offering extended plus-sizes in the bricks and mortar channel, and more importantly, offering these sizes in a fashion assortment. We had a successful implementation of our Fit Initiative during 2003, an overall area of competency for Catherines. Double-digit sales gains with the Liz & Me denim line offerings led to the expansion of the Liz & Me private label throughout the Catherines casual sportswear department.

Our long-term growth plans include the expansion of the Catherines chain to as many as 700 stores, primarily in strip shopping centers. The demographics supporting our growth plans for Catherines include the aging U.S. population, with America’s baby boomers continuing to grow as a percent of our population. Additionally, Americans continue to gain weight as they age, in all age groups.

Our three brands have the technology and resources to reach approximately 29 million American women who wear plus-sizes. Our vast database allows us to leverage our marketing resources across the brands, and potentially reach the majority of American women wearing plus-sizes.

Charming Shoppes’ marketing program has been infused with newness and creativity. All three brands have created expanded product brochures highlighting our differentiated fashion offerings. Corporate marketing initiatives—including direct mail and e-commerce communications—



IN 1999, WE BEGAN THE EXECUTION OF A STRATEGY TO EXPAND THE COMPANY'S FOCUS ON THE WOMEN'S PLUS-SIZE APPAREL BUSINESS. SINCE THAT TIME, OUR PERCENTAGE OF SALES FROM PLUS-SIZES HAS GROWN FROM 46% TO 77% OF TOTAL SALES.

OUR BALANCE SHEET CONTINUES TO BE ONE OF THE MOST SOLID IN THE INDUSTRY. OUR CASH, CASH EQUIVALENTS AND LONG-TERM AVAILABLE FOR SALE SECURITIES AT YEAR END INCREASED TO \$138 MILLION.

OUR VISION

present our merchandise to more women than ever before. We are continually reaching new customers and reinforcing our reputation as America's plus-size specialist.

Organizationally, we have a great deal to report for 2003.

Lane Bryant launched e-commerce in March 2003 at lanebryant.com and has exceeded expectations during its first year in this important direct-to-customer channel. Our site allows us to acquire customers outside our 710-store geographic footprint as well as to offer expanded assortments to our loyal Lane Bryant customer base. Retail trends are increasingly supportive of this direct channel, with 52 percent of online shoppers now represented by women, and industry volumes are expected to more than double in the next five years.

Catherines continued its e-commerce growth during 2003, with extended plus-sizes representing a significant portion of online sales at catherines.com. Following the successful launch of our informational fashionbug.com website in 2003, Fashion Bug plans to begin e-commerce in 2004. Overall, our e-commerce sales more than doubled in 2003, and we expect they will again double in 2004.

We purchased our White Marsh, Maryland distribution center in September 2002, and completed the relocation of Catherines and Lane Bryant distribution operations to our new facility in 2003. Not only does this consolidation support our store growth plans, it also improves our distribution and cost efficiency.

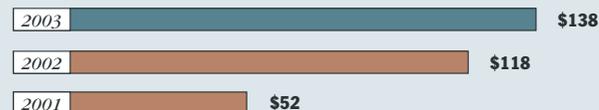
Our cost reduction program announced in 2003 allowed us to reduce expenses last year, with more reductions expected during 2004 as a result of the consolidation of our Lane Bryant and Catherines distribution operations and other operational efficiencies.

We continue to strengthen our balance sheet. Our cash, cash equivalents and long-term available for sale securities at year end grew to \$138 million. Our \$150 million convertible debt matures in 2012, and our debt to equity ratio has continued to improve over the last two years. Through the careful management of our capital structure, we decreased interest expense by nearly \$5 million during the year.

We extended the term of our \$300 million revolving credit facility in January 2004. Expiring in August 2008, it includes more favorable terms for Charming Shoppes and replaces the \$300 million facility that was

CASH, CASH EQUIVALENTS, AND LONG-TERM AVAILABLE FOR SALE SECURITIES

(\$ in millions)



scheduled to expire in August 2004. With respect to our credit card programs, we have entered into additional liquidity facilities, which will play an important role in our financing of credit card growth and file acquisitions.

Our strong community commitment continues. Charming Shoppes has helped over 26,000 children through our Keeping Kids Warm coat donation program, now beginning its 9th year. We began our Voices program in 2003, which celebrates women throughout the country who have raised their voices to create positive change in their communities. We brought them together in Houston to learn from one another's experiences and accomplishments.

