

DEB SHOPS, INC.
CODE OF BUSINESS CONDUCT & ETHICS
(As of February 2, 2004)

Statement from the Management

Outstanding people are key to the success of DEB SHOPS, INC. (the “Company”). Because ethics are important to the Company and each of its directors, officers and employees, the Company is committed to the highest ethical standards and to conducting its business with the highest level of integrity. This commitment is at the core of the values that make the Company great.

Each director, officer and employee of the Company is responsible for the consequences of his or her actions. We must each be the guardian of the Company's ethics.

Directors, officers and managers, in particular, have the entire responsibility of setting an example by their personal performance and an attitude that conveys our ethical values. That example leads us to treat everyone--customers, vendors, contractors, service providers, competitors and each other--with dignity, honesty and respect.

This code outlines the broad principles of legal and ethical business conduct embraced by the Company. These principles apply to all of the directors, officers and employees of the Company. It is not a complete list of legal or ethical questions a director, officer or employee might face in the course of business and, therefore, this code must be applied using common sense and good judgment.

Although the principles underlying this code will not change, this code will be updated from time to time.

If you are unsure of the appropriate action, take advantage of our open door, informal environment and raise your concerns with your immediate supervisor or, if you are still uncomfortable, follow the processes outlined in this Code of Business Conduct & Ethics.

Marvin Rounick
President, Chief Executive Officer

Ethics

The Company and each of its directors, officers and employees, wherever they may be located, must conduct their affairs with uncompromising honesty and integrity. Business ethics are no different than personal ethics. The same high standard applies to both. As a director, officer or employee of the Company, you are required to adhere to the highest standard.

Directors, officers and employees are expected to be honest and ethical in dealing with each other, with customers, vendors, contractors, service providers and all other third parties. Doing the right thing means doing it right every time.

You must also respect the rights of your fellow directors, officers and employees and third parties. Your actions must be free from discrimination, libel, slander or harassment. Each person must be accorded equal opportunity, regardless of age, race, sex, sexual preference, color, creed, religion, political affiliation, national origin, ancestry, citizenship, marital status, veteran's status, handicap or disability.

Misconduct cannot be excused because it was directed or requested by another. In this regard, you are expected to alert management whenever an illegal, dishonest or unethical act is discovered or suspected. You will never be penalized for reporting your discoveries or suspicions.

The Company conducts its affairs consistent with the applicable laws and regulations of the states where it does business.

The following statements concern frequently raised ethical concerns. A violation of the standards contained in this Code of Business Conduct & Ethics will result in corrective action, including possible dismissal.

Conflicts of Interest

You must avoid any personal activity, investment or association which could interfere with good judgment concerning the Company's best interests. You may not knowingly exploit your position or relationship with the Company for personal gain. You should avoid even the appearance of such a conflict. You may not, without the prior consent of the Audit Committee (in the case of any director or executive officer) or the Chief Executive Officer, the Chief Financial Officer or Corporate Counsel (in the case of all other employees):

- cause the Company to engage in business transactions with relatives or friends;
- use confidential, non-public information relating to the Company for personal gain by you, relatives or friends (including securities transactions based on such information);
- take for yourself opportunities that are discovered through the use of Company property, information or position;
- have a financial interest in the Company's vendors, contractors, service providers or competitors, provided that owning stock in a vendor, contractor, service provider or competitor will not be deemed a conflict of interest if the stock is publicly traded and the amount you own, directly or indirectly (including holdings of your family members), does not exceed 1% of the company's outstanding stock;
- receive a loan, or guarantee of obligations, from a third party that is a result of your position at the Company and is outside of the third party's ordinary course of business; or

- compete, or prepare to compete, with the Company while still a director of or employed by the Company.

There are other situations in which a conflict of interest may arise. If you have concerns about any situation, follow the steps outlined in the Section on "Reporting Illegal or Unethical Behavior."

Confidential Information

Information concerning the Company's business operations as well as our directors, officers and employees and customers is considered by the Company to be confidential and/or proprietary. Confidential and/or proprietary information includes:

- marketing, legal and accounting methods, policies, plans, procedures, strategies, and techniques;
- information concerning the Company's sales and earnings and methods for doing business (past, present, or future);
- names and addresses of the Company's vendors, contractors, service providers, shareholders, and customers;
- customer lists as well as information about our customers' preferences, etc.;
- pricing, credit and other financial information;
- any other data or information relating to the business of the Company which is not generally known by and readily accessible to the public;
- any other data or information relating to our customers which is not generally known by and readily accessible to the public;
- information concerning the Company's directors, officers and employees, such as names, addresses, salaries, bonuses, performance ratings, corrective action, and employee relations issues;

Confidential information should neither be used nor disclosed by directors, officers or employees, except to the extent there is a business need-to-know.

