

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
under
The Securities Act of 1933

CITI TRENDS, INC.
(Exact name of issuer as specified in its charter)

Delaware (State of Incorporation) 52-2150697 (IRS Employer Identification Number)

102 Fahm Street
Savannah, Georgia 31401
(912) 236-1561
(Address of Principal Executive Offices)

Citi Trends 2005 Long-Term Incentive Plan
Citi Trends Amended and Restated 1999 Stock Option Plan
(Full title of the Plans)

Thomas W. Stoltz
Chief Financial Officer
Citi Trends, Inc.
102 Fahm Street
Savannah, Georgia 31401
(912) 236-1561
(Name, address and telephone number of agent for service)

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed max. aggregate offering price	Amount of registration fee
Shares of Common Stock	1,300,000(1)	\$16.58(2)	\$21,554,000.00(2)	\$2,536.91
Shares of Common Stock	1,817,594(3)	\$1.11(4)	\$ 2,017,529.34(4)	\$ 237.46

(1) Represents shares of common stock reserved for awards under the Citi Trends 2005 Long-Term Incentive Plan which may be issued under that plan.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(h), based on the average high and low prices of the common stock as quoted on the National Association of Securities Dealers Automated Quotation (NASDAQ) National Market on June 1, 2005, which is within five business days prior to the date of filing of this Registration Statement.

(3) Consists of shares of common stock reserved for awards under the Citi Trends Amended and Restated 1999 Stock Option Plan (the "Old Plan").

(4) Such computation is based on the weighted average exercise price of \$1.11 per share covering 1,817,594 outstanding options under the Old Plan.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference

Incorporated by reference in this Registration Statement are the following documents filed by Citi Trends, Inc. (the "Registrant") with the Securities and Exchange Commission (the "Commission"):

- (i) The prospectus of the Registrant filed pursuant to Rule 424(b)(4) under the Securities Act with the Commission on May 18, 2005 (the

"Prospectus");

- (ii) The Registrant's audited financial statements for the year ended January 29, 2005 contained in the Prospectus;
- (iii) The description of the Registrant's common stock contained in the Registrant's Registration Statement on Form 8-A12G, as filed with the Commission on May 17, 2005, and any amendment or report filed for the purpose of updating such description;
- (iv) All other reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") since January 29, 2005; and
- (v) The Registrant's Current Reports on Forms 8-K subsequent to May 18, 2005, and up to and including the date of filing of this Registration Statement.

In addition, all documents filed by the Registrant with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, prior to the filing of a post-effective amendment to this Registration Statement which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of filing of such documents with the Commission.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein (or in any other subsequently filed document which also is incorporated or deemed to be incorporated by reference herein) modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

You may contact the Registrant to request copies of these filings as follows:

Citi Trends, Inc.
Attn: Thomas W. Stoltz
102 Fahm Street
Savannah, Georgia 31401
Telephone: (912) 236-1561.

Item 4. Description of Securities

Not applicable.

Item 5. Interests of Named Experts and Counsel

Not applicable.

Item 6. Indemnification of Directors and Officers

Section 102(b)(7) of the Delaware General Corporation Law (the "DGCL") enables a corporation incorporated in the State of Delaware to eliminate or limit, through provisions in its original or amended articles of incorporation, the personal liability of a director for violations of the director's fiduciary duties, except (i) for any breach of the director's duty of loyalty to the corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) any liability imposed pursuant to Section 174 of the DGCL (providing for liability of directors for unlawful payment of dividends or unlawful stock purchases or redemptions) or (iv) for any transaction from which a director derived an improper personal benefit. Section 1 of Article Fifth of the Registrant's Second Amended and Restated Certificate of Incorporation includes such limitations.

Section 145 of the DGCL provides that a corporation incorporated in the State of Delaware may indemnify any person or persons, including officers and directors, who are, or are threatened to be made, parties to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such officer, director, employee, or agent acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests and, for criminal proceedings, had no reasonable cause to believe that the challenged conduct was unlawful. A corporation incorporated in the State of Delaware may indemnify officers and directors in an action by or in the right of the corporation under the same conditions, except that no indemnification is permitted without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must provide indemnification against the expenses that such officer or director actually and reasonably incurred.

The Company's Amended and Restated Bylaws expressly provide for indemnification of its directors and officers to the fullest extent permitted by the DGCL, including advancement of expenses.

Section 145(g) of the DGCL authorizes a corporation incorporated in the State of Delaware to provide liability insurance for directors and officers for certain losses arising from claims or charges made against them while acting in their capacities as directors or officers of the corporation. The Company's Second Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws expressly provide that the Company shall indemnify officers and directors and, to the extent permitted by the Company's board of directors, employees and agents of the Company, to the full extent permitted by and in the manner permissible under the laws of the State of

Delaware. In addition, the Amended and Restated Bylaws expressly permit the board of directors to authorize the Company to purchase and maintain insurance against any liability asserted against any director, officer, employee or agent of the Company arising out of his capacity as such.

Item 7. Exemption from Registration Claimed

Not applicable.

Item 8. Exhibits

Exhibit No.	Description
2.1	Citi Trends 2005 Long-Term Incentive Plan.*
2.2	Citi Trends Amended and Restated 1999 Stock Option Plan.*
4.1	Second Amended and Restated Certificate of Incorporation of Citi Trends, Inc., dated May 11, 2005.*
4.2	Amended and Restated Bylaws of Citi Trends, Inc., a Delaware Corporation, adopted May 17, 2005.*
4.3	Specimen Share Certificate (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form S-1/A filed with the Commission on April 29, 2005 (SEC File No. 123028)).
5.1	Opinion of Paul, Hastings, Janofsky & Walker LLP regarding the legality of the restricted Common Shares being registered.*
23.1	Consent of KPMG LLP.*
23.2	Consent of Paul, Hastings, Janofsky & Walker LLP (included in Exhibit 5.1).*
24.1	Power of Attorney (included on signature page hereto).*

* Filed Herewith

Item 9. Undertakings

- (a) Rule 415 Offering. The undersigned Registrant hereby undertakes:
- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
 - (i) To include any prospectus required by Section 10(a) (3) of the Securities Act of 1933;
 - (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form

of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

- (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (a) (1) (i) and (a) (1) (ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

- (2) That, for the purpose of determining any liability under the Securities Act of 1933 (the "Securities Act"), each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

- (b) Subsequent Exchange Act Documents. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

- (c) Indemnification. The undersigned Registrant hereby undertakes, that, insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Savannah, State of Georgia, on this 8th day of June, 2005.

CITI TRENDS, INC.

By: /s/ R. Edward Anderson

Name: R. Edward Anderson
Title: Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints R. Edward Anderson and Thomas W. Stoltz, and each of them, the true and lawful attorney-in-fact and agent of the undersigned, with full power of substitution and re-substitution, for and in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement (or any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended) and to cause the same to be filed, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby granting to said attorney-in-fact and agent full power and authority to do and perform each and every act and thing whatsoever requisite or desirable to be done in and about the premises, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature -----	Title -----	Date -----
/s/ R. Edward Anderson ----- R. Edward Anderson	Chief Executive Officer and Director	June 8, 2005
/s/ Thomas W. Stoltz ----- Thomas W. Stoltz	Chief Financial Officer	June 8, 2005
/s/ Gregory P. Flynn ----- Gregory P. Flynn	Director	June 8, 2005
/s/ John S. Lupo ----- John S. Lupo	Director	June 8, 2005
/s/ Tracy L. Noll ----- Tracy L. Noll	Director	June 8, 2005

INDEX TO EXHIBITS

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CITI TRENDS
2005 LONG-TERM INCENTIVE PLAN

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1. Establishment, Purpose and Effective Date.

(a) Establishment. The Company hereby establishes the Citi Trends 2005 Long-Term Incentive Plan (as set forth herein and from time to time amended, the "Plan").

(b) Purpose. The primary purpose of the Plan is to provide a means by which key employees and directors of the Company can acquire and maintain stock ownership, thereby strengthening their commitment to the success of the Company and their desire to remain employed by the Company, focusing their attention on managing the Company as an equity owner, and aligning their interests with those of the Company's stockholders. The Plan also is intended to attract and retain key employees and to provide such employees with additional incentive and reward opportunities designed to encourage them to enhance the profitable growth of the Company.

(c) Effective Date. The Plan shall become effective upon its adoption by the Board and a majority of the stockholders of the Company.

2. Definitions. As used in the Plan, terms defined parenthetically immediately after their use shall have the respective meanings provided by such definitions and the terms set forth below shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

(a) "Award" means Options, shares of restricted Stock, performance units, performance shares, Stock Appreciation Rights or Director's Shares granted under the Plan.

(b) "Award Agreement" means the written agreement by which an Award is evidenced.

(c) "Beneficial Owner," "Beneficially Owned" and "Beneficially Owning" shall have the meanings applicable under Rule 13d-3 promulgated under the 1934 Act.

(d) "Board" means the board of directors of the Company.

(e) "Change in Capitalization" means any increase or reduction in the number of shares of Stock, or any change in the shares of Stock or exchange of shares of Stock for a different number or kind of shares or other securities by reason of a stock dividend, extraordinary dividend, stock split, reverse stock split, share combination, reclassification, recapitalization, merger, consolidation, spin-off, split-up, reorganization, issuance of warrants or rights, liquidation, exchange of shares, repurchase of shares, change in corporate structure, or similar event, of or by the Company.

(f) "Change of Control" means any of the following:

(i) the acquisition by any Person of Beneficial Ownership of Voting Securities which, when added to the Voting Securities then Beneficially Owned by such Person, would result in such Person Beneficially Owning 33% or more of the combined Voting Power of the Company's then outstanding Voting Securities; provided, however, that for purposes of this paragraph (i), a Person shall not be deemed to have made an acquisition of Voting Securities if such Person: (1) acquires Voting Securities as a result of a stock split, stock dividend or other corporate restructuring in which all stockholders of the class of such Voting Securities are treated on a pro rata basis; (2) acquires the Voting Securities directly from the Company; (3) becomes the

Beneficial Owner of 33% or more of the combined Voting Power of the Company's then outstanding Voting Securities solely as a result of the acquisition of Voting Securities by the Company or any Subsidiary which, by reducing the number of Voting Securities outstanding, increases the proportional number of shares Beneficially Owned by such Person, provided that if (x) a Person would own at least such percentage as a result of the acquisition by the Company or any Subsidiary and (y) after such acquisition by the Company or any Subsidiary, such Person acquires Voting Securities, then an acquisition of Voting Securities shall have occurred; (4) is the Company or any corporation or other Person of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by the Company (a "Controlled Entity"); or (5) acquires Voting Securities in connection with a "Non-Control Transaction" (as defined in paragraph (iii) below); or

(ii) the individuals who, as of the Effective Date, are members of the Board (the "Incumbent Board") cease for any reason to constitute at least two-thirds of the Board; provided, however, that if either the election of any new director or the nomination for election of any new director by the Company's stockholders was approved by a vote of at least two-thirds of the Incumbent Board prior to such election or nomination, such new director shall be considered as a member of the Incumbent Board; provided further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the 1934 Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

(iii) consummation of:

(A) a merger, consolidation or reorganization involving the Company (a "Business Combination"), unless

(1) the stockholders of the Company, immediately before the Business Combination, own, directly or indirectly immediately following the Business Combination, at least a majority of the combined voting power of the outstanding voting securities of the corporation resulting from the Business Combination (the "Surviving Corporation") in substantially the same proportion as their ownership of the Voting Securities immediately before the Business Combination, and

(2) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for the Business Combination constitute at least a majority of the members of the Board of Directors of the Surviving Corporation, and

(3) no Person (other than the Company or any Controlled Entity, a trustee or other fiduciary holding securities under one or

more employee benefit plans or arrangements (or any trust forming a part thereof) maintained by the Company, the Surviving Corporation or any Controlled Entity, or any Person who, immediately prior to the Business Combination, had Beneficial Ownership of 33% or more of the then outstanding Voting Securities) has Beneficial Ownership of 33% or more of the combined voting power of the Surviving Corporation's then outstanding voting securities (a Business Combination satisfying the conditions of clauses (1), (2) and (3) of this subparagraph (A) shall be referred to as a "Non-Control Transaction");

(B) a complete liquidation or dissolution of the Company; or

(C) the sale or other disposition of all or substantially all of the assets of the Company (other than a transfer to a Controlled Entity).

Notwithstanding the foregoing, a Change of Control shall not be deemed to occur solely because 33% or more of the then outstanding Voting Securities is Beneficially Owned by (x) a trustee or other fiduciary holding securities under one or more employee benefit plans or arrangements (or any trust forming a part thereof) maintained by the Company or any Controlled Entity or (y) any corporation which, immediately prior to its acquisition of such interest, is owned directly or indirectly by the stockholders of the Company in the same proportion as their ownership of stock in the Company immediately prior to such acquisition.

(g) "Committee" means the committee of the Board appointed pursuant to Article 4.

(h) "Company" means Citi Trends, a Delaware corporation.

(i) "Disability" means a mental or physical condition which, in the opinion of the Committee, renders a Grantee unable or incompetent to carry out the job responsibilities which such Grantee held or the duties to which such Grantee was assigned at the time the disability was incurred, and which is expected to be permanent or for an indefinite duration.

(j) "Effective Date" means the date that the Plan is adopted by the Board.

(k) "Fair Market Value" of any security of the Company or any other issuer means, as of any applicable date:

(i) if the security is listed for trading on the New York Stock Exchange, the closing price at the close of the primary trading session of the security on such date on the New York Stock Exchange, or if there has been no such closing price of the security on such date, on the next preceding date on which there was such a closing price, or

(ii) if the security is not so listed, but is listed on another national securities exchange, the closing price at the close of the primary trading session of the security on such date on such exchange, or if there has been no such closing price of the security on such date, on the next preceding date on which there was such a closing price, or

(iii) if the security is not listed for trading on the New York Stock Exchange or on another national securities exchange, the last sale price at the end of normal

market hours of the security on such date as quoted on the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or, if no such price shall have been so quoted for such date, on the next preceding date for which such price was so quoted, or

(iv) if the security is not listed for trading on a national securities exchange or is not authorized for quotation on NASDAQ, the fair market value of the security as determined in good faith by the Committee, and in the case of Incentive Stock Options, in accordance with Section 422 of the Internal Revenue Code.

(l) "Grant Date" means the date of grant of an Award determined in accordance with Article 6.

(m) "Grantee" means an individual who has been granted an Award.