We continue a strong dialogue with our customers through our ongoing publication of *Speaking Woman To Woman*. Utilizing direct mail and in-store programs, we communicate messages to provoke thought as well as action. Not only do we provide essential information and resources on education, finances and health, but we receive customer feedback that provides invaluable insights into their lives and needs.

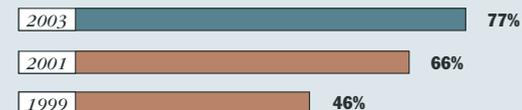
Looking ahead, we continue to focus on growth opportunities.

Charming Shoppes continues to invest in technology to support its retail operations. New point-of-sale systems are being installed in all Lane Bryant and Catherines stores in 2004, speeding service for our customers and simplifying operations in our stores. Once completed, all our stores will have some of the most modern, leading-edge hardware and software systems available in the retail industry.

Our percentage of revenues from the growing plus-size business again increased this year, from 72 percent to 77 percent of total sales. We currently enjoy a 40 percent share of the women's plus-size specialty apparel market, and our goal is to further expand our #1 market position. We remain committed to building a platform for continued growth in plus-sizes, through store expansion in strip shopping centers, as well as through direct-to-consumer channels. Our early

PLUS-SIZE CONCENTRATION

(percentage of total Charming Shoppes revenue)



e-commerce successes have reinforced the importance of and opportunities for reaching customers in direct-to-consumer channels, which are especially important to the plus-size customer.

The demographics confirm that the plus-size business is continuing to gain importance in the women's apparel market. We must now stay the course with our strategy in serving our growing customer base.

Our vision is clear as we move ahead: To celebrate the lives and fashion image of plus-size women. We are confident that our brands are well-positioned to be the brands of choice for more and more women.

Dorrit J. Bern

Chairman of the Board of Directors, President and Chief Executive Officer

LANE BRYANT

Lane Bryant offers stylish, sexy and sophisticated clothes in sizes 14–28. Through our private labels—Venezia™ (our line of casual wear), Lane Bryant™ (our wear-to-work line) and Cacique® (our intimate apparel brand)—Lane Bryant offers fashionable apparel and accessories exclusively for the plus-size customer. Lane Bryant has a loyal customer base, generally ranging in age from 25 to 45 years old, that shops for fashionable merchandise in the moderate price range.

A destination store for the plus-size woman, Lane Bryant currently operates 710 stores in 46 states that average approximately 6,000 square feet. In March 2003, we began e-commerce operations on our Lane Bryant website, lanebryant.com. Our Lane Bryant brand generated over \$900 million in sales revenue during 2003.

- America's most widely recognized name in specialty plus-size fashion
- More than 700 specialty stores in 46 states, with an average store size of 6,000 square feet
- Primarily mall shopping center locations, with a growing presence in lifestyle and strip shopping centers
- Offering stylish and sophisticated casual, wear-to-work, and intimate apparel exclusively for the plus-size woman
- Our core customers are women ages 25 to 45, shopping for moderately priced apparel

venezia™



cacique®

LANE BRYANT™



A WIDELY RECOGNIZED NAME IN PLUS-SIZE FASHION, LANE BRYANT IS THE SPECIALTY APPAREL INDUSTRY'S PLUS-SIZE FASHION LEADER, ACKNOWLEDGED FOR A POSITIVE INFLUENCE ON THE WAY WOMEN FEEL ABOUT THEIR BODIES.

FASHION BUG®

Fashion Bug and Fashion Bug Plus stores specialize in a wide variety of plus-size, misses and junior apparel, accessories, and casual footwear. Our core Fashion Bug customers range in age from 20 to 49 years old and shop in the low-to-moderate price range.

Fashion Bug's plus- and misses-size merchandise includes established fashion trends in a broad offering of casual and wear-to-work apparel, as well as footwear, accessories, and intimate apparel. Fashion Bug's junior merchandise reflects the latest fashion trends and includes well-recognized third-party national brands.

Primarily in strip shopping centers, our 1,051 Fashion Bug stores are located in 45 states, and average approximately 9,000 square feet. We currently operate an informational website at fashionbug.com, offering fashion advisories, promotional information, and a store locator, and plan to introduce e-commerce operations on this site during 2004. Our Fashion Bug brand generated over \$1 billion in sales revenue during 2003.