Confidential information obtained or developed in connection with employment with the Company or service as an officer or director of the Company must never be used or disclosed for the purpose of furthering any private interest for personal gain, regardless of whether the information received is oral, in print, or on electronic media.

Discussions with competitors concerning the Company's confidential information is prohibited. Care should be taken to insure that competitive policies and/or plans are not discussed at trade association or other trade group meetings.

Upon the termination of your employment with the Company or service as an officer or director of the Company, whether termination was initiated by the Company or by you, regardless of the reason or the circumstances, you must continue to adhere to the above provisions regarding confidentiality. In addition, you shall return to the Company, retaining no copies, any and all files, correspondence, documents, drawings, specifications, computer printouts, data, disks, and other writings which relate to or reflect the Company's business, operations, customers, suppliers, employees, etc., regardless of where such files, correspondence, documents, drawings, specifications, computer printouts, data, disks, and writings were kept or prepared and regardless of whether you prepared them or participated in their preparation.

Moreover, upon termination of your employment with the Company or service as an officer or director of the Company, whether by the Company or by you, regardless of the reason, you shall return to the Company all property, keys, identification badges, furnishings, equipment, supplies, or other items provided to you by the Company.

Gifts, Bribes and Kickbacks

No director, officer or employee (or immediate family member thereof) may directly or indirectly solicit, accept or retain any gift or personal benefit from any vendor, supplier, customer, or other party with whom the Company has a business relationship or which is seeking to do business with the Company. A "personal benefit" means any type of gift, use of facilities, favor, entertainment, service, loan, compensation, or anything else of monetary value. Listed below are the only exceptions to these prohibitions, which are circumstances that the Company believes have no reasonable likelihood of improperly influencing its directors, officers or employees:

- normal business courtesies involving no more than amenities, such as a meal, or tickets to sporting or cultural events;
- personal gifts with a value not in excess of \$200 individually or in the aggregate from any single source in a given year;
- loans from financial institutions made in the ordinary course of business on customary terms and at prevailing rates; and
- paid trips or guest accommodations in connection with proper Company business if prior approval of the Audit Committee (in the case of directors and executive officers) or the Chief Executive Officer, the Chief Financial Officer, or Corporate Counsel, in the case of all other employees, has been obtained.

Pay special attention to the treatment of public officials and employees of governmental agencies whose conduct with respect to gifts and meals is controlled by laws and regulations which must be complied with at all times. These laws and regulations are complex and can vary.

Any director, officer or employee who pays or receives bribes or kickbacks will be immediately terminated or removed and reported, as warranted, to the appropriate authorities. A kickback or bribe includes any item intended to improperly obtain favorable treatment.

Protection of Company Property

Every director, officer and employee must safeguard Company property from damage, loss or theft, and may not take such property for personal use. Company property includes software, merchandise, inventory, computers, equipment, and supplies. You must appropriately secure all Company property within your control to prevent its unauthorized use.

Covering Up Mistakes; Falsifying Records

Mistakes should never be covered up, but should be immediately fully disclosed and corrected. Falsification of any Company, client or third party record is prohibited.

Gathering Competitive Information

When obtaining competitive information, you must not violate our competitors' rights. Particular care must be taken when dealing with competitors' ex-employees. Never ask for confidential or proprietary information. Never ask a person to violate a non-compete or non-disclosure agreement.

Sales: Defamation and Misrepresentation

Sales practices should not include misstatements, innuendo or rumors about our competition or their products and financial condition. Do not make unsupportable promises concerning the Company's merchandise.

Use of Company and Third Party Software

Company and third party software may be distributed and disclosed only to personnel authorized to use it.

Company and third party software may not be copied without specific authorization and may only be used to perform assigned responsibilities.

All third-party software must be properly licensed. The license agreements for such third party software may place various restrictions on the disclosure, use and copying of software.

Fair Dealing

No director, officer or employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

Fair Competition and Antitrust Laws

The Company must comply with all applicable fair competition and antitrust laws. These laws attempt to ensure that businesses compete fairly and honestly and prohibit conduct seeking to reduce or restrain competition.

Securities Trading

It is usually illegal to buy or sell securities using material information not available to the public. Persons who give such undisclosed "inside" information to others may be as liable as persons who trade securities while possessing such information. Securities laws may be violated if you, or any relatives or friends trade in securities of the Company, or any of its vendors, contractors or service providers while possessing "inside" information.

Political Contributions

No Company funds may be given directly to political candidates. You may, however, engage in political activity with your own resources on your own time.

Retention of Business Records

Company business records must be maintained for the periods specified by your supervisor. Records may be destroyed only at the expiration of the pertinent period. In no case may documents involved in a pending or threatened litigation, government inquiry or under subpoena or other information request, be discarded or destroyed, regardless of the periods specified. In addition, you may never destroy, alter, or conceal, with an improper purpose, any record or otherwise impede any official proceeding, either personally, in conjunction with, or by attempting to influence, another person.