(n) "Incentive Stock Option" means an Option satisfying the requirements of Section 422 of the Internal Revenue Code and designated by the Committee as an Incentive Stock Option.

(o) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, and regulations and rulings thereunder. References to a particular Section of the Internal Revenue Code shall include references to successor provisions.

(p) "Measuring Period" has the meaning specified in Article 6(e)(ii)(A).

(q) "Minimum Consideration" means the \$.01 par value per share of Stock or such larger amount determined pursuant to resolution of the Board to be capital within the meaning of Section 154 of the Delaware General Corporation Law.

(r) "1934 Act" means the Securities Exchange Act of 1934, as amended.

(s) "Nonqualified Stock Option" means an Option which is not an Incentive Stock Option or other type of statutory stock option under the Internal Revenue Code.

(t) "Option" means an option to purchase Stock granted or issued under the Plan.

(u) "Exercise Price" means the per share purchase price of (i) Stock subject to an Option, (ii) Stock subject to a Stock Appreciation Right, or (iii) restricted Stock subject to an Option.

(v) "Performance-Based Compensation" means any Option or Award that is intended to constitute "performance based compensation" within the meaning of Section 162(m)(4)(C) of the Internal Revenue Code and the regulations promulgated thereunder.

(w) "Performance Percentage" has the meaning specified in Article 6(e)(ii)(C).

(x) "Person" means a person within the meaning of Sections 13(d) and 14(d) of the 1934 Act.

(y) "Plan" has the meaning set forth in Article 1(a).

(z) "SEC" means the Securities and Exchange Commission.

(aa) "Section 16 Grantee" means a person subject to potential liability with respect to equity securities of the Company under Section 16(b) of the 1934 Act.

(bb) "Stock" means common stock, par value \$.01 per share, of the Company.

(cc) "Stock Appreciation Right" means a right that permits the individual to receive a payment equal to the excess of the stock's value at exercise over the Exercise Price.

(dd) "Subsidiary" means (i) except as provided in subsection (ii) below, any corporation which is a subsidiary corporation within the meaning of Section 424(f) of the Internal Revenue Code with respect to the Company, and (ii) in relation to the eligibility to receive Options or Awards other than Incentive Stock Options, any entity, whether or not incorporated, in which the Company directly or indirectly owns either (A) Voting Securities possessing at least 50% of the Voting Power of

such entity, or (B) if such entity does not issue Voting Securities, at least 50% of the ownership interests in such entity.

(ee) "10% Owner" means a person who owns stock (including stock treated as owned under Section 424(d) of the Internal Revenue Code) possessing more than 10% of the Voting Power of the Company.

(ff) "Termination of Employment" occurs the first day on which an individual is for any reason no longer employed by, or providing services to, the Company or any of its Subsidiaries, or with respect to an individual who is an employee of a Subsidiary, the first day on which the Company no longer owns Voting Securities possessing at least 50% of the Voting Power of such Subsidiary.

(gg) "Voting Power" means the combined voting power of the then outstanding Voting Securities.

(hh) "Voting Securities" means, with respect to the Company or any Subsidiary, any securities issued by the Company or such Subsidiary, respectively, which generally entitle the holder thereof to vote for the election of directors of the Company.

3. Scope of the Plan.

(a) Number of Shares Available Under the Plan. The maximum number of shares of Stock that may be made the subject of Awards granted under the Plan is 1,300,000 (or the number and kind of shares of Stock or other securities to which such shares of Stock are adjusted upon a Change in Capitalization pursuant to Article 18); provided, however, that in the aggregate, not more than 50% of total shares of Stock may be made the subject of Awards other than Options. The maximum number of shares of Stock that may be the subject of Options and Awards granted to any individual pursuant to the Plan in any calendar year period may not exceed 5% of total number of reserved shares. The maximum dollar amount of cash or the Fair Market Value of Stock that any individual may receive in any calendar year in respect of performance units denominated in dollars may not exceed \$2,500,000. The Company shall reserve for the purpose of the Plan, out of its authorized but unissued shares of Stock or out of shares held in the Company's treasury, or partly out of each, such number of shares as shall be determined by the Board. The Board shall have the authority to cause the Company to purchase from time to time shares of Stock to be held as treasury shares and used for or in connection with Awards.

(b) Reduction in the Available Shares in Connection with Award Grants. Upon the grant of an Award, the number of shares of Stock available under Article 3(a) for the granting of further Awards shall be reduced as follows:

(i) Generally. In connection with the granting of each Award, other than a performance unit denominated in dollars, the number of shares of Stock available under Article 3(a) for the granting of further Awards shall be reduced by a number of shares equal to the number of shares of Stock in respect of which the Award is granted or denominated; provided, however, that if any Award is exercised by tendering shares of Stock, either actually or by attestation, to the Company as full or partial payment of the exercise price, the maximum number of shares of Stock available under Article 3(a) shall be increased by the number of shares of Stock so tendered.

(ii) Performance Units Denominated in Dollars. In connection with the granting of a performance unit denominated in dollars, there shall be no reduction in the

number of shares of Stock available under Article 3(a) for the granting of further Awards. If a performance unit denominated in dollars is settled in Stock, the number of shares of Stock available under Article 3(a) for the granting of further Awards shall be reduced at the time of settlement by the number of shares of Stock issued in connection with the settlement of the performance unit.

(iii) Cash Settlement; Shares Subject to Multiple Awards. Notwithstanding anything contained herein to the contrary, (A) if an Award is granted that cannot be settled in shares of Stock, there shall be no reduction in the number of shares of Stock available under Article 3(a) for the granting of further Awards, and (B) where two or more Awards are granted with respect to the same shares of Stock, such shares shall be taken into account only once for purposes of this Article 3(b).

(c) Effect of the Expiration, Termination, Cancellation or Settlement of Awards. If and to the extent an Option or Award expires, terminates or is canceled, settled in cash (including the settlement of tax withholding obligations using shares of Stock) or forfeited for any reason without having been exercised in full (including, without limitation, a cancellation of an Option pursuant to Article 4(c)(vi)), the shares of Stock associated with the expired, terminated, canceled, settled or forfeited portion of the Award (to the extent the number of shares available for the granting of Awards was reduced pursuant to Article 3(b)) shall again become available for Awards under the Plan.

4. Administration.

(a) Committee Administration. The Plan shall be administered by the Committee, which shall consist of not less than two "non-employee directors" within the meaning of Rule 16b-3, and to the extent necessary for any Award intended to qualify as Performance-Based Compensation to so qualify, each member of the Committee shall be an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code. For purposes of the preceding sentence, if one or more members of the Committee is not a "non-employee director" within the meaning of Rule 16b-3 and an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code but recuses himself or herself or abstains from voting with respect to a particular action taken by the Committee, then the Committee, with respect to that action, shall be deemed to consist only of the members of the Committee who have not recused themselves or abstained from voting.

(b) Board Reservation and Delegation. Except to the extent necessary for any Award intended to qualify as Performance-Based Compensation to so qualify, the Board may, in its discretion, reserve to itself or exercise any or all of the authority and responsibility of the Committee hereunder and may also delegate to another committee of the Board any or all of the authority and responsibility of the Committee with respect to Awards to Grantees who are not Section 16 Grantees at the time any such delegated authority or responsibility is exercised. Such other committee may consist of one or more directors who may, but need not be, officers or employees of the Company or of any of its Subsidiaries. To the extent that the Board has reserved to itself, or exercised the authority and responsibility of the Committee, or delegated the authority and responsibility of the Committee to such other committee, all references to the Committee in the Plan shall be to the Board or to such other committee.

(c) Committee Authority. The Committee shall have full and final authority, in its discretion, but subject to the express provisions of the Plan, as follows:

(i) to grant Awards,

(ii) to determine (A) when Awards may be granted, and (B) whether or not specific Awards shall be identified with other specific Awards, and if so, whether they shall be exercisable cumulatively with, or alternatively to, such other specific Awards,

(iii) to interpret the Plan and to make all determinations necessary or advisable for the administration of the Plan,

(iv) to prescribe, amend, and rescind rules and regulations relating to the Plan, including, without limitation, rules with respect to the exercisability and nonforfeitability of Awards upon the Termination of Employment of a Grantee,

(v) to determine the terms and provisions of the Award Agreements, which need not be identical and, with the consent of the Grantee, to modify any such Award Agreement at any time,

(vi) to cancel, with the consent of the Grantee, outstanding Awards,

(vii) except with respect to Awards made to nonemployee directors, to accelerate the exercisability of, and to accelerate or waive any or all of the restrictions and conditions applicable to, any Award,

(viii) to authorize any action of or make any determination by the Company as the Committee shall deem necessary or advisable for carrying out the purposes of the Plan, and

(ix) to impose such additional conditions, restrictions, and limitations upon the grant, exercise or retention of Awards as the Committee may, before or concurrently with the grant thereof, deem appropriate, including, without limitation, requiring simultaneous exercise of related identified Awards, and limiting the percentage of Awards which may from time to time be exercised by a Grantee.

Notwithstanding anything herein to the contrary, the exercise price of outstanding Options may not be decreased (except pursuant to Article 18 of the Plan) and Options may not be cancelled or forfeited and re-granted to effect the same result. Notwithstanding anything herein to the contrary, with respect to Grantees working outside the United States, the Committee may determine the terms and provisions of the Award Agreements and make such adjustments or modifications to Awards as are necessary and advisable to fulfill the purposes of the Plan.

(d) Committee Determinations Final. The determination of the Committee on all matters relating to the Plan or any Award Agreement shall be conclusive and final. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award.

5. Eligibility.

Awards may be granted to any employee of the Company, and to any nonemployee director of the Company. In selecting the individuals to whom Awards may be granted, as well as in determining the number of shares of Stock subject to, and the other terms and conditions applicable to, each Award, the Committee shall take into consideration such factors as it deems relevant in promoting the purposes of the Plan.

6. Conditions to Grants.

(a) General Conditions.

(i) The Grant Date of an Award shall be the date on which the Committee grants the Award or such later date as specified in advance by the Committee.

(ii) The term of each Award (subject to Article 6(c) with respect to Incentive Stock Options) shall be a period of not more than ten years from the Grant Date and shall be subject to earlier termination as provided herein or in the applicable Award Agreement; provided, however, that the Committee may provide that an Option (other than an Incentive Stock Option) may, upon the death of the Grantee, be exercised for up to one year following the date of the Grantee's death even if such period extends beyond ten years from the date the Option is granted.

(iii) A Grantee may, if otherwise eligible, be granted additional Awards in any combination.

(iv) The Committee may grant Awards with terms and conditions which differ among the Grantees thereof. To the extent not set forth in the Plan, the terms and conditions of each Award shall be set forth in an Award Agreement.

(b) Grant of Options and Exercise Price. The Committee may, in its discretion, shall grant Options as follows:

(i) Employee Options. Options to acquire unrestricted Stock or restricted Stock may be granted to any employee eligible under Article 5 to receive Awards. No later than the Grant Date of any Option, the Committee shall determine the Exercise Price.

(ii) Nonemployee Director Options.

(A) Discretionary Grants. Nonqualified Stock Options to acquire unrestricted or restricted stock may be granted to nonemployee directors of the Company from time to time.

(B) Terms Applicable to all Nonemployee Director Options. Each Nonqualified Stock Option granted to a nonemployee director will be granted with an Exercise Price of not less than 100% of the Fair Market Value of the Stock on the Grant Date, will become exercisable with respect to one-third of the underlying shares on each of the first, second and third anniversaries of the

Grant Date, and will have a term of not more than ten years. If a nonemployee director ceases to serve as a director of the Company for any reason, any Nonqualified Stock Option granted to such nonemployee director shall be exercisable during its remaining term, to the extent that such Nonqualified Stock Option was exercisable on the date such nonemployee director ceased to be a director.

(c) Grant of Incentive Stock Options. At the time of the grant of any Option to an employee of the Company, the Committee may designate that such Option shall be an Incentive Stock Option. Any Option designated as an Incentive Stock Option:

(i) shall have an Exercise Price of (A) not less than 100% of the Fair Market Value of the Stock on the Grant Date or (B) in the case of a 10% Owner, not less than 110% of the Fair Market Value of the Stock on the Grant Date;

(ii) shall have a term of not more than ten years (five years, in the case of a 10% Owner) from the Grant Date, and shall be subject to earlier termination as provided herein or in the applicable Award Agreement;

(iii) shall, if, with respect to any grant, the aggregate Fair Market Value of Stock (determined on the Grant Date) of all Incentive Stock Options granted under the Plan and "incentive stock options" (within the meaning of Section 422 of the Internal Revenue Code) granted under any other stock option plan of the Grantee's employer or any parent or subsidiary thereof (in either case determined without regard to this Article 6(c)) are exercisable for the first time during any calendar year exceeds \$100,000, be treated as Nonqualified Stock Options. For purposes of the foregoing sentence, Incentive Stock Options shall be treated as Nonqualified Stock Options according to the order in which they were granted such that the most recently granted Incentive Stock Options are first treated as Nonqualified Stock Options;

(iv) shall be granted within ten years from the earlier of the date the Plan is adopted by the Board or the date the Plan is approved by the stockholders of the Company; and

(v) shall require the Grantee to notify the Committee of any disposition of any Stock issued pursuant to the exercise of the Incentive Stock Option under the circumstances described in Section 421(b) of the Internal Revenue Code (relating to certain disqualifying dispositions), within ten days of such disposition.

(d) Grant of Shares of Restricted Stock.

(i) The Committee may, in its discretion, grant shares of restricted Stock to any individual eligible under Article 5 to receive Awards.

(ii) Before the grant of any shares of restricted Stock, the Committee shall determine, in its discretion:

(A) whether the certificates for such shares shall be delivered to the Grantee or held (together with a stock power executed in blank by the Grantee) in escrow by the Secretary of the Company until such shares become nonforfeitable or are forfeited;

(B) the per share purchase price of such shares, which may be zero; provided, however, that the per share purchase price of all such shares (other than treasury shares) shall not be less than the Minimum Consideration for each such share;

(C) the restrictions applicable to such grant and the time or times upon which any applicable restrictions on the restricted Stock shall lapse; provided, however, that except in the case of shares of restricted Stock issued to nonemployee directors or the case of restricted stock issued in full or partial settlement of another Award or other earned compensation, or in the event of the Grantee's Termination of Employment, as determined by the Committee and set forth in an Award Agreement, such restrictions shall not lapse prior to the first anniversary of the Grant Date of the restricted Stock; and

(D) whether the payment to the Grantee of dividends, or a specified portion thereof, declared or paid on such shares by the Company shall be deferred until the lapsing of the restrictions imposed upon such shares and shall be held by the Company for the account of the Grantee, whether such dividends shall be reinvested in additional shares of restricted Stock (to the extent shares are available under Article 3) subject to the same restrictions and other terms as apply to the shares with respect to which such dividends are issued or otherwise reinvested in Stock or held in escrow, whether interest will be credited to the account of the Grantee with respect to any dividends which are not reinvested in restricted or unrestricted Stock, and whether any Stock dividends issued with respect to the restricted Stock to be granted shall be treated as additional shares of restricted Stock.