- A leading women's fashion apparel retailer in strip shopping centers
- More than 1,000 specialty stores in 45 states, with an average store size of 9,000 square feet
- Fashionable apparel in plus, misses and junior sizes, with intimate apparel, accessories, footwear, girls and maternity assortments
- Our core customers are women ages 20 to 49; also serving girls and teens
- Value-priced affordable fashion

it's better at
TheBug™ 

L.A. BLUES®

FASHION BUG 



WITH OVER 1,000 STORES NATIONWIDE, FASHION BUG IS A LEADING WOMEN'S FASHION APPAREL RETAILER IN STRIP SHOPPING CENTERS, APPEALING TO WOMEN OF ALL SIZES. FASHION BUG SPECIALIZES IN FASHION APPAREL AND ACCESSORIES IN PLUS, MISSES AND JUNIOR SIZES.

CATHERINES PLUS SIZES

Our Catherines brand serves women 40 to 65 years old and offers classic apparel and accessories for career and casual lifestyles. Catherines features sportswear, dresses, intimate apparel, suits, and accessories in a variety of plus-sizes, including petites and extended sizes. Catherines customers generally shop in the moderate price range, and are concerned with fit and value when purchasing apparel.

Catherines has developed a unique expertise in the fit, design, and manufacturing of extended sizes, making it one of the few retailers to emphasize these sizes. Our customers shop Catherines online at catherines.com. Our Catherines brand generated over \$300 million in sales revenue during 2003.

With 466 specialty stores throughout the country, we are located in 44 states, primarily in strip shopping centers.

- Offering classic and stylish plus-size apparel, exclusively in Plus, Petite Plus and Extended Plus-Sizes
- More than 450 specialty stores in 44 states, with an average store size of 4,100 square feet
- Primarily strip shopping center locations
- Our core customers are plus-size women ages 40 to 65, shopping for moderately priced apparel

maggie barnes®



s e r e n a d a®

LIZ&ME®



AT CATHERINES, WE OFFER A BROAD ASSORTMENT OF PLUS-SIZE MERCHANDISE IN CLASSIC STYLES DESIGNED TO PROVIDE “HEAD-TO-TOE” DRESSING. CATHERINES SPECIALIZES IN PLUS-SIZES AND IS PARTICULARLY KNOWN FOR EXTENDED PLUS-SIZES (OVER SIZE 28) AND PETITE PLUS-SIZES.



OUR CORPORATE ASSETS

OUR ASSOCIATES

At Charming Shoppes we take great pride in the individuals who work for our corporation and represent our brands to our customers, suppliers, vendors and manufacturers. Through the collective talents of over 25,000 full- and part-time associates, Charming Shoppes is able to provide fashion assortments and shopping experiences that excite and please our customers and create an overall company environment that respects each individual and recognizes their contributions to our business. We are especially proud of the extra efforts that many of our associates bring not only to the job, but to the communities in which they live. They represent the best in what we believe in!

OUR PRIVATE LABELS

The Company's product lines are comprised of approximately 75% private label merchandise, primarily under the names Lane Bryant™, Venezia™, Cacique®, Fashion Bug®, L.A. Blues®, Liz & Me®, Capistrano®, Serenada® and Maggie Barnes®.

CREDIT

Charming Shoppes offers a variety of proprietary credit card programs to its customers that both add value to the shopping experience by providing a convenient way to purchase, as well as engendering loyalty. Our programs directly contribute to Charming Shoppes' sales and profitability because our proprietary credit customers spend nearly twice as much per visit than our non-credit customer base.

With over 8 million cards issued, the Fashion Bug proprietary credit program ranks the 16th largest retail card program in the nation. Approximately 4% of the U.S. female population have a Fashion Bug card. We control credit policies and service this card base through various third-party arrangements and use of securitization funding programs that help improve liquidity to the Company. We also offer a fee-based card program that is linked exclusively to the Fashion Bug Proprietary Card Program which includes an enhanced loyalty option that further promotes the use of the proprietary card.

Our Lane Bryant and Catherines brands also offer customers the convenience of proprietary credit card programs. These card programs are serviced by unaffiliated third-party service providers that both service and finance the programs.

We offer our customers various loyalty card programs. Customers that join these programs are entitled to various benefits, including discounts and rebates on purchases during the membership period.

DISTRIBUTION OPERATIONS

Charming Shoppes operates two state-of-the-art distribution centers. For our Fashion Bug stores, we operate a distribution center in Greencastle, Indiana. For our Lane Bryant and Catherines Plus Sizes stores, we operate a distribution center in White Marsh, Maryland.

