

**PREPARED REMARKS FOR CHARMING SHOPPES, INC. SECOND QUARTER FISCAL 2009
EARNINGS CONFERENCE CALL – Wednesday, August 27, 2008**

Introduction

Thank you everyone for joining us this morning. With us today are Alan Rosskamm, Chairman and Interim CEO of Charming Shoppes, Eric Specter, Executive Vice President and Chief Financial Officer, and Steven Wishner, Senior Vice President of Finance, Strategy and Business Development.

Today's discussion contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 concerning appointments of executives, 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 consummate the sale of our non-core misses apparel catalogs to Orchard Brands, the failure to sell the misses apparel catalog credit card receivables to Alliance Data Systems, the failure to sell Figi's, the failure to find a suitable permanent replacement for the Company's former Chief Executive Officer within a reasonable time period, the failure to consummate our identified strategic solution for our other non-core assets, the failure to effectively implement our planned consolidation, cost and capital budget reduction plans, the failure to implement the Company's business plan for increased profitability and growth in the Company's retail stores and direct-to-consumer segments, the failure to effectively implement the Company's plans for consolidation of the Catherines Plus Sizes brand, a new organizational structure and enhancements in the Company's merchandise and marketing, the failure to generate a positive response to the Company's new Lane Bryant catalog and the Lane Bryant credit card program, the failure to successfully implement the Company's expansion of Cacique through new store formats, the failure to achieve improvement in the Company's competitive position, adverse changes in costs vital to catalog operations, such as postage, paper and acquisition of prospects, declining response rates to catalog offerings, the failure to maintain efficient and uninterrupted order-taking and fulfillment in our direct-to-consumer business, changes in or miscalculation of fashion trends, extreme or unseasonable weather conditions, economic downturns, escalation of energy costs, 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 interruption of merchandise flow from the Company's centralized distribution facilities, 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 for the fiscal year ended February 2, 2008, our 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.

Our quarterly income statement, along with our balance sheet and cash flow statement, are provided with today's press release.

As a reminder, our quarterly results for the current and prior year periods exclude the income statement impact of our non-core misses apparel catalog titles, as we have designated them as a discontinued operation, pending their sale to Orchard Brands. As you review our financial statements, please keep in mind that both this year's and last year's financial statements have been adjusted to reflect the effect of the discontinued operation.

Thirteen Weeks Ended August 2, 2008

For the thirteen weeks ended August 2, 2008, we reported a (loss) from continuing operations of \$(3.7) million, or \$(0.03) per diluted share. This compares to income from continuing operations of \$20.9 million, or \$0.16 per diluted share for the thirteen weeks ended August 4, 2007. For the second quarter ended August 2, 2008, income from continuing operations includes after-tax charges of \$5.8 million, or \$0.05 per diluted share, related to the severance agreement between Charming Shoppes and its former Chief Executive Officer, and \$3.5 million, or \$0.03 per diluted share, related to previously announced consolidation and streamlining initiatives. Without

consideration to the charges related to the severance agreement with our former CEO, our performance met our operating expectations for quarter.

Net sales from continuing operations for the thirteen weeks ended August 2, 2008 decreased 7% to \$648.6 million, compared to net sales from continuing operations of \$694.4 million for the thirteen weeks ended August 4, 2007.

Net sales for our Retail Stores segment were \$622.0 million during the thirteen weeks ended August 2, 2008, a decrease of 9% compared to \$685.1 million during the thirteen weeks ended August 4, 2007. Consolidated comparable store sales for our Retail Stores segment decreased 10% during the thirteen weeks ended August 2, 2008, compared to a decrease of 3% in comparable store sales during the thirteen weeks ended August 4, 2007. The change in net sales, year over year, was impacted by an increase in e-commerce sales, more than offset by decreases related to the closing of 87 stores and decreases in comparable store sales. Comparable store sales data by core brand are detailed in our press release and on our corporate website.

