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CHARMING SHOPPES INC
Form 8-K
March 19, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant
to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported) March 18, 2003

Charming Shoppes, Inc.
(Exact Name of Registrant as Specified in its Charter)

Pennsylvania
(State or Other Jurisdiction of Incorporation)

0-7258
(Commission File Number)

23-1721355
(I.R.S. Employer Identification No.)

450 Winks Lane, Bensalem, PA
(Address of Principal Executive Offices)

19020
(Zip Code)

(215) 245-9100
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Item 9. Regulation FD Disclosure.

On March 18, 2003 the Company announced its earnings for the fourth quarter and fiscal year ended February 1, 2003. The earnings announcement included the following disclosure:

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Related to the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board, Issue 02-16, "Accounting by a Reseller for Cash Consideration Received from a Vendor," the Company elected to early adopt the provisions of the EITF retroactive to the first quarter of fiscal 2003. This change in accounting had the following impact on our reported results for fiscal 2003:

1. A portion of cash received from vendors is deferred and remains in inventory until the product is sold. As of February 1, 2003, \$7,944,000 of cash received from vendors has been deferred into inventory and will be recognized as inventory is sold.
2. The Company recorded a charge of \$5,123,000 (net of income taxes of \$2,758,000) or \$0.04 per diluted share that represents the cumulative effect of this accounting change for the deferral of cash received from vendors as of the beginning of fiscal 2003. The impact of the adoption of EITF 02-16 for the fourth quarter and year ended February 1, 2003 was an increase to cost of goods sold of \$361,000 and \$216,000, respectively.

The tables on the following pages present the Company's results of operations for the Company's fiscal quarters and year-to-date periods ended May 4, 2002, August 3, 2002, and November 2, 2002 as originally included in the Reports on Form 10-Q as filed for the respective fiscal quarters and as restated for the adoption of EITF 02-16 as of February 2, 2002. NEITHER THE FURNISHING OF THIS INFORMATION, NOR THE POSTING OF THE INFORMATION ON THE COMPANY'S WEBSITE IS INTENDED TO, AND DOES NOT, CONSTITUTE A DETERMINATION BY THE COMPANY THAT THE INFORMATION IS MATERIAL OR THAT THE DISSEMINATION OF THE INFORMATION IS REQUIRED BY REGULATION FD.

Charming Shoppes, Inc. and Subsidiaries Condensed Consolidated Statements of Operations (Unaudited)

| (in thousands, except per share amounts) | Thirteen Weeks Ended May 4, 2002 | Re |
|--|-------------------------------------|-----|
| | As Reported | Re |
| Net sales | \$630,616 | \$6 |
| Cost of goods sold, buying, and occupancy expenses | 438,808 | 4 |
| Selling, general, and administrative expenses | 159,156 | 1 |
| Total operating expenses | 597,964 | 5 |
| Income from operations | 32,652 | |
| Other income, principally interest | 444 | |
| Interest expense | (6,802) | |

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| | | |
|--|---------------|-------|
| Income before income taxes and cumulative effect of accounting changes | 26,294 | |
| Income tax provision | 10,044 | |
| | ----- | |
| Income before minority interest and cumulative effect of accounting changes | 16,250 | |
| Minority interest in net loss of consolidated subsidiary, net of income taxes of \$37 | 61 | |
| | ----- | |
| Income before cumulative effect of accounting changes | 16,311 | |
| Cumulative effect of accounting changes | (43,975) | |
| | ----- | |
| Net loss | \$ (27,664) | \$ (|
| | ===== | ===== |
| Basic net income (loss) per share: | | |
| Income before cumulative effect of accounting changes | \$ 0.15 | |
| Cumulative effect of accounting changes | (0.39) | |
| | ----- | |
| Net loss | \$ (0.25) (a) | |
| | ===== | |
| Net income (loss) per share, assuming dilution: | | |
| Income before cumulative effect of accounting changes | \$ 0.14 | |
| Cumulative effect of accounting changes | (0.35) | |
| | ----- | |
| Net loss | \$ (0.21) | |
| | ===== | |

Charming Shoppes, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

| (in thousands, except per share amounts) | Thirteen Weeks Ended August 3, 2002 | | Twenty-six August |
|--|--|-----------|----------------------|
| | As Reported | Restated | As Reported |
| | ----- | ----- | ----- |
| Net sales..... | \$638,307 | \$638,307 | \$1,268,923 |
| Cost of goods sold, buying, and occupancy expenses..... | 441,246 | 441,376 | 880,054 |
| Selling, general, and administrative expenses.... | 151,391 | 151,391 | 310,547 |
| | ----- | ----- | ----- |
| Total operating expenses..... | 592,637 | 592,767 | 1,190,601 |