Substantially all of our merchandise purchases are received at our distribution facilities, where they are prepared for distribution to our 2,200+ stores. Automated sorting systems in the distribution centers enhance the flow of merchandise from receipt to quality control inspection to final shipment. We use computerized



OUR CORPORATE ASSETS

automated distribution profiles to improve the efficiency of our distribution operations. These profiles provide information not only about the quantity of merchandise to be distributed to each of our stores, but also about the type of merchandise to be shipped, enabling us to tailor fashion assortments to each store's plan.

WORLDWIDE SOURCING OPERATIONS

To meet the demands of our customers, we access both the domestic and overseas wholesale apparel markets for our merchandise purchases. This allows us to maintain flexible lead times, respond to current fashion trends, and quickly replenish merchandise inventory as necessary.

Our Sourcing Division, which is headquartered in Hong Kong, manages the procurement of merchandise for our retail chains from 25 countries worldwide, and contributes to our profitability. Approximately 20% of our product is obtained through our sourcing organization.

Charming Shoppes has earned recognition as a reputable organization in Asia and around the world. Since we are in control of the production process, we can maintain our emphasis on quality assurance programs and consistency of fit. We have implemented compliance programs for all overseas vendors with respect to fair labor practices.

- India*
- Hong Kong*
- China
- Indonesia
- Bangladesh*
- Guatemala
- Turkey
- Mexico
- Sri Lanka
- Taiwan
- Vietnam
- Malaysia
- Philippines
- Korea
- Singapore*
- Thailand
- Cambodia
- Brunei
- Nepal
- Colombia
- U.S.A.
- Macau
- Russia
- Jordan
- Romania
- *Sourcing Division Offices



KEEPING KIDS WARM HAS
DONATED 26,000 NEW
COATS TO CHILDREN IN
NEED AT SCHOOLS IN:

BALTIMORE, MARYLAND
CAMDEN, NEW JERSEY
CINCINNATI, OHIO
CLEVELAND, OHIO
COLUMBUS, OHIO
CONCORD, NEW HAMPSHIRE
DETROIT, MICHIGAN
INDIANAPOLIS, INDIANA
LYNN, MASSACHUSETTS
MANCHESTER, NEW HAMPSHIRE
MEMPHIS, TENNESSEE
MILWAUKEE, WISCONSIN
MINNEAPOLIS, MINNESOTA
NEWARK, NEW JERSEY
NORFOLK, VIRGINIA
PHILADELPHIA, PENNSYLVANIA
PITTSBURGH, PENNSYLVANIA
ROCHESTER, NEW YORK
ST. LOUIS, MISSOURI
WATERBURY, CONNECTICUT

THE COMMUNITY

KEEPING KIDS WARM

Charming Shoppes has helped over 26,000 children through our Keeping Kids Warm program, now beginning its 9th year. Our program began in 1995, and is made possible through the endless hours volunteered by our associates, and through our partnerships with our vendors. We began in one school in Philadelphia, Pennsylvania, and since 1995, we have expanded to 20 cities.

We believe that our program helps these children to focus more on their schoolwork, and less about staying warm. Seeing their smiles and knowing we are keeping the children warm through the winter lets us know we've made a huge impact on these children.

Charming Shoppes, in conjunction with our vendors and suppliers, donates coats to elementary schoolchildren in inner-city locations. Keeping Kids Warm is just one of many ways Charming Shoppes demonstrates its commitment to families and children. Through clothing and monetary donations, as well as awareness campaigns dealing with women's and children's issues, Charming Shoppes offers direct assistance and hopes to inspire community involvement in others.



In January 2004, Executive Technology honored the accomplishments of 10 retailers with their 2003 Executive Technology Retail Community Service Awards. Charming Shoppes, Inc. was recognized as a company that shows a willingness to help our communities in original and thought-provoking ways.



VOICES

Through our Voices program, thousands of women wrote to us about successes they've had in overcoming adversity. Charming Shoppes recognized 100 of these women for creating positive change in their communities, and brought them together in Houston, Texas in May 2003 to allow these remarkable women to learn from one another's experiences and accomplishments.

Five of our Voices honorees received grants in order to continue work in their communities. The grants funded projects such as a traveling bookmobile/nutrition center; training senior citizens to serve as mentors to teen mothers; helping to fund new, larger space for inner-city senior centers; paying for registered nurses' home visits to needy new mothers to teach infant care; and funding diverse programs at a neighborhood center including after-school tutoring, a support group project for young fathers and a food and clothing pantry.