Net sales from continuing operations for our Direct-to-Consumer segment were \$22.5 million during the thirteen weeks ended August 2, 2008, compared to \$4.2 million during the thirteen weeks ended August 4, 2007. The year over year difference is primarily related to the addition of sales volume from our new Lane Bryant Catalog, which was launched during the fourth quarter of last fiscal year, and is currently in startup mode.

Cost of Goods Sold, Buying, Catalog and Occupancy Expenses

Consolidated gross margin from continuing operations for the quarter was 26.9%, a 320 basis point decrease compared to 30.1% in the year ago period. The consolidated Merchandise Margin decreased by 140 basis points, and consolidated Buying and Occupancy expenses, as a percent of total sales, increased by 60 basis points compared to a year ago. Consolidated catalog advertising expense increased by 120 basis points, related to the launch of the Lane Bryant Woman catalog.

For the Retail Stores segment, the gross margin declined by 330 basis points for the quarter, primarily related to negative leverage of occupancy expense on declining sales, as well as

decreases in the merchandise margin, related to a higher level of promotional activity in order to ensure the appropriate clearance of seasonal merchandise.

The gross margin from continuing operations for the Direct to Consumer segment declined, related to higher catalog advertising expenses, as we continue to invest in customer acquisition during the start-up year of the Lane Bryant Woman catalog.

Selling, General and Administrative Expenses

Consolidated SG&A expenses from continuing operations represented 25.4% of sales for the quarter, consistent with the year ago period. Administrative expenses, as a percent of total sales, improved by 30 basis points, and selling expenses, as a percent of total sales, increased by 40 basis points. On a dollar basis, SG&A expenses decreased versus a year ago, related to our expense control initiatives, as well as the closing of underperforming stores. We were pleased to be able to maintain our SG&A ratio to sales, despite disappointing sales performance.

Twenty-Six Weeks Ended August 2, 2008

For the twenty-six weeks ended August 2, 2008, we reported a (loss) from continuing operations of \$(3.1) million, or \$(0.03) per diluted share. This compares to income from continuing operations of \$47.4 million, or \$0.36 per diluted share for the twenty-six weeks ended August 4, 2007. For the first half ended August 2, 2008, income from continuing operations includes after-tax charges of \$5.8 million, or \$0.05 per diluted share, related to the severance agreement between Charming Shoppes and its former Chief Executive Officer, \$5.8 million, or \$0.05 per diluted share, related to previously announced consolidation and streamlining initiatives, and \$3.7 million, or \$0.03 per diluted share, for advisory and legal fees arising out of the proxy contest which was settled on May 8, 2008.

Net sales from continuing operations for the twenty-six weeks ended August 2, 2008 decreased 7% to \$1.290 billion, compared to net sales from continuing operations of \$1.391 billion for the twenty-six weeks ended August 4, 2007.

Net sales for our Retail Stores segment were \$1.235 billion during the twenty-six weeks ended August 2, 2008, a decrease of 10% compared to \$1.371 billion during the twenty-six weeks ended August 4, 2007. Consolidated comparable store sales for our Retail Stores segment decreased 11% during the twenty-six weeks ended August 2, 2008, compared to a decrease of 2% in comparable store sales during the twenty-six weeks ended August 4, 2007. The change in net sales, year over year, was impacted by an increase in e-commerce sales, more than offset by decreases related to the closing of 87 stores, and decreases in comparable store sales.

Net sales from continuing operations for our Direct-to-Consumer segment were \$49.5 million during the twenty-six weeks ended August 2, 2008, compared to \$14.6 million during the twenty-six weeks ended August 4, 2007. The year over year increase is primarily related to the addition of sales volume from our new Lane Bryant Woman Catalog, which was launched during the fourth quarter of last fiscal year.

Cost of Goods Sold, Buying, Catalog and Occupancy Expenses

Consolidated gross margin from continuing operations for the first half was 28.6%, a 250 basis point decrease compared to 31.1% in the year ago period. The consolidated Merchandise Margin was consistent with a year ago, and consolidated Buying and Occupancy expenses, as a percent of total sales, increased by 120 basis points compared to a year ago, related to negative leverage of occupancy expense on declining sales. Consolidated Catalog Advertising Expense increased by 130 basis points, related to the launch of the Lane Bryant Woman catalog.