(iii) Payment of the purchase price (if greater than zero) for shares of restricted Stock shall be made in full by the Grantee before the delivery of such shares and, in any event, no later than ten days after the Grant Date for such shares. Such payment may be made, as determined by the Committee in its discretion, in any one or any combination of the following:

(A) cash; or

(B) with the prior approval of the Committee, shares of restricted or unrestricted Stock owned by the Grantee prior to such grant and valued at its Fair Market Value on the business day immediately preceding the date of payment;

provided, however, that, in the case of payment in shares of restricted or unrestricted Stock, if the purchase price for restricted Stock ("New Restricted Stock") is paid with shares of restricted Stock ("Old Restricted Stock"), the restrictions applicable to

the New Restricted Stock shall be the same as if the Grantee had paid for the New Restricted Stock in cash unless, in the judgment of the Committee, the Old Restricted Stock was subject to a greater risk of forfeiture, in which case a number of shares of New Restricted Stock equal to the number of shares of Old Restricted Stock tendered in payment for New Restricted Stock shall be subject to the same restrictions as the Old Restricted Stock, determined immediately before such payment.

(iv) The Committee may, but need not, provide that all or any portion of a Grantee's Award of restricted Stock shall be forfeited:

(A) except as otherwise specified in the Award Agreement, upon the Grantee's Termination of Employment within a specified time period after the Grant Date; or

(B) if the Company or the Grantee does not achieve specified performance goals within a specified time period after the Grant Date and before the Grantee's Termination of Employment; or

(C) upon failure to satisfy such other restrictions as the Committee may specify in the Award Agreement.

(v) If a share of restricted Stock is forfeited, then:

(A) the Grantee shall be deemed to have resold such share of restricted Stock to the Company at the lesser of (1) the purchase price paid by the Grantee (such purchase price shall be deemed to be zero dollars (\$0) if no purchase price was paid) or (2) the Fair Market Value of a share of Stock on the date of such forfeiture;

(B) the Company shall pay to the Grantee the amount determined under clause (A) of this sentence, if not zero, as soon as is administratively practicable, but in any case within 90 days after forfeiture; and

(C) such share of restricted Stock shall cease to be outstanding, and shall no longer confer on the Grantee thereof any rights as a stockholder of the Company, from and after the date of the Company's tender of the payment specified in clause (B) of this sentence, whether or not such tender is accepted by the Grantee, or the date the restricted Stock is forfeited if no purchase price was paid for the restricted Stock.

(vi) Any share of restricted Stock shall bear an appropriate legend specifying that such share is non-transferable and subject to the restrictions set forth in the Plan and the Award Agreement. If any shares of restricted Stock become nonforfeitable, the Company shall cause certificates for such shares to be issued or reissued without such legend and delivered to the Grantee or, at the request of the Grantee, shall cause such shares to be credited to a brokerage account specified by the Grantee.

(e) Grant of Performance Units and Performance Shares.

(i) The Committee may, in its discretion, grant performance units or performance shares to any employee of the Company eligible under Article 5 to receive Awards.

(ii) Before the grant of any performance unit or performance share, the Committee shall:

(A) designate a period, of not less than one year nor more than five years, for the measurement of the extent to which performance goals are attained (the "Measuring Period");

(B) determine performance goals applicable to such grant; provided, however, that the performance goals with respect to a Measuring Period shall be established in writing by the Committee by the earlier of (x) the date on which a quarter of the Measuring Period has elapsed or (y) the date which is ninety (90) days after the commencement of the Measuring Period, and in any event while the performance relating to the performance goals remain substantially uncertain; and

(C) assign a "Performance Percentage" to each level of attainment of performance goals during the Measuring Period, with the percentage applicable to minimum attainment being zero percent (0%) and the percentage applicable to optimum attainment to be determined by the Committee from time to time.

(iii) The performance goals applicable to performance units or performance shares shall, in the discretion of the Committee, be based on stock price, earnings per share, operating income, return on equity or assets, cash flow, EBITDA, revenues, overall revenue or sales growth, expense reduction or management, market position, total shareholder return, return on investment, earnings before interest and taxes (EBIT), net income, return on net assets, economic value added, shareholder value added, cash flow return on investment, net operating profit, net operating profit after tax, return on capital, and return on invested capital, or any combination of the foregoing. Such performance goals may be absolute or relative (to prior performance or to the performance of one or more other entities or external indices) and may be expressed in terms of a progression within a specified range. At the time of the granting of performance units or performance shares, or at any time thereafter, in either case to the extent permitted under Section 162(m) of the Internal Revenue Code and the regulations thereunder without adversely affecting the treatment of the performance unit or performance share as Performance-Based Compensation, the Committee may provide for the manner in which performance will be measured against the performance goals (or may adjust the performance goals) to reflect the impact of specified corporate transactions, special charges, foreign currency effects, accounting or tax law changes and other extraordinary or nonrecurring events.

(iv) Prior to the vesting, payment, settlement or lapsing of any restrictions with respect to any performance unit or performance share that is intended to constitute Performance-Based Compensation made to a Grantee who is subject to

Section 162(m) of the Internal Revenue Code, the Committee shall certify in writing that the applicable performance goals have been satisfied.

(v) Unless otherwise expressly stated in the relevant Award Agreement, each performance unit and performance share granted under the Plan is intended to be Performance-Based Compensation and the Committee shall interpret and administer the applicable provisions of the Plan in a manner consistent therewith. Any provisions inconsistent with such treatment shall be inoperative and shall not adversely affect the treatment of performance units or performance shares granted hereunder as Performance-Based Compensation. The Committee shall not be entitled to exercise any discretion otherwise authorized hereunder with respect to such performance unit or performance share if the ability to exercise such discretion or the exercise of such discretion itself would cause the compensation attributable to such performance unit or performance share to fail to qualify as Performance-Based Compensation.

(f) Grant of Stock Appreciation Rights. The Committee may, in its discretion, grant Stock Appreciation Rights to any employee who is eligible under Article 5 to receive Awards as follows:

(i) Employee Stock Appreciation Rights. Stock Appreciation Rights may be granted to any employee eligible under Article 5 to receive Awards. No later than the Grant Date of any Stock Appreciation Right, the Committee shall determine the Exercise Price.

(ii) Nonemployee Director Stock Appreciation Rights.

(A) Discretionary Grants. Stock Appreciation Rights may be granted to nonemployee directors of the Company from time to time.

(B) Terms Applicable to all Nonemployee Director Stock Appreciation Rights. Each Stock Appreciation Right granted to a nonemployee director will be granted with an Exercise Price not less than 100% of the Fair Market Value of the Stock on the Grant Date, will become exercisable with respect to one-third of the underlying shares on each of the first, second and third anniversaries of the Grant Date, and will have a term of not more than ten years. If a nonemployee director ceases to serve as a director of the Company for any reason, any Stock Appreciation Rights granted to such nonemployee director shall be exercisable during its remaining term, to the extent that such Stock Appreciation Right was exercisable on the date such nonemployee director ceased to be a director.

(g) Tandem Awards. The Committee may grant and identify any Award with any other Award granted under the Plan ("Tandem Award"), on terms and conditions determined by the Committee.

7. Non-transferability.

Unless set forth in the applicable Award Agreement with respect to Awards other than Incentive Stock Options, no Award (other than an Award of restricted Stock) granted hereunder shall by its terms be assignable or transferable except by will or the laws of descent and distribution or, in the case of an Option other than an Incentive Stock Option, pursuant to a domestic relations order (within the meaning of Rule 16a-12 promulgated under the Exchange Act). An Option may be exercised during the lifetime of a Grantee only by the Grantee or his or her guardian or legal representatives or, except as would cause an Incentive Stock Option to lose its status as such, by a bankruptcy trustee. Notwithstanding the foregoing, the Committee may set forth in the Award Agreement evidencing an Award (other than an Incentive Stock Option) at the time of grant or thereafter, that the Award may be transferred to members of the Grantee's immediate family, to trusts solely for the benefit of such immediate family members and to partnerships in which such family members and/or trusts are the only partners, and for purposes of this Plan, a transferee of an Award shall be deemed to be the Grantee. For this purpose, immediate family means the Grantee's spouse, parents, children, stepchildren and grandchildren and the spouses of such parents, children, stepchildren and grandchildren. The terms of an Award shall be final, binding and conclusive upon the beneficiaries, executors, administrators, heirs and successors of the Grantee. Each share of restricted Stock shall be non-transferable until such share becomes nonforfeitable.

8. Exercise.

(a) Exercise of Options and Stock Appreciation Rights. Subject to such terms and conditions as the Committee may impose, each Option or Stock Appreciation Right shall be exercisable in one or more installments commencing not earlier than the first anniversary of the Grant Date of such Option or Stock Appreciation Right; provided, however, that all Options or Stock Appreciation Rights held by each Grantee shall become fully (100%) vested and exercisable upon the occurrence of a Change of Control regardless of whether the acceleration of the exercisability of such Options or Stock Appreciation Rights would cause such Options to lose their eligibility for treatment as Incentive Stock Options. Each Option or Stock Appreciation Right shall be exercised by delivery to the Company of written notice of intent to purchase a specific number of shares of Stock subject to the Option. The Exercise Price of any shares of Stock as to which an Option or Stock Appreciation Right shall be exercised shall be paid in full at the time of the exercise. Payment may be made, as determined by the Committee in its discretion with respect to Options or Stock Appreciation Rights granted to eligible employees and in all cases with respect to Options or Stock Appreciation Rights granted to nonemployee directors, in any one or any combination of the following:

(i) cash,

(ii) shares of unrestricted Stock held by the Grantee for at least six months (or such lesser period as may be permitted by the Committee) prior to the exercise of the Option or Stock Appreciation Right, and valued at its Fair Market Value on the last business day immediately preceding the date of exercise, or

(iii) through simultaneous sale through a broker of shares of unrestricted Stock acquired on exercise, as permitted under Regulation T of the Federal Reserve Board.

Shares of unrestricted Stock acquired by a Grantee on exercise of an Option shall be delivered to the Grantee or, at the request of the Grantee, shall be credited directly to a brokerage account specified by the Grantee.

(b) Exercise of Performance Units.

(i) Subject to such terms and conditions as the Committee may impose, and unless otherwise provided in the applicable Award Agreement, if, with respect to any performance unit, the Committee has determined that the minimum performance goals have been achieved during the applicable Measuring Period, then such performance unit shall be deemed exercised on the date on which it first becomes exercisable.

(ii) The benefit for each performance unit exercised shall be an amount equal to the product of

(A) the Unit Value (as defined below), multiplied by

(B) the Performance Percentage attained during the Measuring Period for such performance unit.

(iii) The Unit Value shall be, as specified by the Committee,

(A) a dollar amount,

(B) an amount equal to the Fair Market Value of a share of Stock on the Grant Date,

(C) an amount equal to the Fair Market Value of a share of Stock on the exercise date of the performance unit, plus, if so provided in the Award Agreement, an amount ("Dividend Equivalent Amount") equal to the Fair Market Value of the number of shares of Stock that would have been purchased if each dividend paid on a share of Stock on or after the Grant Date and on or before the exercise date were invested in shares of Stock at a purchase price equal to its Fair Market Value on the respective dividend payment date, or

(D) an amount equal to the Fair Market Value of a share of Stock on the exercise date of the performance unit (plus, if so specified in the Award Agreement, a Dividend Equivalent Amount), reduced by the Fair Market Value of a share of Stock on the Grant Date of the performance unit.

(iv) The benefit upon the exercise of a performance unit shall be payable as soon as is administratively practicable (but in any event within 90 days) after the later of (A) the date the Grantee is deemed to exercise such performance unit, or (B) the date (or dates in the event of installment payments) as provided in the applicable Award Agreement. Such benefit shall be payable in cash or restricted Stock, except that the Committee, with respect to any particular exercise, may, in its discretion, pay benefits wholly or partly in Stock delivered to the Grantee or credited to a brokerage

account specified by the Grantee. The number of shares of Stock payable in lieu of cash shall be determined by valuing the Stock at its Fair Market Value on the business day next preceding the date such benefit is to be paid.

(c) Payment of Performance Shares. Subject to such terms and conditions as the Committee may impose, and unless otherwise provided in the applicable Award Agreement, if the Committee has determined in accordance with Article 6(e)(iv) that the minimum performance goals with respect to an Award of performance shares have been achieved during the applicable Measuring Period, then the Company shall pay to the Grantee of such Award (or, at the request of the Grantee, deliver to a brokerage account specified by the Grantee) shares of restricted Stock or Stock equal in number to the product of the number of performance shares specified in the applicable Award Agreement multiplied by the Performance Percentage achieved during such Measuring Period, except to the extent that the Committee in its discretion determines that cash be paid in lieu of some or all of such shares of Stock. The amount of cash payable in lieu of a share of Stock shall be determined by valuing such share at its Fair Market Value on the business day next preceding the date such cash is to be paid. Payments pursuant to this Article 8(d) shall be made as soon as administratively practicable (but in any event within 90 days) after the end of the applicable Measuring Period. Any performance shares with respect to which the performance goals have not been achieved by the end of the applicable Measuring Period shall expire.

(d) Exercise, Cancellation, Expiration or Forfeiture of Tandem Awards. Upon the exercise, cancellation, expiration, forfeiture or payment in respect of any Award which is identified with any Tandem Award pursuant to Article 6(g), the Tandem Award shall automatically terminate to the extent of the number of shares in respect of which the Award is so exercised, cancelled, expired, forfeited or paid, unless otherwise provided by the Committee at the time of grant of the Tandem Award or thereafter.