Charming Shoppes' commitment to community service is manifested in the Voices campaign, which celebrates women's leadership in grassroots causes throughout the country. Charming Shoppes launched Voices in 2002 to recognize remarkable women who raise their voices to create positive change.

Each year, the Company chooses 100 winners from the essays received from women who champion causes including education, medical research, poverty relief, and work with seniors and people with disabilities.

IN 2004, CHARMING SHOPPES WAS NAMED AS ONE OF THE BEST COMPANIES FOR FEMALE EXECUTIVES, WITH EXEMPLARY PROGRAMS PREPARING WOMEN FOR TOP POSITIONS.

CHARMING SHOPPES WAS GIVEN THIS PRESTIGIOUS HONOR AND RANKED 6TH IN THE NATION BY THE NATIONAL ASSOCIATION FOR FEMALE EXECUTIVES.

WORKING AT CHARMING SHOPPES

In business for more than 60 years, our Company's formula for success includes differentiating ourselves from our competition. We grow and strengthen our market share through innovative merchandising and fashion designs, as well as advanced computer and supply-chain systems.

Our brands offer fashion assortments that create an exciting and inviting shopping experience for our customers. Each of our brands present unique product offerings. We have a shared vision and a common set of values that reflect our clearly-defined approach to doing business.

Our vision is to be the Company known for celebrating the lives and fashion image of women wearing plus-sizes. Our mission is to continue to serve the lifestyle apparel needs of women wearing plus-sizes with the very best service, fashion selection, value and fit. Our common values are to act with integrity, to exceed our customers' expectations, to be innovative, to collaborate through teamwork, to deliver superior performance, and to support the community.

Charming Shoppes' team comprises associates from varying backgrounds who possess a wide range of skills. The culture of our Company melds the experiences our associates bring to their jobs, making it a dynamic place to work. We are committed to fostering a diverse culture, not only among our more than 25,000 associates, but also among our millions of loyal customers. We believe that by celebrating our diversity, we create the ideal environment to grow our business and attract the best and most qualified associates.

What makes a great company is great people. All of us working together—in merchandising, product design, supply chain, technology services, store management, human resources, marketing, legal, finance, credit, real estate and loss prevention—make our strategies come to life.

We look for people with strengths in five core areas:

- 1 *Teamwork*—the ability to communicate and work well with others
- 2 *Strategic thinking*—the ability to analyze issues and work toward solutions
- 3 *Customer service*—the ability to provide service that exceeds our customers' expectations
- 4 *Integrity*—a personal commitment to honesty, accountability and respect for others
- 5 *Results orientation*—a commitment to and passion for delivering superior work

Please visit charmingshoppes.com to learn more about working at Charming Shoppes, Inc.



INDEPENDENT AUDITORS

Ernst & Young LLP
Philadelphia, Pennsylvania

TRANSFER AGENT AND REGISTRAR

American Stock Transfer
& Trust Company
New York, New York
1-800-937-5449

EXECUTIVE OFFICES

450 Winks Lane
Bensalem, Pennsylvania 19020

AVAILABLE DOCUMENTS

Copies of the following documents are available
at www.charmingshoppes.com:

The Company's Annual Report on Form 10-K
The Company's Quarterly Reports on Form 10-Q
Principles of Corporate Governance and
Board Committee Charters
Business Ethics & Standards of Conduct Policy

Documents are also available to stockholders without charge
upon written request:

Charming Shoppes, Inc.
Gayle M. Coolick
Director of Investor Relations
450 Winks Lane
Bensalem, Pennsylvania 19020

CHRS
NASDAQ
LISTED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dorrit J. Bern
Chairman
William O. Albertini
*Former Executive Vice President
& Chief Financial Officer
Bell Atlantic Global Wireless, Inc.*
Joseph L. Castle, II
*Chairman of the Board &
Chief Executive Officer
Castle Energy Corp.*
Yvonne M. Curl
*Former Chief Marketing Officer
Avaya, Inc.*
Charles T. Hopkins
*Former Managing Partner
KPMG LLP, Philadelphia*
Katherine M. Hudson
*Former Chairman of the Board
Brady Corporation*
Dr. Pamela S. Lewis
*President
Queens University of Charlotte*

Kenneth S. Olshan
*Former Chairman &
Chief Executive Officer
Wells Rich Greene BDDP*

Alan Rosskamm
*Chairman of the Board, President
& Chief Executive Officer
Jo-Ann Stores, Inc.*