For the Retail Stores segment, the gross margin declined by 250 basis points for the half, primarily related to negative leverage of occupancy expense on declining sales, and to a lesser extent, decreases in the merchandise margin, related to a higher level of promotional activity in order to ensure the appropriate clearance of seasonal merchandise.

The gross margin from continuing operations for the Direct to Consumer segment declined, related to higher catalog advertising expenses, as we continue to invest in customer acquisition during the start-up year of the Lane Bryant Woman catalog.

Selling, General and Administrative Expenses

Consolidated SG&A expenses from continuing operations represented 27.3% of sales for the first half, compared to 25.6% in the year ago period. Administrative expenses, as a percent of total sales, increased by 70 basis points, and selling expenses, as a percent of sales, increased by 100 basis points, both related to negative expense leverage on lower sales.

Selected Balance Sheet Information

1. Our balance sheet and cash flow statement are included with today's earnings press release, and are subject to adjustment pending our completion of the filing of our 10-Q.
2. Total Cash, Cash Equivalents and Available-for-sale securities were approximately \$138 million at the end of the period, compared to \$75 million at February 2, 2008. We continue to maintain a healthy cash balance, strong liquidity, and a committed revolving line of credit.
3. Our Long-term debt at the end of the quarter is \$316 million, and primarily relates to our \$275 million convertible debt, due 2014.
4. Total Inventory for continuing operations at the end of the period was approximately \$337 million, compared to \$341 million a year ago, a decrease of 1%. On a same store basis, year over year inventories decreased by 6%. Without the inclusion of inventory from the Lane Bryant Woman catalog, which launched in November 2007, total inventories decreased 6%, year over year.
5. Capital Expenditures were approximately \$16 million for the quarter, a decrease of 57% compared to \$37 million in the year ago quarter.
6. Depreciation and Amortization for the quarter was approximately \$23 million.
7. The Company generated free cash flow of approximately \$74 million, year to date. On our corporate website, www.charmingshoppes.com, we have posted a GAAP to non-GAAP reconciliation defining our calculation of free cash flow.

Outlook for the Third Fiscal Quarter ending November 1, 2008 and Fourth Fiscal Quarter ending January 31, 2009

Given the continuing uncertain economic climate and our expectations for continuing weak traffic trends, we continue our conservative approach in planning for the third quarter of fiscal year 2009.

As a result, we will maintain lean inventories and carefully control operating expenses, in an effort to continue to generate positive free cash flow.

For the three month period ending November 1, 2008, we have projected diluted loss per share from continuing operations in the range of \$(0.11) to \$(0.09), compared to diluted loss per share from continuing operations of \$(0.01) for the corresponding period ended November 3, 2007. This projection includes pre-tax charges of \$2.0 million (\$1.3 million after-tax, or \$0.01 per diluted share), related to previously announced streamlining initiatives. Our projection for the third quarter assumes net sales from continuing operations in the range of \$560 to \$570 million, compared to net sales from continuing operations of \$599.7 million for the period ended November 3, 2007. Our projection assumes high single digit percentage decreases in consolidated comparable store sales for the Company's Retail Stores segment, compared to an 8% decrease in consolidated comparable store sales in the prior year.

For the three month period ending January 31, 2009, we anticipate narrowing our diluted loss per share from continuing operations, as compared to the corresponding period ended February 2, 2008. In the fourth quarter of the previous year, the Company recorded a loss from continuing operations before extraordinary item of \$(0.19), excluding a charge of \$0.84 related to the impairment of goodwill and trademarks. Please see our GAAP to non-GAAP reconciliation in today's press release, and on our corporate website.

This completes our prepared remarks. I'll now turn the call over to our conference call administrator for a Q&A session with Alan Rosskamm, Chairman and Interim CEO, Eric Specter, Executive Vice President and Chief Financial Officer, and Steven Wishner, Senior Vice President of Finance, Strategy and Business Development.