

CHARMING SHOPPES INC

Form 10-Q

June 08, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 5, 2007

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. **000-07258**

CHARMING SHOPPES, INC.

(Exact name of registrant as specified in its charter)

PENNSYLVANIA

(State or other jurisdiction of incorporation or
organization)

23-1721355

(I.R.S. Employer Identification No.)

450 WINKS LANE, BENSALEM, PA 19020

(Address of principal executive offices) (Zip
Code)

(215) 245-9100

(Registrant's telephone number,
including Area Code)

NOT APPLICABLE

(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act):

Edgar Filing: CHARMING SHOPPES INC - Form 10-Q

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes No

The number of shares outstanding of the issuer's Common Stock (par value \$.10 per share) as of June 4, 2007 was 128,605,982 shares.

**CHARMING SHOPPES, INC. AND SUBSIDIARIES
TABLE OF CONTENTS**

	Page
PART FINANCIAL	2
I. INFORMATION	
Item 1. Financial Statements (Unaudited)	2
Condensed Consolidated Balance Sheets May 5, 2007 and February 3, 2007	2
Condensed Consolidated Statements of Operations and Comprehensive Income Thirteen weeks ended May 5, 2007 and April 29, 2006	3
Condensed Consolidated Statements of Cash Flows Thirteen weeks ended May 5, 2007 and April 29, 2006	4
Notes to Condensed Consolidated Financial Statements	5
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	19
Forward-looking Statements	19
Critical Accounting Policies	21
Recent Developments	24
Results of Operations	25
Liquidity and Capital Resources	29
Financing	33
Market Risk	35
Impact of Recent Accounting Pronouncements	36
Item 3. Quantitative and Qualitative Disclosures About Market Risk	36
Item 4. Controls and Procedures	36
PART OTHER INFORMATION	37
II.	

Item 1. Legal Proceedings	37
Item 1A. Risk Factors	37
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	38
Item 6. Exhibits	39
SIGNATURES	41
Exhibit Index	42

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CHARMING SHOPPES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

<i>(In thousands, except share amounts)</i>	May 5, 2007 (Unaudited)	February 3, 2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 240,913	\$ 143,838
Available-for-sale securities	300	1,997
Accounts receivable, net of allowances of \$5,627 and \$5,083	6,831	33,366
Investment in asset-backed securities	61,564	60,643
Merchandise inventories	469,508	429,433
Deferred advertising	20,701	21,707
Deferred taxes	5,573	4,469
Prepayments and other	139,010	145,385
Total current assets	944,400	840,838
Property, equipment, and leasehold improvements – at cost	1,026,396	996,430
Less accumulated depreciation and amortization	592,835	573,984
Net property, equipment, and leasehold improvements	433,561	422,446
Trademarks and other intangible assets	248,809	249,490
Goodwill	153,370	153,370
Other assets	54,789	44,798
Total assets	\$ 1,834,929	\$ 1,710,942
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
4.75% Senior convertible notes	\$ 149,999	\$ 0
Accounts payable	197,125	178,629
Accrued expenses	168,153	190,702
Income taxes payable	1,233	0
Current portion – long-term debt	10,134	10,887
Total current liabilities	526,644	380,218
Deferred taxes	56,944	57,340
Other non-current liabilities	164,492	144,722
Long-term debt	279,129	181,124
Stockholders' equity		
Common Stock \$.10 par value:		
Authorized – 300,000,000 shares		
Issued – 136,020,034 shares and 135,762,531 shares	13,602	