9. Effect of Certain Transactions.

With respect to any Award which relates to Stock, in the event of (i) the liquidation or dissolution of the Company or (ii) a merger or consolidation of the Company (a "Transaction"), the Plan and the Awards issued hereunder shall continue in effect in accordance with their respective terms, except that following a Transaction either (i) each outstanding Award shall be treated as provided for in the agreement entered into in connection with the Transaction (the "Transaction Agreement") or (ii) if not so provided in the Transaction Agreement, each Grantee shall be entitled to receive in respect of each share of Stock subject to any outstanding Awards, upon the vesting, payment or exercise of the Award (as the case may be), the same number and kind of stock, securities, cash, property, or other consideration that each holder of a share of Stock was entitled to receive in the Transaction in respect of a share of Stock.

10. Mandatory Withholding Taxes.

The Company shall have the right to deduct from any distribution of cash to any Grantee an amount equal to the federal, state and local income taxes and other amounts as may be required by law to be withheld (the "Withholding Taxes") with respect to any Award. If a Grantee is to experience a taxable event in connection with (i) the receipt of an Award, (ii) the receipt of shares pursuant to an Option exercise, (iii) the vesting or payment of another type of Award or (iv) any other event in connection with the Plan (a "Taxable Event"), the Grantee shall pay the Withholding

Taxes to the Company prior to the issuance, or release from escrow, of such Award or shares or vesting or payment of such Award or occurrence of such event, as applicable. Payment of the applicable Withholding Taxes may be made, as determined by the Committee in its discretion, in any one or any combination of (i) cash, (ii) shares of restricted or unrestricted Stock owned by the Grantee prior to the Taxable Event and valued at its Fair Market Value on the business day immediately preceding the date of exercise, or (iii) by making a Tax Election (as described below). For purposes of this Article 11, the Committee may provide in the Award Agreement at the time of grant, or at any time thereafter, that the Grantee, in satisfaction of the obligation to pay Withholding Taxes to the Company, may elect to have withheld a portion of the shares then issuable to him or her having an aggregate Fair Market Value equal to the Withholding Taxes.

11. Termination of Employment.

The Award Agreement pertaining to each Award shall set forth the terms and conditions applicable to such Award upon a Termination of Employment of the Grantee by the Company, a Subsidiary or an operating division or unit, which, except for Awards granted to nonemployee directors, shall be as the Committee may, in its discretion, determine at the time the Award is granted or thereafter.

12. Securities Law Matters.

(a) If the Committee deems it necessary to comply with the Securities Act of 1933, the Committee may require a written investment intent representation by the Grantee and may require that a restrictive legend be affixed to certificates for shares of Stock.

(b) If, based upon the opinion of counsel for the Company, the Committee determines that the exercise or nonforfeitability of, or delivery of benefits pursuant to, any Award would violate any applicable provision of (i) federal or state securities law, (ii) the listing requirements of any national securities exchange on which are listed any of the Company's equity securities or (iii) any other law or regulation, then the Committee may postpone any such exercise, nonforfeitability or delivery, as the case may be, but the Company shall use its best efforts, if applicable, to cause such exercise, nonforfeitability or delivery to comply with all such provisions at the earliest practicable date.

(c) Notwithstanding any provision of the Plan or any Award Agreement to the contrary, no shares of Stock shall be issued to any Grantee in respect of any Award prior to the time a registration statement under the Securities Act of 1933 is effective with respect to such shares.

13. No Funding Required.

Benefits payable under the Plan to any person shall be paid directly by the Company. The Company shall not be required to fund, or otherwise segregate assets to be used for payment of, benefits under the Plan.

14. No Employment Rights.

Neither the establishment of the Plan, nor the granting of any Award shall be construed to (a) give any Grantee the right to remain employed by the Company or to any benefits not specifically provided by the Plan or (b) in any manner modify the right of the Company or any of its Subsidiaries to modify, amend, or terminate any of its employee benefit plans.

15. Rights as a Stockholder.

A Grantee shall not, by reason of any Award (other than restricted Stock), have any right as a stockholder of the Company with respect to the shares of Stock which may be deliverable upon exercise or payment of such Award until such shares have been delivered to him. Shares of restricted Stock held by a Grantee or held in escrow by the Secretary of the Company shall confer on the Grantee all rights of a stockholder of the Company, except as otherwise provided in the Plan.

16. Nature of Payments.

Any and all grants, payments of cash, or deliveries of shares of Stock hereunder shall constitute special incentive payments to the Grantee and shall not be taken into account in computing the amount of salary or compensation of the Grantee for the purposes of determining any pension, retirement, death or other benefits under (a) any pension, retirement, profit-sharing, bonus, life insurance or other employee benefit plan of the Company or any of its Subsidiaries or (b) any agreement between the Company, on the one hand, and the Grantee, on the other hand, except as such plan or agreement shall otherwise expressly provide.

17. Non-Uniform Determinations.

Neither the Committee's nor the Board's determinations under the Plan need be uniform and may be made by the Committee or the Board selectively among persons who receive, or are eligible to receive, Awards (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Committee shall be entitled, among other things, to make non-uniform and selective determinations, to enter into non-uniform and selective Award Agreements as to (a) the identity of the Grantees, (b) the terms and provisions of Awards, and (c) the treatment of Terminations of Employment.

18. Adjustments.

In the event of Change in Capitalization, the Committee shall, in its sole discretion, make equitable adjustment of

- (a) the aggregate number and class of shares of Stock or other stock or securities available under Article 3,
- (b) the number and class of shares of Stock or other stock or securities covered by an Award and to be covered by Options or Stock Appreciation Rights,
- (c) the Exercise Price applicable to outstanding Options,
- (d) the terms of performance unit and performance share grants (to the extent permitted under Section 162(m)) of the Internal Revenue Code and the regulations thereunder without adversely affecting the treatment of the performance unit or performance share as Performance-Based Compensation,
- (e) the Fair Market Value of Stock to be used to determine the amount of the benefit payable upon exercise of performance units and performance shares,

(f) the maximum number and class of shares of Stock or other securities with respect to which Awards may be granted to any individual in any calendar year period.

19. Amendment of the Plan.

The Board may from time to time in its discretion amend or modify the Plan without the approval of the stockholders of the Company, except as such stockholder approval may be required (a) to retain Incentive Stock Option treatment under Section 422 of the Internal Revenue Code, (b) to permit transactions in Stock pursuant to the Plan to be exempt from potential liability under Section 16(b) of the 1934 Act or (c) under the listing requirements of any securities exchange on which any of the Company's equity securities are listed.

20. Termination of the Plan.

The Plan shall terminate on the tenth (10th) anniversary of the Effective Date or at such earlier time as the Board may determine. Any termination, whether in whole or in part, shall not affect any Award then outstanding under the Plan.

21. No Illegal Transactions.

The Plan and all Awards granted pursuant to it are subject to all laws and regulations of any governmental authority which may be applicable thereto; and notwithstanding any provision of the Plan or any Award, Grantees shall not be entitled to exercise Awards or receive the benefits thereof and the Company shall not be obligated to deliver any Stock or pay any benefits to a Grantee if such exercise, delivery, receipt or payment of benefits would constitute a violation by the Grantee or the Company of any provision of any such law or regulation or applicable court order.

22. Governing Law.

Except where preempted by federal law, the law of the State of Georgia shall be controlling in all matters relating to the Plan, without giving effect to the conflicts of law principles thereof.

23. Severability.

If all or any part of the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not serve to invalidate any portion of the Plan not declared to be unlawful or invalid. Any Article or part of an Article so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Article or part of an Article to the fullest extent possible while remaining lawful and valid.

24. Translations.

Any inconsistency between the terms of the Plan or any Award Agreement and the corresponding translation thereof into a language other than English shall be resolved by reference, solely, to the English language document.

ALLIED FASHION, INC. AMENDED AND RESTATED 1999 STOCK OPTION PLAN

EFFECTIVE 6-17-04

1. Purpose

The purpose of this 1999 Stock Option Plan (the "Plan") is to aid Allied Fashion, Inc. (the "Company", now known as Citi Trends, Inc.), and its direct and indirect subsidiaries, in attracting and retaining key officers, managers, employees, consultants and directors by providing a means to offer them increased incentives to promote the well-being of the Company through ownership of the Company's shares ("Shares") of Common Stock, par value \$0.01 (the "Common Stock").

2. Administration

(a) The Plan shall be administered by the Board of Directors (referred to as the "Committee"). Subject to the limitations and conditions hereinafter set forth, the Committee shall have all the powers vested in it by the terms of the Plan, including exclusive authority to (i) designate the employees, classes of employees or other persons eligible to participate in the Plan, select from among those employees to be granted awards under the Plan; (ii) to determine the size and terms of individual awards (which need not be identical) to be made to each participant selected; (iii) to determine the time when awards will be granted and to establish objectives and conditions (including, without limitation, vesting and performance conditions), if any, for awards; and (iv) to make any and all other determinations which it determines to be necessary or advisable in the administration of the Plan. The Committee shall have full power and authority to administer and interpret the Plan and to adopt, amend and revoke such rules, regulations, agreements, guidelines and instruments for the administration of the Plan and for the conduct of its business as the Committee deems necessary or advisable. The Committee's interpretation of the Plan, and all actions taken and determinations made by the Committee pursuant to the powers vested in it hereunder, shall be conclusive and binding on all parties concerned, including the Company, its stockholders, any participants in the Plan and any other employee of the Company or any of its subsidiaries. Only employees of the Company or any subsidiary of the Company shall be eligible recipients of option awards hereunder. The granting of awards, if any, and the size of such awards are purely discretionary, and no person shall have any right or privilege to be considered as a participant in the Plan, and no participant shall have any right or privilege, or be deemed to have an expectation of being recommended, for an additional award, subject to the terms of this Plan.

(b) Only nonqualified stock options may be granted hereunder. Granted stock options will not be exercisable until vested in accordance with the provisions of Section 4 of this Plan.

3. Shares Subject to the Plan; Other Agreements

(a) The Shares to be sold or transferred pursuant to the exercise of options granted under the Plan shall be authorized shares of Common Stock of the Company, and may be newly issued shares or treasury shares. Subject to adjustment as provides in Section 6 hereof, the aggregate number of Shares which may be issued under the plan shall be 50,000 Shares (amended and increased to 75,000 shares on 1/18/2002). Subject to adjustment as provided in Section 6, the stock option price per Share of Common Stock issuable upon exercise of stock options granted under the Plan (the "Exercise Price"), shall be determined in the discretion of the Committee.

(b) As a condition of stock options being issued or awarded under the Plan, the recipient or holder of such stock option must execute, deliver and enter into (i) a Stock Option Agreement substantially in the form of Exhibit 1, modified, as necessary, by the Committee to reflect the terms of the specific grant (the "Stock Option Agreement"), provided that no modification will be inconsistent with the provisions of this Plan and (ii) the Company's Stockholder Agreement (collectively, the "Company Agreements"), so that the Shares issuable upon exercise of the stock options will be subject to the Company Agreements.

The terms and conditions of the Company Agreements are part of the Plan, are incorporated herein by reference, and will be applicable to the Shares issuable upon exercise of those stock options (but not the stock options themselves), with the same force and effect as if part of the Plan.

(c) Stock options issued or awarded under the Plan will be evidenced by such instruments, and will be subject to such further agreements, instruments, documents and actions, as the Board shall determine, from time to time, provided that they will not be inconsistent with the provisions of this Plan.

(d) Each stock option awarded under the Plan shall be a "nonqualified stock option" for tax purposes. Each stock option shall expire on the earlier of the date provided by the option terms or the date which is 10 years after the date of grant.

4. Eligibility for Exercise; Vesting

(a) The provisions described in this Section 4 govern the ability of the holder to exercise the stock options, and do not affect, or supersede, the repurchase rights described in Section 7, and the transfer restrictions and other provisions described in the Company Agreements which apply to the Shares issuable upon exercise of the stock option if such exercise is permitted by this Section 4.

(b) In connection with Section 4 and Section 7 hereof, the following definitions are used:

(i) "Cause" shall mean a termination of the option holder by the Company due to

- A. Holder's conviction of, or plea of guilty or nolo contendere to, a serious felony or crime involving embezzlement, conversion of property or moral turpitude;
- B. Holder's commission of fraud, embezzlement or conversion of property, as reasonably determined by the Board of Directors based upon credible evidence;
- C. Holder's conviction of, or plea of guilty or nolo contendere to, or an administrative or judicial determination that the Holder committed a crime, fraud, or any other material violation of law involving the acquisition, use or expenditure of federal, state or local government funds;
- D. a finding by a majority of the Board of Director's of Holder's knowing breach of any of his fiduciary duties to the Company or the Company's stockholders or making of a misrepresentation or

omission which breach, misrepresentation or omission would reasonably be expected to materially adversely affect the business, properties, assets, condition (financial or other) or prospects of the Company; provided, that the Holder has been given notice and 30 days from such notice fails to cure the breach, misrepresentation or omission;

- E. Holder's willful and continual neglect or failure (other than by reason of death or Disability) to discharge his material duties, responsibilities or obligations prescribed any agreement between the Holder and company in the Company; provided, that the Holder has been given notice and 30 days from such notice fails to cure the neglect or failure;
- F. Holder's alcohol or substance abuse, which materially interferes with Holder's ability to discharge his duties, responsibilities and obligations; provided, that Holder has been given notice and 30 days from such notice fails to cure such abuse;
- G. Holder's material violations, with the actual knowledge of Holder, of any non-competition, confidentiality or similar agreement with the Company;
- H. any material violation, with the actual knowledge of Holder, of any obligations imposed upon Holder, personally, as opposed to upon the Company, whether as a stockholder or otherwise, under this Agreement, the Certificate of Incorporation of the Company provided, that Holder has been given notice and 30 days from such notice fails to cure such violation; or
- I. Holder's personal (as opposed to the Company's) material and knowing failure, to observe or comply with any applicable governmental regulations whether as an officer, stockholder or otherwise, in any material respect or in any manner which would reasonably be expected to have a material adverse effect in respect of the Company's ongoing business, operations, conditions, other business relationships or properties; provided, that Holder has been given notice and 30 days from such notice fails to cure the failure.

(ii) "Change of Control" shall mean any transfer of capital stock of the Company after which any person not a shareholder of the Company on the date hereof becomes the beneficial holder of greater than 50% of all outstanding voting capital stock of the Company, other than in connection with the initial public offering of the capital stock of the Company.

(iii) "Commencement Date" shall mean the date the option holder commenced his employment with the Company or any of its subsidiaries, but shall, in no event, be prior to April 13, 1999.

(iv) "Determination Period" shall mean the four full fiscal quarters of the Company immediately preceding the termination of employment of the option holder.