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| | | | |
|---|-----------|-----------|------------|
| | ----- | ----- | ----- |
| Income from operations..... | 45,670 | 45,540 | 78,322 |
| Other income, principally interest..... | 719 | 719 | 1,163 |
| Interest expense..... | (5,678) | (5,678) | (12,480) |
| | ----- | ----- | ----- |
| Income before income taxes and cumulative effect of accounting changes..... | 40,711 | 40,581 | 67,005 |
| Income tax provision..... | 15,552 | 15,501 | 25,596 |
| | ----- | ----- | ----- |
| Income before minority interest and cumulative effect of accounting changes..... | 25,159 | 25,080 | 41,409 |
| Minority interest in net loss of consolidated subsidiary, net of income taxes of \$242 and \$279..... | 390 | 390 | 451 |
| | ----- | ----- | ----- |
| Income before cumulative effect of accounting changes..... | 25,549 | 25,470 | 41,860 |
| Cumulative effect of accounting changes..... | 0 | 0 | (43,975) |
| | ----- | ----- | ----- |
| Net income (loss)..... | \$ 25,549 | \$ 25,470 | \$ (2,115) |
| | ===== | ===== | ===== |
| Basic net income (loss) per share: | | | |
| Income before cumulative effect of accounting changes..... | \$0.22 | \$0.22 | \$ 0.37 |
| Cumulative effect of accounting changes..... | 0.00 | 0.00 | (0.39) |
| | ----- | ----- | ----- |
| Net income (loss)..... | \$0.22 | \$0.22 | \$ (0.02) |
| | ===== | ===== | ===== |
| Net income (loss) per share, assuming dilution: | | | |
| Income before cumulative effect of accounting changes..... | \$0.20 | \$0.20 | \$ 0.33 |
| Cumulative effect of accounting changes..... | 0.00 | 0.00 | (0.33) |
| | ----- | ----- | ----- |
| Net income (loss)..... | \$0.20 | \$0.20 | \$ 0.00 |
| | ===== | ===== | ===== |

Charming Shoppes, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

Thirteen Weeks Ended
November 2, 2002

Thirty-nine
November

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| (in thousands, except per share amounts) | ----- As Reported ----- | ----- Restated ----- | ----- As Reported ----- |
|--|-------------------------------|----------------------------|-------------------------------|
| Net sales..... | \$542,332 | \$542,332 | \$1,811,255 |
| Cost of goods sold, buying, and occupancy expenses..... | 389,748 | 391,047 | 1,269,802 |
| Selling, general, and administrative expenses.... | 148,323 | 148,323 | 458,870 |
| Restructuring credit..... | (1,351) | (1,351) | (1,351) |
| Total operating expenses..... | 536,720 | 538,019 | 1,727,321 |
| Income from operations..... | 5,612 | 4,313 | 83,934 |
| Other income, principally interest..... | 698 | 698 | 1,861 |
| Interest expense..... | (4,667) | (4,667) | (17,147) |
| Income before income taxes and cumulative effect of accounting changes..... | 1,643 | 344 | 68,648 |
| Income tax provision..... | 1,177 | 672 | 26,773 |
| Income (loss) before minority interest and cumulative effect of accounting changes..... | 466 | (328) | 41,875 |
| Minority interest in net loss of consolidated subsidiary, net of income taxes of \$22 and \$301..... | 36 | 36 | 487 |
| Income (loss) before cumulative effect of accounting changes..... | 502 | (292) | 42,362 |
| Cumulative effect of accounting changes..... | 0 | 0 | (43,975) |
| Net income (loss)..... | \$ 502 | \$ (292) | \$ (1,613) |
| Basic net income (loss) per share: | | | |
| Income before cumulative effect of accounting changes..... | \$0.00 | \$0.00 | \$ 0.37 |
| Cumulative effect of accounting changes..... | 0.00 | 0.00 | (0.38) |
| Net income (loss)..... | \$0.00 | \$0.00 | \$(0.01) |
| Net income (loss) per share, assuming dilution: | | | |
| Income before cumulative effect of accounting changes..... | \$0.00 | \$0.00 | \$ 0.35 |
| Cumulative effect of accounting changes..... | 0.00 | 0.00 | (0.33) |
| Net income (loss)..... | \$0.00 | \$0.00 | \$ 0.01 |

SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHARMING SHOPPES, INC.

(Registrant)

Dated: March 18, 2003

By: /S/ ERIC M. SPECTER

Name: Eric M. Specter
Title: Executive Vice President and
Chief Financial Officer