



Compensation Committee Charter

1. PURPOSE

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") is appointed by the Board to discharge the Board's responsibilities relating to the Company's compensation of officers and employees. The Committee has overall responsibility for approving and evaluating the compensation plans, policies and programs of Citi Trends, Inc. (the "Company"). The guiding principle of the Compensation Committee is to provide a compensation program that enables the Company to retain and motivate a team of high quality executives who will create long-term stockholder value.

2. MEMBERSHIP

1. Number and Independence. The number of individuals serving on the Committee shall be fixed by the Board from time to time but shall consist of no fewer than two members, each of whom shall be a director of the Company and each of whom shall be "independent" in accordance with the rules of the Securities and Exchange Commission (the "SEC") and The Nasdaq Stock Market ("Nasdaq") subject to exceptions under the Nasdaq rules. In addition, each member shall meet the definition of "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986. Independent Committee members shall be free of any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgment as Committee members. A director shall not serve as a member of the Committee if the Chief Executive Officer ("CEO") or another executive officer of the Company serves on the compensation committee of another company that employs that director as an executive officer.
2. Appointment and Removal. The members of the Committee shall be appointed annually by the Board and shall serve until their successors are duly elected and qualified or their earlier resignation or removal. Any member of the Committee may be replaced or removed by the Board at any time with or without cause. Resignation or removal of a Director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from the Committee. Vacancies may be filled by the Board.
3. Chairperson. The Board shall designate one member of the Committee to serve as its Chairperson.

3. DUTIES AND RESPONSIBILITIES

1. In carrying out its responsibilities, the Board and Committee believe that Committee policies and procedure should remain flexible, in order to react to changing conditions and to ensure the effective oversight of the Company's compensation programs. Specific responsibilities and duties of the Committee, which shall be performed in accordance with applicable laws, rules and regulations and the By-Laws of the Company, include:
 1. *Chief Executive Officer Compensation.* The Committee shall review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the CEO's performance in light of those goals and objectives, and either as a committee or together with the other independent directors (as directed by the Board) exercise sole authority to determine and approve the CEO's compensation level based on this evaluation, including base salary, cash bonuses and equity awards. In determining the long-term incentive component of the CEO's compensation, the Committee shall consider, among other factors selected by the Committee, the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the CEO in past years.
 2. *Non-CEO Compensation.* Annually review and make recommendations to the Board relevant to the salaries and bonuses of the Company's corporate officers (i.e., the officers, elected by the Board), including awards pursuant to incentive compensation plans and equity-based plans. The Committee shall consider the recommendations of the CEO with respect to non-CEO management and key employee compensation and shall have the authority to determine and approve such compensation.
 3. *Employee Compensation.* The Committee shall annually review the compensation systems that are in place for employees of the Company.
 4. *Incentive and Equity-Based Compensation Plans.* The Committee shall review and make recommendations to the Board with respect to incentive compensation plans and equity-based compensation plans or material changes to any such existing plans and shall discharge and administer any such plans as required by the terms thereof.
 5. *Annual Compensation Committee Report.* The Committee shall review and discuss the Compensation Discussion and Analysis ("CD&A") section of the proxy statement with management and recommend to the Board that the CD&A be included in, and shall prepare and approve an annual report of the Committee to be included in, the Company's annual proxy statement or annual reports on Form 10-K in accordance with

applicable SEC regulations or Nasdaq rules.

6. *Compliance*. The Committee shall, in consultation with management, oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and confirming that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
 7. *Severance*. The Committee shall review and approve any severance or similar termination payments proposed to be made to any current or former executive officer of the Company.
 8. *Payments upon Change of Control*. The Committee shall review and approve any employment contracts or other contractual arrangements resulting in any payment to any employee of the Company proposed to be made as a result of a change of control of the Company.
 9. *Loans Prohibition*. Ensure that the Company does not loan money to officers or directors.
 10. *Other Duties*. The Committee shall perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company's compensation programs in accordance with this charter, the Company's By-Laws and applicable laws, rules and regulations.
4. DELEGATION TO SUBCOMMITTEE

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee. In particular, the Committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the Committee who are (i) "Non-Employee Directors" for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as in effect from time to time, and (ii) "outside directors" for the purposes of Section 162(m) of the Internal Revenue Code, as in effect from time to time.

5. RESOURCES AND AUTHORITY OF THE COMMITTEE

1. The Committee shall have the sole authority and resources to:
 1. determine funding for ordinary administrative expenses of the Committee;
 2. meet and consult with the Chairman of the Board, the CEO and other members of management as appropriate in the exercise of its authority;
 3. request that any officer, director or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company, attend a meeting of the Committee or meet with any members of or advisors to the Committee; provided, however, that no officer or employee of the Company, including the CEO, may be present when his or her compensation is determined; and
 4. engage compensation consultants or legal, accounting or other advisors to provide the Committee with advice and information in connection with carrying out its responsibilities and determine terms, costs and fees for such engagements.
2. The Company shall bear any and all costs and fees of the Committee in performing its duties hereunder.

6. COMMITTEE STRUCTURE AND OPERATIONS

The Committee shall meet at least twice annually and as often as necessary to carry out its responsibilities, and when necessary or desirable, may take action by unanimous written consent. The Committee shall meet in person or by conference telephone or other communications equipment by means of which all persons participating in the meeting can hear all such participants. A majority of the members of the Committee shall constitute a quorum for purposes of holding a meeting and the Committee may act by a vote of a majority of members present at such meeting. Members of management may participate in Committee meetings at the invitation of the Committee. The CEO shall not attend any meeting where the CEO's performance or compensation is discussed, unless specifically invited by the Committee. Any action of the Committee (other than actions for which the Committee has sole authority as set forth herein) shall be subject to review and modification by the Board. The Committee shall report its actions and recommendations to the Board after each Committee meeting. Written minutes will be kept of each meeting of the Committee, which minutes will be filed with the minutes of meetings of the Board and will be available to each member of the Board.

7. COMMITTEE CHARTER REVIEW

The Committee shall review and assess the adequacy of the Committee charter annually and propose any necessary changes to the Nominating and Corporate Governance Committee for review and ultimate recommendation for approval to the Board.

Approved, as amended
November 19, 2008

[Back to Top](#)