(v) "Disability" shall mean the inability of the option holder to perform substantially his duties to the Company by reason of physical or mental disability or infirmity that, in the reasonable judgment of the Committee, is documented by medical evidence.

(vi) "Sale of the Company" means any (A) merger or consolidation, (B) sale or transfer of all or substantially all of the business, assets or properties, not in the ordinary course of business, (C) sale or transfer of all or substantially all of the share or capital stock (D) liquidation, dissolution or winding up, (E) recapitalization or reclassification, or (F) any similar business combination or transaction having the effect of the foregoing clauses (A) through (E), in each case, of or involving the Company, in one or a series of transactions, as a result of which, in the case of clauses (A) or (B), the holders of voting securities (on a fully-diluted basis) having ordinary voting power to elect a majority of the directors of the Company immediately prior to such transaction(s) do not, immediately after such transaction(s), hold voting securities (on a fully-diluted basis) having ordinary voting power to elect a majority of the directors (or similar authorities) of the surviving or resulting corporation, purchaser or transferor, or other person acquiring the business of the Company.

(vii) "Three Year Junior Notes" shall mean a promissory note of the Company that has a three year term, has a fixed rate of interest at the Prime Rate at the date of inception of the note, and has compounded interest annually.

(viii) "Year" means the twelve months ending on each anniversary of the date of the option grant.

(c) Stock options granted under the Plan in respect of any particular Year may be exercised if, and only if, the provisions of the Stock Option Agreement relating to vesting are satisfied.

(d) As a condition to the exercise of any stock option, in whole or in part, the portion of the stock option to be exercised must be "vested". Vesting will commence as of the first day (the "Vested Date") immediately following the first anniversary of the date on which such stock options are granted. So long as the holder of the stock option is continuously employed by the Company through:

(i) the Vested Date, 25% of the stock option will "vest" on the Vested Date;

(ii) the first anniversary of the Vested Date, another 25% of the stock option will "vest" on such date;

(iii) the second anniversary of the Vested Date, another 25% of the stock option will "vest" on such date; and

(iv) the third anniversary of the Vested Date, the remaining 25% of the stock option will "vest" on such date.

Any stock options which have not vested shall automatically vest upon the consummation of a Sale of the Company or a Change of Control.

(e) Any unvested stock options held by any person who ceases to be employed by the Company or its subsidiaries for any reason will automatically terminate and expire, without any payment, and will be cancelled.

(f) Unless otherwise expressly provided in the Stock Option Agreement governing a specific grant, an option holder (other than an outside director or consultant) whose employment with the Company terminates for any reason other than Cause, Disability, death, or voluntary termination may at any time within a period of 45 days thereafter exercise his or her option to the extent that such option was exercisable by him or her on the date his or her employment terminated. Unless otherwise expressly provided in the Stock Option Agreement governing a specific grant, in the event of the Disability of an option holder, stock options exercisable by him or her at the time of Disability may be exercised within 90 days thereafter. In the event of the death of a stock option holder, stock options, if any, exercisable by him or her at the time of his or her death may be exercised within 90 days thereafter by the person or persons to whom the option holder's rights under the stock option, if any, shall pass by will or by the applicable law of descent and distribution. In no event may any stock option be exercised by anyone after the final date upon which the holder of the stock option could have exercised it had such person continued in the employment of the Company until such date.

(g) Unless otherwise expressly provided in the Stock Option Agreement governing a specific grant, if the option holder's employment is terminated for Cause at any time or voluntarily by the option holder all of such holder's stock options will upon his or her termination be considered unvested, irrespective of being previously vested, and the stock options of such holder will automatically terminate and expire without any payment.

(h) Notwithstanding anything to the contrary in this Plan, the Company may, as to any particular option holder, provide for more or less favorable vesting requirements and provisions, from the perspective of the option holder, than provided in this Section 4 and this Plan if and to the extent expressly provided in any Stock Option Agreement herewith with such option holder.

5. Option Period

Each stock option granted under the Plan shall be exercisable only if vested under Section 4, and all rights to purchase Shares shall cease as of the date established by the Board of Directors at the time of the award in a manner consistent with the Plan (not later than ten years from the date hereof, subject to any earlier termination in accordance with the terms of the Plan).

6. Changes in Common Shares

The aggregate number of Shares for which stock options shall be granted or exercised, the maximum number of Shares which at any time may be subject to but not delivered under outstanding stock options granted to any option holder, the number of Shares subject to each outstanding option and the stock option prices per share which shall be granted to or exercised by any option holder, shall be subject to appropriate adjustment by the Board to equitably reflect any changes in the number of outstanding Shares resulting from recapitalization, stock splits, stock dividends or other change in the corporate structure of the Company, provided that no adjustments shall be made in respect of new Shares issued by the Company or Shares issued to holders of any other class of securities of the Company as a result of the conversion of such securities into Shares. Such adjustments shall be conclusive and binding for all purposes of the Plan. There are no pre-emptive rights associated with the stock options granted pursuant to the Plan.

7. Repurchase Provisions

(a) With respect to each option granted, the Company, following the termination of the employment of the option holder (other than an outside director or consultant) for any reason other than Cause, shall have the right to repurchase, at fair market value as determined by the Board of Directors of the Company at the time of such repurchase, all or any portion of any Shares purchased by the option holder upon the exercise of such option, whether exercised prior to termination or subsequent to termination in accordance with the provisions of Section 4(f) above. However, the right of the Company to repurchase Shares shall not take effect with respect to any Share until the option holder shall have held such Share for six (6) months. In the event that circumstances involving Cause, as defined in Section 4 (as determined by the Committee) existed prior to the termination of the option holder, the provisions of Section 7(b) shall govern and take precedence over this Section 7(a). The purchase price for the shares to be purchased pursuant to this Section 7 is payable, at the option of the Company, in cash, Three Year Junior Notes or a combination thereof.

(b) With respect to each option granted, following termination of the employment of the option holder for Cause, the Company may repurchase all or any portion of any Shares purchased by the option holder upon the exercise of such option, at a price per share equal to the exercise price paid.

8. Transferability of Stock Options

The stock options granted are non-assignable and are not transferable except by will or by the laws of descent and distribution.

9. Amendment and Discontinuance

The Board of Directors may, by majority vote of the members thereof, alter, amend, suspend, or discontinue the Plan. No alteration, amendment, suspension or discontinuance of the Plan may, without the consent of the holder of any outstanding stock option, adversely affect the rights of such holder under such option. Notwithstanding the foregoing, to the extent applicable law, rule, regulation, procedure or listing agreement of any national securities exchange or quotation system requires that any such amendment, suspension, or discontinuance of the Plan be approved by the stockholders of the Company, no such amendment, suspension or discontinuance shall be effective unless and until it is approved by the stockholders in such manner and to such a degree as is required.

10. Duration

The Plan is hereby adopted and effective as of the date indicated below, subject to approval by the Company's shareholders within 12 months of the date that the Plan is adopted. The Plan shall remain in effect until all awards made under the Plan have either been satisfied by the issuance of shares of Common Stock or been terminated in accordance with the terms of the Plan or the award.

11. Compliance with Applicable Law and Withholding

(a) Notwithstanding any other provision of the Plan, the Company shall have no obligation to issue any shares of Common Stock under the Plan if such issuance would violate any

applicable law or any applicable regulation or requirement of any securities exchange or similar entity.

(b) Prior to the issuance of any shares of Common Stock under the Plan, the Company may require a written statement that the recipient is acquiring the shares for investment and not for the purpose or with the intention of distributing the shares and will not dispose of them in violation of the registration requirements of the Securities Act of 1933, as amended.

(c) If, at any time, the Company, in its reasonable discretion, determines that the listing, registration or qualification (or any updating of any such document), of any award, or the shares of Common Stock issuable pursuant thereto, is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, any award or the issuance of shares of Common Stock pursuant to any award, such award shall not be made and the shares of Common Stock shall not be issued or such restrictions shall not be removed, as the case may be, in whole or in part, unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company. The Company will use its best efforts to effect such listing, registration, or qualification.

(d) A holder may exercise an option by giving written notice thereof prior to the option's expiration date to the Secretary of the Company at the principal executive offices of the Company. Contemporaneously with the delivery of notice with respect to the exercise of an option, the full purchase price of the Shares purchased pursuant to the exercise of the option, together with any required state or federal withholding taxes, shall be paid in cash.

For purposes of the Plan, and except as otherwise determined by the Board, the "Market Price" of a share of Common Stock as of any date shall be equal to the closing sale price of a share of Common Stock as reported on the NASDAQ National Market System (or if the Common Stock is not traded on the NASDAQ National Market System, the closing sales price on the exchange on which it is traded or as reported by an applicable automated quotation system) (the "Composite Tape") on the applicable date or, if no sales of Common Stock are reported on such date, the closing sale price of Common Stock on the date the Common Stock was last reported on the Composite Tape (or such other exchange or automated quotation system, if applicable), or, in all other cases, the fair market value per share of Common Stock as determined by the Board of Directors of the Company.

(e) All award and payments under the Plan which are made to employees of the Company are subject to withholding of all applicable taxes and the Company shall have the right to withhold from any such award under the Plan or to collect as a condition of any payment under the Plan, as applicable, any taxes required by law to be withheld. To the extent provided by the Committee, a holder may elect to have any distribution otherwise required to be made under the Plan to be withheld or to surrender to the Company shares of Common Stock already owned by the holder to fulfill any tax withholding obligation.

12. No Continued Employment

The Plan does not constitute a contract of employment or continued service, and does not otherwise alter or limit the Company's rights in respect of modifying or terminated such employment or service. Participation in the Plan will not give any holder the right to be retained in the employ of the Company or the right to continue as a director of the Company or any right or

claim to any benefit under the Plan unless such right or claim has specifically accrued under the terms of the Plan or the terms of any award under the Plan.

13. Treatment as a Stockholder

Any grant to a holder of stock options under the Plan shall not create any rights in such holder as a stockholder of the Company until shares of Common Stock have been issued in the name of the holder.

14. Other Agreements

All stock options, and shares of Common Stock issued in respect thereof, will be subject to the Company Agreements.

15. Applicable Laws

The Plan shall be administered in accordance with the laws of the State of Georgia to the extent that such laws are not preempted by the laws of the United States of America.

16. Cost and Expenses

The costs and expenses of administering the Plan shall be borne by the Company and not charged to any award nor to any employee receiving an award.

SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

CITI TRENDS, INC.

Citi Trends, Inc. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, as amended (the "GCL"), DOES HEREBY CERTIFY as follows:

1. The name of the Corporation is Citi Trends, Inc. The Corporation was originally incorporated under the name "Allied Fashion, Inc." and filed its original Certificate of Incorporation with the Secretary of State of the State of Delaware on March 3, 1999. The Corporation filed a restatement of its Certificate of Incorporation with the Secretary of State of the State of Delaware on April 12, 1999 and a Certificate of Amendment on June 26, 2001 changing its name from "Allied Fashion, Inc." to "Citi Trends, Inc."

2. In the manner prescribed by Sections 242 and 245 of the GCL, resolutions were duly adopted by the Board of Directors and the stockholders of the Corporation, respectively, duly adopting this Second Amended and Restated Certificate of Incorporation and amending and restating the Amended and Restated Certificate of Incorporation of the Corporation as herein provided.

3. The text of the Second Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") shall read in its entirety as follows:

FIRST: The name of the corporation is Citi Trends, Inc. (the "Corporation").

SECOND: The address of the Corporation's registered office in the State of Delaware is c/o The Corporation Trust Company, 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The nature or purpose of the business to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as amended (the "GCL").

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is 20,005,000 shares, consisting of:

(i) 20,000,000 shares of common stock, par value \$0.01 per share (the "Common Stock"); and

(ii) 5,000 shares of preferred stock, par value \$0.01 per share (the "Preferred Stock").

A statement of the powers, designations, preferences, and relative participating, optional or other special rights and the qualifications, limitations and restrictions of the Common Stock and the Preferred Stock is as follows.

1. Common Stock.

(a) Dividends. Dividends may be declared and paid on the Common Stock from funds lawfully available therefor as, if and when, determined by the Board of Directors and subject to any preferential dividend rights of any then outstanding shares of Preferred Stock.

(b) Liquidation Rights. In the event of a voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, the holders of shares of Common Stock shall be entitled, after payment or provision for payment of the debts and other liabilities of the Corporation, to share in the distribution of any remaining assets available for distribution to its stockholders ratably, subject to any preferential rights of any then outstanding Preferred Stock.

(c) Voting Rights. The holders of Common Stock shall be entitled to one vote per share in voting or consenting to the election

of directors and for all other matters presented to the stockholders of the Corporation for their action or consideration. Cumulative voting for the election of directors is not permissible. Except as otherwise required by law, the holders of the Common Stock shall vote together as a single class on all matters submitted to the stockholders of the Corporation.

2. Preferred Stock. The Board of Directors is authorized, subject to limitations prescribed by law, to provide for the issuance of the Preferred Stock in one or more series, and by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof, as shall be stated in the resolutions providing for the issuance of such series adopted by the Board of Directors.

The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, determination of the following:

(a) the number of shares constituting that series and the distinctive designation of that series;

(b) the rate of dividend, and whether (and if so, on what terms and conditions) dividends shall be cumulative (and if so, the terms and conditions of such dividend policy and whether unpaid dividends shall compound or accrue interest) or shall be payable in preference or in any other relation to the dividends payable on any other class or classes of stock or any other series of the Preferred Stock;

(c) whether that series shall have voting rights in addition to the voting rights provided by law and, if so, the terms and extent of such voting rights;

(d) whether the shares must or may be redeemed and, if so, the terms and conditions of such redemption (including, without limitation, the dates upon or after which they must or may be redeemed and the price or prices at which they must or may be redeemed, which price or prices may vary under different circumstances or at different redemption dates);

(e) whether the shares shall be issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange (including without limitation the price or prices or the rate or rates of conversion or exchange or any terms for adjustment thereof);

(f) the amounts, if any, payable upon the shares in the event of voluntary liquidation, dissolution or winding up of the Corporation in preference of shares of any other class or series and whether the shares shall be entitled to participate generally in distributions on the Common Stock under such circumstances;

(g) the amounts, if any, payable upon the shares in the event of involuntary liquidation, dissolution or winding up of the Corporation in preference of shares of any other class or series and whether the shares shall be entitled to participate generally in distributions in the Common Stock under such circumstances;

(h) sinking fund provisions, if any, for the redemption or purchase of the shares (the term "sinking fund" being understood to include any similar fund, however designated) and, if so, the terms and amount of such sinking fund; and

(i) any other relative rights, preferences, limitations and powers of that series.