Obligations Relating to Financial Reporting Responsibilities

Investors, creditors, and others have a legitimate interest in our Company's financial and accounting information. The integrity of the Company's financial reporting and accounting records is based on validity, accuracy, and completeness of basic information supporting entries to the Company's books of account. Every accounting or financial entry should accurately reflect that which is described by the supporting information. We expect all officers and employees involved in creating, processing, or recording such information to be personally responsible for its integrity. The same standards of integrity that apply to external financial reporting also apply to the financial statements that are used as internal management tools.

Further, as a public company, it is of critical importance that the Company's filings with the Securities and Exchange Commission be accurate and timely. Depending on their position with the Company, officers and employees may be called upon to provide information to assure that the Company's public reports are complete, fair and understandable. The Company expects all of its personnel to take this responsibility very seriously and to provide information that is accurate, complete, objective, relevant, timely and understandable to assure full, fair, accurate,

timely, and understandable disclosure in reports and documents that the Company files with, or submits to, government agencies and in other public communications.

Compliance with Laws and Regulations

The Company strives to comply with laws and regulations that are applicable to its business. Although laws and regulations may sometimes be ambiguous and difficult to interpret, the Company emphasizes good faith efforts to follow the spirit and intent of the law. The Company expects all directors, officers and employees to comply with all applicable rules and regulations of federal, state and local governments, and other applicable governmental and regulatory authorities.

Waivers

Any waiver of the application of any provision of this Code of Business Conduct & Ethics to any action (or failure to act) involving a director or executive officer of the Company must be:

- approved by the Board of Directors of the Company, and
- promptly disclosed to the shareholders of the Company, including the reason for the waiver.

Any waiver of the application of any provision of the Code of Business Conduct & Ethics to any action (or failure to act) by a person who is not a director or executive officer of the Company may be approved by the Company's President or Chief Financial Officer. Such waivers may, but need not be, disclosed to the shareholders of the Company.

Reporting Illegal or Unethical Behavior

Your conduct can reinforce an ethical atmosphere and positively influence the conduct of fellow employees. If you feel as though you are powerless to stop suspected misconduct or discover it after it has occurred, including, without limitation, misconduct or concerns regarding accounting, internal accounting controls or accounting or auditing matters, you may report it to the appropriate level of management at your location following the steps outlined in the Company's Employment Guidebook under the heading "Problem Solving Procedure."

If you are still concerned after speaking with management or ***feel uncomfortable*** speaking with them (for whatever reason), you may anonymously send a note, with relevant documents, to DEB SHOPS, INC., 9401 Blue Grass Road, Philadelphia, PA 19114, Attention: Chairperson of the Audit Committee. Your letters will be dealt with anonymously and confidentially. It is against Company policy to retaliate against any employee for good faith reporting of violations of this Code of Business Conduct & Ethics. You have the Company's commitment that you will be protected from retaliation. All documentation pertaining to any complaint alleging a violation of this Code shall be preserved in accordance with the Company's record retention policy outlined above.

Questions Regarding This Code

If you are uncertain about the propriety or legality of a particular action, or if you have any questions regarding this code and how it applies to you, Stanley A. Uhr, Esq., the Company's Corporate Counsel, or Lorraine Koc, Esq., the Company's General Counsel, can assist you via telephone at (215) 676-6000 or via email at suhr@debshops.com or lkoc@debshops.com, respectively.

Conclusion

In the final analysis you are the guardian of the Company's ethics. While there are no universal rules, when in doubt ask yourself:

- Will my actions be ethical in every respect and fully comply with the law and with Company policies?
- Will my actions have the appearance of impropriety?
- Will my actions be questioned by my supervisors, other Company personnel, clients, family and the general public?
- Am I trying to fool anyone, including myself, as to the propriety of my actions?

If you are uncomfortable with your answer to any of the above, you should not take the contemplated actions without **first discussing** them with your immediate Supervisor.

Any director, officer or employee who ignores or violates any of the Company's ethical standards, and any person who penalizes a subordinate for trying to follow these ethical standards, will be subject to corrective action, possibly including immediate dismissal. However, it is not the threat of discipline that should govern your actions. We hope you share our belief that a dedicated commitment to ethical behavior is the right thing to do, is good business, and is the surest way for the Company to become and remain a positive work environment and a model of ethical business practices.

CERTIFICATION

I, _____, hereby certify that I have reviewed the DEB SHOPS, INC. Code of Business Conduct & Ethics and, as of this _____ day of _____, 20____, I am in compliance with the Code.

(Signature)

(Print full name)

This page remains a part of this Code of Business Conduct & Ethics. It is a sample of the form you have signed.

