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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	
	As Reported	Revised
Net sales	\$630,616	\$630,616
Cost of goods sold, buying, and occupancy expenses	438,808	438,808
Selling, general, and administrative expenses	159,156	159,156
Total operating expenses	597,964	597,964
Income from operations	32,652	32,652
Other income, principally interest	444	444
Interest expense	(6,802)	(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)

	Thirteen Weeks Ended August 3, 2002		Twenty-six August
(in thousands, except per share amounts)	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)
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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
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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
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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