3. No Preemptive Rights. Except as expressly set forth in this Certificate of Incorporation, any certificate of designation, any resolution or resolutions providing for the issuance of a series of stock adopted by the Board of Directors, or any agreement between the Corporation and its stockholders, the holders of Common Stock or any series of Preferred Stock shall have no preemptive right to subscribe to an additional issue of any shares of any class of capital stock of the Corporation or any security convertible into such stock whether now or hereafter authorized.

FIFTH:

1. Limits on Director Liability. Directors of the Corporation shall have no personal liability to the Corporation or its stockholders for monetary damages for breach of a fiduciary duty as a director; provided that nothing contained in this Article FIFTH shall eliminate or limit the liability of a director (i) for any breach of a director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the GCL or (iv) for any transaction from which a director derived an improper personal benefit. If the GCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then by virtue of this Article FIFTH the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the GCL, as so amended.

2. Indemnification.

(a) The Corporation shall indemnify and hold harmless, in accordance with the By-Laws of the Corporation and to the fullest extent permitted from time to time by the GCL or any other applicable laws as presently or hereafter in effect, any person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including, without limitation, an action by or in the right of the Corporation, by reason of the fact that he or she or a person of whom he or she is the legal representative is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer or trustee of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan, whether the basis of such proceeding is alleged action in an official capacity as a director, officer or trustee or in any other capacity while serving as a director, officer or trustee, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith; provided, however, the Corporation shall be required to indemnify such person in connection with an action, suit or proceeding (or part thereof) initiated by such person only if such action, suit or proceeding (or part thereof) was authorized by the Board of Directors. Furthermore, the Corporation may only indemnify such person if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding had no reasonable cause to believe that his or her conduct was unlawful; except that in the case of an action or suit by or in the name of the Corporation to procure a judgment in its favor (a) such indemnification shall be limited to expenses (including attorneys' fees) actually and reasonably incurred by such person in the defense or settlement of such action or suit; and (b) no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper. Such indemnification is not exclusive of any other right to indemnification provided by law or otherwise. The right to indemnification conferred by this Section 2 of this Article FIFTH shall be deemed to be a contract between the Corporation and each person referred to herein.

(b) If a claim under subdivision (a) of this Section 2 of this Article FIFTH is not paid in full by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where any undertaking required by subdivision (c) of this Section 2 of this Article FIFTH has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the GCL and subdivision (a) of this Section 2 of this Article

FIFTH for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation.

(c) Indemnification shall include payment by the Corporation of expenses in defending an action or proceeding in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of the person indemnified to repay such payment if it is ultimately determined that such person is not entitled to indemnification under this Article FIFTH, which undertaking may be accepted without reference to the financial ability of such person to make such repayment.

3. Insurance. The Corporation shall have the power (but not the obligation) to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss incurred by such person in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under this Article FIFTH or the GCL.

4. Other Rights. The rights and authority conferred in this Article FIFTH shall not be deemed exclusive of any other right which any person may otherwise have or hereafter acquire under any statute, provision of this Certificate of Incorporation, By-Laws of the Corporation, agreement, contract, vote of stockholders or disinterested directors or otherwise.

5. Additional Indemnification. The Corporation may, by action of its Board of Directors, provide additional indemnification to such of the directors, officers, employees and agents of the Corporation to such extent and to such effect as the Board of Directors shall determine to be appropriate and authorized by the GCL. 6. Effect of Amendments. Neither the amendment, change, alteration or repeal of this Article FIFTH, nor the adoption of any provision of this Certificate of Incorporation or the By-Laws of the Corporation, nor, to the fullest extent permitted by the GCL, any modification of law, shall eliminate or reduce the effect of this Article FIFTH or the rights or any protection afforded under this Article FIFTH in respect of any acts or omissions occurring prior to such amendment, repeal, adoption or modification.

SIXTH: At all meetings of stockholders, each stockholder shall be entitled to vote, in person or by proxy, the shares of voting stock owned by such stockholders of record on the record date for the meeting. When a quorum is present or represented at any meeting, the vote of the holders of a majority in interest of the stockholders present in person or by proxy at such meeting and entitled to vote thereon shall decide any question, matter or proposal brought before such meeting unless the question is one upon which, by express provision of law, this Certificate of Incorporation or the By-Laws of the Corporation applicable thereto, a different vote is required, in which case such express provision shall govern and control the decision of such question.

SEVENTH:

1. Number of Directors. The number of directors of the Corporation shall be fixed from time to time by the vote of a majority of the entire Board of Directors, but such number shall

in no case be less than five (5) nor more than nine (9). Any such determination made by the Board of Directors shall continue in effect unless and until changed by the Board of Directors, but no such changes shall affect the term of any directors then in office.

2. Classification of the Board of Directors. The Board of Directors shall be divided into three classes, designated Classes I, II and III, which shall be as nearly equal in number of directors per Class as possible.

3. Term of Office; Vacancies.

- (i) Directors of Class I shall be elected to hold office for an initial term expiring at the first annual meeting of stockholders held after the date and time at which this Certificate of Incorporation of the Corporation shall become effective in accordance with Section 103(d) of the GCL (the "Effective Time").
- (ii) Directors of Class II shall be elected to hold office for an initial term expiring at the second annual meeting of stockholders held after the Effective Time.
- (iii) Directors of Class III shall be elected to hold office for an initial term expiring at the third annual meeting of stockholders held after the Effective Time.
- (iv) At each annual meeting of stockholders, the respective successors of the directors whose terms are expiring shall be elected for terms expiring at the annual meeting of stockholders held in the third succeeding year.
- (v) Vacancies in the Board of Directors and newly-created directorships resulting from any increase in the authorized number of directors may be filled as provided in the By-Laws of the Corporation.

4. Removal. Subject to the By-Laws of the Corporation, a director may only be removed for cause upon the affirmative vote of the holders of a majority of the votes which could be cast by the holders of all outstanding shares of capital stock entitled to vote for the election of directors, voting together as a class, given at a duly called annual or special meeting of stockholders.

5. Nominations. Advance notice of nominations by stockholders for the election of directors, and of stockholder proposals regarding action to be taken at any meeting of stockholders, shall be given in the manner and to the extent provided in the By-Laws of the Corporation.

EIGHTH: For the management of the business and for the conduct of the affairs of the Corporation, and in further definition, limitation and regulation of the powers of the Corporation and of its directors and of its stockholders or any class thereof, as the case may be, it is further provided:

- (1) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

- (2) The Board of Directors shall be authorized to adopt, amend and repeal the By-Laws of the Corporation, without a stockholder vote, in any manner not inconsistent with the laws of the State of Delaware, this Certificate of Incorporation and the By-Laws of the Corporation as from time to time in effect, subject to the power of the stockholders entitled to vote to adopt, amend, alter, change, add to or repeal By-Laws made by the Board of Directors as provided below in Section 3 of this ARTICLE EIGHTH.
- (3) Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the amendment, alteration or repeal of the provisions of ARTICLES SEVENTH and NINTH and this ARTICLE EIGHTH shall require the affirmative vote of the holders of two-thirds (2/3) or more of the combined voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a class.
- (4) In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the GCL, this Certificate of Incorporation, and any By-Laws adopted by the stockholders; provided, however, that no By-Laws hereafter adopted by the stockholders shall invalidate any prior act of the directors which would have been valid if such By-Laws had not been adopted.

NINTH:

1. Stockholder Meetings; Keeping of Books and Records. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Meetings of stockholders may be held within or outside the State of Delaware as the By-Laws of the Corporation may provide. The books of the Corporation may be kept (subject to any provision contained in the GCL) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation.

2. Special Stockholders Meetings. Except as otherwise required by law, special meetings of stockholders of the Corporation may be called only by:

- (i) the Chairman of the Board of Directors of the Corporation;
- (ii) the Board of Directors pursuant to a resolution approved by the Board of Directors; or
- (iii) the Board of Directors upon a request by holders of at least 50% in voting power of all outstanding shares entitled to vote at such meeting.

3. No Written Ballot. Elections of directors need not be by written ballot unless the By-Laws of the Corporation shall so provide.

4. Quorum at Stockholder Meetings. The holders of one-third in voting power of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except that the holders of a majority in voting power of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be required to constitute a quorum for:

- (i) a vote for any director in a contested election;
- (ii) the removal of a director; or
- (iii) the filling of a vacancy on the Board of Directors by the stockholders of the Corporation.

TENTH: The Corporation reserves the right to repeal, alter, change or amend any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by statute and all rights conferred upon stockholders herein are granted subject to this reservation. No repeal, alteration or amendment of this Certificate of Incorporation shall be made unless the same is first approved by the Board of Directors of the Corporation pursuant to a resolution adopted by the directors then in office in accordance with the By-Laws of the Corporation and applicable law and thereafter approved by the stockholders.

ELEVENTH: The Corporation is subject to Section 203 of the GCL.

IN WITNESS WHEREOF, the undersigned has executed this Second Amended and Restated Certificate of Incorporation this 11th day of May, 2005, and hereby acknowledges that this Second Amended and Restated Certificate of Incorporation is the act and deed of the Corporation and that the facts stated herein are true.

CITI TRENDS, INC.

By /s/ R. Edward Anderson

Name: R. Edward Anderson

Title: Chief Executive Officer

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AMENDED AND RESTATED BY-LAWS
OF
CITI TRENDS, INC.

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AMENDED AND RESTATED BY-LAWS

OF

CITI TRENDS, INC.

PREAMBLE

These Amended and Restated By-Laws, as the same may be amended and restated from time to time (the "By-Laws"), are subject to, and governed by, the General Corporation Law of the State of Delaware (the "GCL") and the second amended and restated certificate of incorporation, as the same may be amended and restated from time to time, of Citi Trends, Inc., a Delaware corporation (the "Corporation") then in effect (the "Certificate"). In the event of a direct conflict between the provisions of these By-Laws and the mandatory provisions of the GCL or the provisions of the Certificate, such provisions of the GCL or the Certificate, as the case may be, will be controlling.

I.

OFFICES

The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware and the name and address of its registered agent is c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

II.

STOCKHOLDERS

Section 2.1. Annual Meetings. The annual meeting of the stockholders of the Corporation for the purpose of electing directors and for the transaction of such other business as may properly be brought before such meeting shall be held on such date, and at such time and place within or without the State of Delaware, as may be designated from time to time by resolution of the Board of Directors and set forth in the notice or waiver of notice of the meeting.

Section 2.2 Time and Place of Special Meetings. Unless otherwise prescribed by law or by the Certificate, special meetings of stockholders of the Corporation may be called only by (a) the Chairman of the Board of Directors of the Corporation; (b) the Board of Directors pursuant to a resolution approved by the Board of Directors; or (c) the Board of Directors upon a request by the holders of at least fifty percent (50%) in voting power of all outstanding shares of capital stock of the Corporation entitled to vote at such meeting. Such request shall state the purpose of the proposed meeting.

All special meetings of the stockholders shall be held at such place, within or without the State of Delaware, as shall be designated by the Board of Directors. In the absence of any such designation by the Board of Directors, each such meeting shall be held at the principal office of the Corporation.

Section 2.3 Notice of Meetings. The Secretary or any Assistant Secretary shall cause written notice of the place, if any, date and hour of each meeting of the stockholders and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting and, in the case of a special meeting, the purpose or purposes for which such meeting is called, to be given in the manner set forth in the next paragraph, not less than ten (10) nor more than sixty (60) calendar days prior to the meeting, to each stockholder of record entitled to vote at such meeting. If a stockholder meeting is to be held via electronic communications and stockholders will take action at such meeting, the notice of such meeting must: (a) specify the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present and vote at such meeting; and (b) provide the information required to access the stockholder list.

Notices are deemed given (i) if by mail, when deposited in the United States mail, postage prepaid, directed to the stockholder at his or her address as it appears on the record of stockholders of the Corporation, or, if he or she shall have filed with the Secretary of the Corporation a written request that notices to him or her be mailed to some other address, then directed to him or her at such other address; (ii) if by facsimile, when faxed to a number where the stockholder has consented to receive notice; (iii) if by electronic mail, when mailed electronically to an electronic mail address at which the stockholder consented to receive such notice; (iv) if by posting on an electronic network (such as a website or chatroom) together with a separate notice to the stockholder of such specific posting, upon the later to occur of (A) such posting or (B) the giving of the separate notice of such posting; or (v) if by any other form of electronic communication, when directed to the stockholder in the manner consented to by the stockholder.

For notice given by electronic transmission to a stockholder to be effective, such stockholder must consent to the Corporation's giving notice by that particular form of electronic transmission. A stockholder may revoke consent to receive notice by electronic transmission by written notice to the Corporation. A stockholder's consent to notice by electronic transmission is automatically revoked if the Corporation is unable to deliver two consecutive electronic transmission notices and such inability becomes known to the Secretary, Assistant Secretary, the transfer agent or other person responsible for giving notice.

A written waiver of any such notice signed by the person entitled thereto, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of an individual at a meeting in person or by proxy shall constitute a waiver of notice of such meeting, except when the person attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice. Neither the business to be transacted at, nor the purpose of, an annual or special meeting of stockholders need be specified in any written waiver of notice.

Section 2.4 Organization; Procedure. The Chairman, or in the Chairman's absence or at the Chairman's direction, any officer of the Corporation shall call all meetings of the stockholders to order and shall act as chairman of such meeting. The Secretary of the Corporation or, in such officer's absence, an Assistant Secretary shall act as secretary of the meeting. If neither the Secretary nor an Assistant Secretary is present, the chairman of the meeting shall appoint a secretary of the meeting. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the person presiding over any meeting of stockholders shall have the right and authority to convene and to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding person of the meeting, may include, without limitation, the following: (a) the establishment of an agenda or order of business for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present; (c) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (e) limitations on the time allotted to questions or comments by participants. The presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board of Directors or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.5 Quorum. Except as otherwise provided by law, by the Certificate or these By-Laws, the holders of one-third (1/3) in voting power of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except that the holders of a majority in voting power of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be required to constitute a quorum for (a) a vote for any director in a contested election; (b) the removal of a director; or (c) the filling of a vacancy on the Board of Directors if the filling of such vacancy is submitted to a vote of the stockholders. If a quorum is not present at any meeting of the stockholders, the presiding officer shall have the power to adjourn any such meeting from time to time until a quorum is present. Notice of any adjourned meeting of the stockholders of the Corporation need not be given if the place, if any, date and hour thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, are announced at the meeting at which the adjournment is taken; provided, however, that if the adjournment is for more than thirty (30) calendar days, or if after the adjournment a new record date for the adjourned meeting is fixed pursuant to Section 2.6 of these By-Laws, a notice of the adjourned meeting, conforming to the requirements of Section 2.3 of these By-Laws, shall be given to each stockholder of record entitled

to vote at such meeting. At any adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted on the original date of the meeting.