**CORPORATE
EXECUTIVE OFFICERS**

Dorrit J. Bern
*Chairman, President &
Chief Executive Officer*

Joseph M. Baron
*Executive Vice President &
Chief Operating Officer*

Michel Bourlon
*Executive Vice President
Sourcing*

Anthony A. DeSabato, Esq.
*Executive Vice President
Corporate & Labor Relations,
Business Ethics, & Loss Prevention*

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

Colin D. Stern, Esq.
*Executive Vice President,
General Counsel & Secretary*

Gale H. Varma
*Executive Vice President
Human Resources*

Erna Zint
*Executive Vice President
Technical Design & Quality
Assurance/Quality Control*

Jonathon Graub
*Senior Vice President
Real Estate*

John J. Sullivan
*Vice President
Corporate Controller*

CORPORATE OFFICERS

James G. Bloise
*Senior Vice President
Supply Chain Management*

Denis F. Gingue
*Senior Vice President
Chief Information Officer*

Susan Bringham
*Vice President
Quality Assurance/Quality Control
Sourcing—Asia*

Robert M. Chessn
*Vice President
Corporate Human Resources*

William R. Dawson
*Vice President
Internal Audit*

Andrew D. Galasso
*Vice President
Real Estate Finance & Analysis*

Neal J. Glueck
*Vice President
Risk Management & Taxation*

Jon A. Goldberg
*Vice President
Procurement & Facilities Services*

John Lee
*Vice President
Corporate Accounting*

Kathleen H. Lieberman, Esq.
*Vice President
Associate General Counsel &
Assistant Secretary*

William P. Mancuso
*Vice President
Distribution, Transportation
& Logistics*

Bernard K. Mullen
*Vice President
Corporate Loss Prevention*

Edwin A. Neumann
*Vice President
Business Services*

Lesley M. Rindosh
*Vice President
Quality Control/Quality Assurance*

Kirk R. Simme
*Vice President
Credit*

Keith D. Spigel
*Vice President
Financial Planning & Support*

Kathleen Trainor
*Vice President
Merchandising—Asia*

Laurie Williams-Fleury
*Vice President
Technical Design Services*

Stephen Yeung
*Vice President
Sourcing—Asia*

CATHERINES PLUS SIZES

Diane M. Paccione
President

E. Glenn Irelan
*Executive Vice President
Store Operations*

Robert J. Baker
*Vice President
Merchandising &
Product Development*

Susan A. Barry
*Vice President
Merchandising*

Ben H. Bull
*Vice President &
Chief Financial Officer*

Dr. Deborah C. Gentry
*Vice President
Human Resources*

Thomas M. Smith
*Vice President
Associate General Counsel*

David Tobaben
*Vice President
Corporate Planning & Allocations*

FASHION BUG

Elizabeth A. Williams
President

Mary Ann Barr
*Vice President
Divisional Merchandise
Manager—Intimate Apparel
& Accessories*

Louis R. Bodofsky
*Vice President
Planning & Allocations*

Philip S. Brunone
*Vice President
Human Resources*

Gary F. Chew
*Vice President
General Merchandise Manager*

Joseph J. Kassa
*Vice President
Marketing*

Larry M. Lombardi
*Vice President
Director of Stores*

MaryEllen MacDowell
*Vice President
Divisional Merchandise
Manager—Plus*

Melissa A. Novell
*Vice President
General Merchandise Manager*

Brett R. Schneider
*Vice President
Finance*

Rachel A. Ungaro
*Vice President
Divisional Merchandise
Manager—Missy*

LANE BRYANT

Lorna E. Nagler
President

Elizabeth A. Ackley
*Vice President
Human Resources*

Susan C. Connell
*Vice President
General Merchandise Manager
Wear to Work-Sportswear*

Jeffrey A. Elliott
*Vice President
General Merchandise Manager
Casual Sportswear*

G. Scott Glaser
*Vice President
Finance*

Joseph C. Hash
*Vice President
Stores*

Carrie Klein
*Vice President
General Merchandise Manager
Intimate Apparel*

Linda M. Madway, Esq.
*Vice President
Associate General Counsel*

Linda Shaps
*Vice President
Product Development*

CHARMING INTERACTIVE, INC.

Joseph T. Hardiman
*Vice President
Chief Technology Officer*

Robin E. Baskin
*Vice President
Internet Marketing*

CHARMING SHOPPES, INC. 450 Winks Lane, Bensalem, PA 19020 www.charmingshoppes.com