Section 2.6 Record Date. In order that the Corporation may determine the stockholders (a) entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof; (b) entitled to receive payment of any dividend or other distribution or allotment of any rights; or (c) entitled to exercise any rights in respect of any change, conversion or exchange of capital stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date (i) in the case of clause (a) above, shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) calendar days before the date of such meeting; and (ii) in the case of clause (b) above, shall not be more than sixty (60) calendar days prior to such action. If for any reason the Board of Directors shall not have fixed a record date for any such purpose, the record date for such purpose shall be determined as provided by law. A determination of the stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 2.7 Proxies. At all meetings of stockholders, any stockholder entitled to vote thereat shall be entitled to vote in person or by proxy, but no proxy shall be voted or acted upon after three years from its date, unless such proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy pursuant to the GCL, the following shall constitute a valid means by which a stockholder may grant such authority: (a) a stockholder may execute a written instrument authorizing another person or persons to act for such stockholder as proxy, and execution of the written instrument may be accomplished by the stockholder or the stockholder's authorized officer, director, employee, trustee or agent signing such writing or causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature; or (b) a stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or electronic transmission was authorized by the stockholder. If it is determined that such telegrams, cablegrams or other electronic transmissions are valid, the inspectors, or if there are no inspectors, such other persons making that determination shall specify the information upon which they relied.

Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to the preceding paragraph of this Section 2.7 may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Proxies shall be filed with the Secretary of the meeting prior to or at the commencement of the meeting to which they relate. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A

stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the Secretary.

Section 2.8 Voting. Unless otherwise required by law, the Certificate or these By-Laws, any question brought before any meeting of stockholders shall be decided by a majority of votes cast by holders of the Common Stock represented and entitled to vote thereon, with each such holder having the number of votes per share and voting as a member of such classes of stockholders as may be provided in the Certificate, unless the question is one upon which, by express provision of law or of the Certificate, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 2.9 Voting by Ballot. No vote of the stockholders need be taken by written ballot, or by a ballot submitted by electronic transmission, or conducted by inspectors of elections unless otherwise required by law. Any vote not required to be taken by ballot or by ballot submitted by electronic transmission may be conducted in any manner approved by the presiding officer at the meeting at which such vote is taken.

Section 2.10 Inspector of Elections. The Corporation may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (a) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share; (b) determine the shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots; (c) specify the information relied upon to determine the validity of electronic transmissions in accordance with Section 2.7 hereof; (d) count all votes and ballots; (e) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; and (f) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. No person who is a candidate for an office at an election may serve as an inspector at such election.

When determining the shares of capital stock represented and the validity of proxies and ballots, the inspector shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in accordance with Section 2.7 of these By-Laws, ballots and the regular books and records of the Corporation. The inspector may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers or their nominees or a similar person which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspector considers other reliable information as outlined in this section, the inspector, at the time of his or her certification pursuant to provision (f) of this Section 2.10 shall specify the precise information considered, the person or persons from whom the information was obtained,

when this information was obtained, the means by which the information was obtained, and the basis for the inspector's belief that such information is accurate and reliable.

Section 2.11 No Stockholder Action by Written Consent. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of the stockholders of the Corporation, and the ability of the stockholders to consent in writing to the taking of any action is specifically denied.

Section 2.12 List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number and class of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

Section 2.13 Notice of Stockholder Business and Nominations.

(a) Annual Meetings of Stockholders.

(i) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders at an annual meeting of stockholders may be made only (A) by or at the direction of the Board of Directors or the Chief Executive Officer; (B) by any stockholder of the Corporation who is entitled to vote at the meeting, who complies with the applicable requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder, and the notice procedures set forth in clause (ii) of this Section 2.13(a) and who was a stockholder of record at the time such notice is delivered to the Secretary of the Corporation; or (C) pursuant to the Corporation's notice of meeting (or any supplement thereto).

(ii) For nominations or other business to be properly brought before an annual meeting by a stockholder, pursuant to clause (B) of paragraph (a)(i) of this Section 2.13, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and any such other business other than nominations of persons for election to the Board of Directors must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered or mailed to the Secretary at the principal executive offices of the Corporation and received not less than ninety (90) calendar days, nor more than one hundred twenty (120) calendar days prior to the first anniversary of the previous year's annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the date of the annual meeting was changed by more than thirty (30) calendar days from the anniversary date of the previous year's annual meeting, notice by the stockholder must be so received not less than ninety (90) calendar days nor more than one hundred twenty (120) calendar days prior to such annual meeting or ten (10) calendar days following the date on which public announcement of the date of the meeting is first made by the Corporation or notice of such meeting is given. In no event shall an adjournment or

postponement of an annual meeting (or the public announcement thereof) commence a new time period (or extend any time period) for the giving of stockholder's notice as described above. Such stockholder's notice shall set forth (A) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act, and Rule 14a-11 thereunder, including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting (including the text of any resolutions proposed for consideration), the reasons for conducting such business at the meeting and, in the event that such business includes a proposal to amend either the Certificate or the By-Laws of the Corporation, the language of the proposed amendment; (C) any material interest in such business of such stockholder and of any beneficial owner on whose behalf the proposal is made and, in the case of nominations, a description of all arrangements or understandings between the stockholder and each nominee and any other persons (naming them) pursuant to which the nominations are to be made by the stockholder; (D) a representation that the stockholder is a holder of record of capital stock of the Corporation entitled to vote at such meeting and intends to appear in person or by a qualified representative at the meeting to propose such business; (E) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (1) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (2) otherwise to solicit proxies from stockholders in support of such proposal or nomination; and (F) as to the stockholder giving the notice and any beneficial owner on whose behalf the nomination or proposal is made, (1) the name and address of such stockholder, as it appears on the Corporation's books, and of such beneficial owner and (2) the class and number of shares of capital stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner. If such stockholder does not appear or send a qualified representative to present such proposal at such annual meeting, the Corporation need not present such proposal for a vote at such meeting, notwithstanding that proxies in respect of such vote may have been received by the Corporation. The presiding officer of any annual meeting of stockholders shall refuse to permit any business proposed by a stockholder to be brought before such annual meeting without compliance with the foregoing procedures or if the stockholder solicits proxies in support of such stockholder's proposal without such stockholder having made the representation required by clause (E) above. The foregoing notice requirements shall be deemed satisfied by a stockholder if the stockholder has notified the Corporation of his or her intention to present a proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

(iii) Notwithstanding anything in the second sentence of paragraph (a)(ii) of this Section 2.13 to the contrary, in the event that the number of directors to be elected to the Board of Directors at an annual meeting is increased and there is no public announcement by the Corporation naming the nominees for the additional directorships at least one hundred (100) calendar days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this

Section 2.13 shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings of Stockholders.

(i) Only such business as shall have been brought before the special meeting of the stockholders pursuant to the Corporation's notice of meeting pursuant to Section 2.2 of these By-Laws shall be conducted at such meeting.

(ii) In the event that directors are to be elected at a special meeting of stockholders pursuant to the Corporation's notice of meeting, nominations of persons for election to the Board of Directors may be made at such special meeting of stockholders (A) by or at the direction of the Board of Directors; or (B) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is entitled to vote at the meeting, who complies with the notice procedures set forth in this Section 2.13 and who is a stockholder of record at the time such notice is delivered to the Secretary of the Corporation. Nominations by stockholders of persons for election to the Board of Directors may be made at such special meeting of stockholders if the stockholder's notice as required by paragraph (a)(ii) of this Section 2.13 shall be delivered to the Secretary at the principal executive offices of the Corporation not more than one hundred twenty (120) calendar days prior to such special meeting and not less than ninety (90) calendar days prior to such special meeting or ten (10) calendar days following the date on which a public announcement of the date of the special meeting and of the nominees to be elected at such meeting is first made or notice of such meeting is given. In no event shall the adjournment or postponement of a special meeting (or the public announcement thereof) commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) General.

(i) Only persons who are nominated in accordance with the procedures set forth in this Section 2.13 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.13. Except as otherwise provided by law, the Certificate or these By-Laws, the presiding officer of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed in accordance with the procedures set forth in this Section 2.13 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's representation as required by clause (a)(ii)(E) of this Section 2.13) and, if any proposed nomination or business is not in compliance with this Section 2.13, to declare that such defective proposal or nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 2.13, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation.

(ii) For purposes of this Section 2.13, "public announcement" shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14, or 15(d) of the Exchange Act.

(iii) For purposes of this Section 2.13, no adjournment nor notice of adjournment of any meeting shall be deemed to constitute a new notice of such meeting for purposes of this Section 2.13 and in order for any notification required to be delivered by a stockholder pursuant to this Section 2.13 to be timely, such notification must be delivered within the periods set forth above with respect to the originally scheduled meeting.

(iv) Notwithstanding the foregoing provisions of this Section 2.13, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.13. Nothing in this Section 2.13 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 2.14 Opening and Closing of Polls. The date and time for the opening and the closing of the polls for the matters to be voted upon at a stockholder meeting shall be announced at the meeting. The inspector of the election shall be prohibited from accepting any ballots, proxies or votes or any revocations thereof or changes thereto after the closing of the polls, unless the Court of Chancery upon application by a stockholder shall determine otherwise.

Section 2.15 Confidential Voting.

(a) Proxies and ballots that identify the votes of specific stockholders shall be kept in confidence by the inspectors of election unless: (i) there is an opposing solicitation with respect to the election or removal of directors; (ii) disclosure is required by applicable law; (iii) a stockholder expressly requests or otherwise authorizes disclosure in relation to such stockholder's vote; or (iv) the Corporation concludes in good faith that a bona fide dispute exists as to the authenticity of one or more proxies, ballots or votes, or as to the accuracy of any tabulation of such proxies, ballots or votes.

(b) The inspectors of election and any authorized agents or other persons engaged in the receipt, count and tabulation of proxies and ballots shall be advised of this Section 2.15 and instructed to comply herewith.

(c) The inspectors of election shall certify, to the best of their knowledge based on due inquiry, that proxies and ballots have been kept in confidence as required by this Section 2.15.

III.

DIRECTORS

Section 3.1 General Powers. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors, which may exercise all the powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate or by these By-Laws directed or required to be exercised or done by the stockholders.

Section 3.2 Number and Election of Directors. The number of directors of the Corporation shall be fixed from time to time by resolution of the Board of Directors adopted by the vote of a majority of the entire Board of Directors, but such number shall in no case be less than five (5) nor more than nine (9). The majority of the directors will be "independent" under the rules of the Nasdaq National Market (the "Nasdaq") subject to the phase in rules for companies listing on the Nasdaq in connection with an initial public offering and the controlled company exception under the Nasdaq rules. Except as provided in Section 3.3 of this Article, directors shall be elected by a plurality of the votes cast at Annual Meetings of Stockholders. Any director may resign at any time by submitting an electronic transmission or by delivering a written notice of resignation, signed by such director, to the Chairman or the Secretary. Unless otherwise specified therein, such resignation shall take effect upon delivery. Directors need not be stockholders.

Section 3.3 Classified Board; Election of Directors. The Board of Directors shall be divided into three classes, designated Classes I, II and III, which shall be as nearly equal in number as possible. Directors of Class I shall hold office for an initial term expiring at the first annual meeting of stockholders to be held after the date hereof. Directors of Class II shall hold office for an initial term expiring at the second annual meeting of stockholders to be held after the date hereof. Directors of Class III shall hold office for an initial term of office expiring at the third annual meeting of stockholders to be held after the date hereof. Except as otherwise provided in Section 3.4 of these By-Laws, at each annual meeting of stockholders of the Corporation, the respective successors of the directors whose terms are expiring shall be elected for terms expiring at the annual meeting of stockholders held in the third succeeding year.

Section 3.4 Additional Directorships. Newly created directorships or vacancies on the Board of Directors shall be filled by a majority of the directors then in office, regardless of whether such directors fulfill quorum requirements, or by a sole remaining director; and the newly created directorships shall be distributed among the three classes of directors so that, as nearly as possible, each class will consist of one-third (1/3) of the Corporation's directors. Any director elected to fill any vacancy on the Board of Directors not resulting from an increase in the number of directors shall be of the same class as that of the director whose death, resignation, removal or other event caused the vacancy and shall have the same remaining term as that of his predecessor. A director elected to fill a vacancy or a newly created directorship shall hold office until such director's successor has been elected and qualified or until such director's earlier death, resignation or removal. Any vacancy or newly created directorship may also be filled by the vote of the holders of a majority in voting power of the capital stock issued and outstanding and entitled to vote. Directors may be removed only for cause, and only by the affirmative vote of at least a majority in voting power of all outstanding capital stock of the Corporation entitled to vote generally in the election of directors, voting as a single class.

Section 3.5 Place of Meetings. The Board of Directors may hold meetings, both regular and special, either within or without the State of Delaware.

Section 3.6 Annual and Regular Meetings. The annual meeting of the Board of Directors for the purpose of electing officers and for the transaction of such other business as may come before the meeting shall be held as soon as practicable following adjournment of the annual meeting of the stockholders. Notice of such annual meeting of the Board of Directors need not be given. The Board of Directors from time to time may by resolution provide for the holding of regular meetings and fix the place (which may be within or without the State of Delaware) and the date and

hour of such meetings. Notice of regular meetings need not be given; provided, however, that if the Board of Directors shall fix or change the time or place of any regular meeting, notice of such action shall be mailed promptly, or sent by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail or other electronic means, to each director who shall not have been present at the meeting at which such action was taken, addressed or transmitted to him or her at his or her usual place of business, or shall be delivered or transmitted to him or her personally. Notice of such action need not be given to any director who attends the first regular meeting after such action is taken without protesting the lack of notice to him or her, prior to or at the commencement of such meeting, or to any director who submits a signed waiver of notice, whether before or after such meeting.

Section 3.7 Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the Chairman, any director or the Chief Executive Officer (or, in the event of the Chief Executive Officer's absence or disability, by any other officer) at such place (within or without the State of Delaware), date and hour as may be specified in the respective notices or waivers of notice of such meetings. Special meetings of the Board of Directors may be called on twenty-four (24) hours' notice, if notice is given to each director personally or by telephone, including a voice messaging system, or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail or other electronic means, or on five (5) calendar days' notice, if notice is mailed to each director, addressed or transmitted to him or her at such director's usual place of business or other designated location. Notice of any special meeting shall be deemed to have been waived by any director who attends such meeting without protesting the lack of notice to him or her, prior to or at the commencement of such meeting, or to any director who submits a signed waiver of notice, whether before or after such meeting, and any business may be transacted thereat.

Section 3.8 Executive Session. The independent members of the Board of Directors shall meet regularly in executive sessions at such place (within or without the State of Delaware), date and hour as may be specified in the respective notices or waivers of notice of such sessions. Executive sessions of the Board of Directors may be called on twenty-four (24) hours' notice, if notice is given to each independent director personally or by telephone, including a voice messaging system, or other system or technology designed to record and communicate messages, telegraph, facsimile, electronic mail or other electronic means, or on five (5) calendar days' notice, if notice is mailed to each independent director, addressed or transmitted to him or her at such independent director's usual place of business or other designated location. Notice of any executive session shall be deemed to have been waived by any independent director who attends such meeting without protesting the lack of notice to him or her, prior to or at the commencement of such meeting, or to any independent director who submits a signed waiver of notice, whether before or after such meeting, and any business may be transacted thereat.

Section 3.9 Quorum. Except as may be otherwise specifically provided by law, the Certificate or these By-Laws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors.

Section 3.10 Adjournment. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting of the Board of Directors to another time or place. No notice

need be given of any adjourned meeting unless the time and place of the adjourned meeting are not announced at the time of adjournment, in which case notice conforming to the requirements of Section 3.7 of these By-Laws shall be given to each director.

Section 3.11 Action without Meeting. Unless otherwise restricted by the Certificate or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 3.12 Regulations; Manner of Acting. To the extent consistent with applicable law, the Certificate and these By-Laws, the Board of Directors may adopt such rules and regulations for the conduct of meetings of the Board of Directors and for the management of the property, affairs and business of the Corporation as the Board of Directors may deem appropriate. The directors shall act only as a Board, and the individual directors shall have no power to act on behalf of the Board.

Section 3.13 Attendance by Telephone. Unless otherwise restricted by the Certificate or these By-Laws, members of the Board of Directors, or of any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 3.14 Removal. Any director may be removed at any time, but only for cause, upon the affirmative vote of the holders of a majority of the votes which could be cast by the holders of all outstanding shares of capital stock entitled to vote for the election of directors, voting together as a class, given at a duly called annual or special meeting of stockholders.

Section 3.15 Compensation of Directors. The amount, if any, which each director shall be entitled to receive as compensation for his or her services as such shall be fixed from time to time by resolution of the Board of Directors.

Section 3.16 Reliance on Accounts and Reports, etc. A director, or a member of any committee designated by the Board of Directors, shall, in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Corporation and upon information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees designated by the Board of Directors, or by any other person as to the matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

IV.

BOARD COMMITTEES

Section 4.1 How Constituted. The Board of Directors may designate one or more Committees, including, but not limited to, an Audit Committee, a Compensation Committee and a Corporate Governance Committee, each such Committee to consist of such number of directors as

from time to time may be fixed by the Board of Directors. The Board of Directors may designate one or more directors as alternate members of any such Committee, who may replace any absent or disqualified member or members at any meeting of such Committee. Thereafter, members of each such Committee may be designated from time to time by the Board of Directors. Any such Committee may be abolished or re-designated from time to time by the Board of Directors. Each member (and each alternate member) of any such Committee (whether designated at an annual meeting of the Board of Directors or to fill a vacancy or otherwise) shall hold office until his or her successor shall have been designated or until he or she shall cease to be a director, or until his or her earlier death, resignation or removal.

Section 4.2 Powers.

(a) Audit Committee. The Audit Committee, except as otherwise may be provided in any resolution of the Board of Directors or as may be required by applicable law, shall have and may exercise the authority of the Board of Directors to, among other things:

(i) have direct responsibility for the selection, compensation, retention, replacement and oversight of the work of the Corporation's independent auditors, including prescribing what services are allowable and approve in advance all services provided by the auditors;

(ii) set clear hiring policies for employees or former employees of the independent auditors;

(iii) review all proposed corporation hires formerly employed by the independent auditors;

(iv) have direct responsibility for ensuring its receipt from the independent auditors at least annually of a formal written statement delineating all relationships between the auditor and the Corporation, consistent with Independence Standards Board Standard No. 1;

(v) discuss with the independent directors any disclosed relationships or services that may impact the objectivity and independence of the auditor and for taking, or recommending that the full Board of Directors take, appropriate action to oversee the independence of the independent auditor;

(vi) discuss with the internal auditors and the independent auditors the overall scope and plans for their respective audits including the adequacy of staffing, compensation and resources;

(vii) review, at least annually, the results and scope of the audit and other services provided by the Corporation's independent auditors and discuss any audit problems or difficulties and management's response;

(viii) review the Corporation's annual audited financial statement and quarterly financial statements and discuss the statements with management and the independent auditors;

(ix) review and discuss with management, the internal auditors and the independent auditors the adequacy and effectiveness of the Corporation's internal controls,

including the Corporation's ability to monitor and manage business risk, legal and ethical compliance programs and financial reporting;

(x) review and discuss separately with the internal auditors and the independent auditors, with and without management present, the results of their examinations;

(xi) review the Corporation's compliance with legal and regulatory independence;

(xii) review and discuss the Corporation's interim financial statements and the earnings press releases prior to the filing of the Corporation's report on Form 10-Q, as well as financial information and earnings guidance provided to analysts and rating agencies;

(xiii) review and discuss the Corporation's risk assessment and risk management policies;

(xiv) prepare an Audit Committee report required by the Securities and Exchange Commission to be included in the Corporation's annual proxy statement;

(xv) engage independent counsel and other advisors to assist the audit committee in carrying out its duties;

(xvi) review and approve all related party transactions consistent with the rules applied to companies listed on the Nasdaq National Market; and

(xvii) establish procedures regarding complaints received by the Corporation or the Corporation's employees regarding accounting, accounting controls or accounting matters.

(b) Compensation Committee. The Compensation Committee, except as otherwise may be provided in any resolution of the Board of Directors or as may be required by applicable law, shall have and may exercise all the authority of the Board of Directors with respect to compensation, benefits and personnel administration of the employees of the Corporation to, among other things:

(i) review and approve corporate goals and objectives relevant to our Chief Executive Officer's and the other named executive officers' compensation;

(ii) evaluate the Chief Executive Officer's performance in light of these corporate goals and objectives;

(iii) either as a committee, or together with the other independent directors, determine and approve the compensation of the Chief Executive Officer;

(iv) make recommendations to the Corporation's Board of Directors regarding the salaries, incentive compensation plans and equity-based plans for the employees of the Corporation; and

(v) produce a compensation committee report on executive compensation as required by the Securities and Exchange Commission to be included in the Corporation's annual proxy statement or annual

report on Form 10-K filed with the Securities and Exchange Commission.

(c) Corporate Governance Committee. The Corporate Governance Committee, except as otherwise may be provided in any resolution of the Board of Directors or as required by applicable law, shall, among other things:

(i) identify candidates qualified to become board members, consistent with criteria approved by the Board of Directors;

(ii) recommend the candidates to be selected as nominees for the next annual meeting of the stockholders;

(iii) develop and recommend to the Board of Directors a set of corporate governance principles applicable to the Corporation; and

(iv) oversee the evaluation of the Board of Directors and management.

(d) Other Committees. Each other Committee, except as otherwise provided in this section, shall have and may exercise such powers of the Board of Directors as may be provided by resolution or resolutions of the Board of Directors.

Section 4.3 Proceedings. Each Committee may, subject to approval of the Board of Directors, adopt a charter specifying its scope of responsibility and may fix its own rules of procedure and may meet at such place (within or without the State of Delaware), at such time and upon such notice, if any, as it shall determine from time to time. Each Committee shall keep minutes of its proceedings and shall report such proceedings to the Board of Directors at the meeting of the Board of Directors next following any such proceedings.

Section 4.4 Quorum and Manner of Acting. Except as may be otherwise provided in the resolution creating such Committee, at all meetings of any Committee the presence of members (or alternate members) constituting a majority of the total membership of such Committee shall constitute a quorum for the transaction of business. The act of the majority of the members present at any meeting at which a quorum is present shall be the act of such Committee. Any action required or permitted to be taken at any meeting of any such Committee may be taken without a meeting, if all members of such Committee shall consent to such action in writing or by electronic transmission, and such writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of the Committee. The members of any such Committee shall act only as a Committee, and the individual members of such Committee shall have no power as such.

Section 4.5 Action by Telephonic Communications. Members of any Committee designated by the Board of Directors may participate in a meeting of such Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Section 4.6 Resignations. Any member of any Committee may resign at any time by delivering a written notice of resignation, signed by such member, to the Chairman or the Chief

Executive Officer. Unless otherwise specified therein, such resignation shall take effect upon delivery.

Section 4.7 Removal. Any member (and any alternate member) of any Committee may be removed from his or her position as a member of such Committee at any time, either for or without cause, by resolution adopted by a majority of the whole Board of Directors.

Section 4.8 Vacancies. If any vacancy shall occur in any Committee, by reason of death, resignation, removal or otherwise, the remaining members (and alternate members) shall continue to act, and any such vacancy may be filled by resolution adopted by a majority of the whole Board of Directors.

V.

OFFICERS

Section 5.1 Number. The officers of the Corporation shall be elected by the Board of Directors and may include a Chairman, a Chief Executive Officer, a President, one or more Vice Presidents, a Chief Financial Officer, a Secretary and a Treasurer. The Board of Directors may appoint such other officers as it may deem appropriate; provided that officers of the rank of Vice President and below may be appointed by the Compensation Committee. Such other officers shall exercise such powers and perform such duties as may be determined from time to time by the Board of Directors, the Chief Executive Officer or the President. Any number of offices may be held by the same person. No officer, other than the Chairman, need be a director of the Corporation.

Section 5.2 Election. Unless otherwise determined by the Board of Directors, the officers of the Corporation shall be elected by the Board of Directors at the annual meeting of the Board of Directors, and shall be elected to hold office until the next succeeding annual meeting of the Board of Directors. In the event of the failure to elect officers at such meeting, officers may be elected at any regular or special meeting of the Board of Directors. Officers of the rank of Vice President and below may be elected by the Compensation Committee. Each officer shall hold office until such officer's successor has been elected and qualified, or until such officer's earlier death, resignation or removal.

Section 5.3 Powers. Each of the officers of the Corporation elected by the Board of Directors or appointed by an officer in accordance with these By-Laws shall have the powers and duties prescribed by law, by these By-Laws or by the Board of Directors and, in the case of appointed officers, the powers and duties prescribed by the appointing officer, and, unless otherwise prescribed by these By-Laws or by the Board of Directors or such appointing officer, shall have such further powers and duties as ordinarily pertain to that office.

Section 5.4 Salaries. Except as otherwise provided by Section 4.2 hereof, the salaries of all executive officers (as determined by the Board of Directors) of the Corporation shall be fixed by the Board of Directors. The Chief Executive Officer shall fix the salaries of all non-executive officers.

Section 5.5 Removal and Resignation; Vacancies. Any officer may be removed for or without cause at any time by the Board of Directors. Any officer may resign at any time by delivering notice of resignation, either in writing signed by such officer or by electronic transmission,

to the Board of Directors or the Chief Executive Officer. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise, shall be filled by the Board of Directors.

Section 5.6 Chairman of the Board. The Chairman, if any, when elected, shall have general supervision, direction and control of the business and affairs of the Corporation, subject to the control of the Board of Directors, shall preside at meetings of stockholders and shall have such other functions, authority and duties as customarily appertain to the Chairman of a business corporation or as may be prescribed by the Board of Directors. During the absence or disability of the Chief Executive Officer, the Chairman shall exercise all the powers and discharge all the duties of the Chief Executive Officer. The Chairman shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-Laws.

Section 5.7 Chief Executive Officer. The Chief Executive Officer shall have general control and supervision of the policies and operations of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The Chief Executive Officer shall be a U.S. citizen. He or she shall manage and administer the Corporation's business and affairs and shall also perform all duties and exercise all powers usually pertaining to the office of a chief executive officer of a corporation. He or she shall have the authority to sign, in the name and on behalf of the Corporation, checks, orders, contracts, leases, notes, drafts and other documents and instruments in connection with the business of the Corporation and together with the Secretary, or any Assistant Secretary, conveyances of real estate and other documents and instruments to which the seal of the Corporation is affixed. He or she shall have the authority to cause the employment or appointment of such employees and agents of the Corporation as the conduct of the business of the Corporation may require, to fix their compensation, and to remove or suspend any employee or agent elected or appointed by the Chief Executive Officer or the Board of Directors. The Chief Executive Officer shall perform such other duties and have such other powers as the Board of Directors or the Chairman may from time to time prescribe.

Section 5.8 Chief Financial Officer. The Chief Financial Officer shall be the principal financial officer of the Corporation and shall have responsibility for the financial affairs of the Corporation and shall keep or cause to be kept correct records of the business and transactions of the Corporation. The Chief Financial Officer shall perform such other duties and exercise such other powers as are normally incident to the office of chief financial officer and as may be prescribed by the Board of Directors or the Chief Executive Officer from time to time.

Section 5.9 President. The President shall perform such duties and have such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe.

Section 5.10 Absence or Disability of the Chief Executive Officer. In the event of the absence of the Chief Executive Officer or in the event of the Chief Executive Officer's inability to act, the officer, if any, designated by resolution of the Board of Directors (or in the event there is more than one such designated officer, then in the order of designation) shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers and be subject to all the restrictions of the Chief Executive Officer. Any such officer or officers acting in the absence or inability to act of the Chief Executive Officer shall be U.S. citizens.

Section 5.11 Vice President. The Vice Presidents shall have such designations and shall perform such duties and have such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe.

Section 5.12 Secretary. The Secretary shall keep or cause to be kept a record of all the proceedings of the meetings of the stockholders and of the Board of Directors, and shall cause all notices to be duly given in accordance with the provisions of these By-Laws and as required by law. The Secretary shall be the custodian of the records and of the seal of the Corporation and cause such seal (or a facsimile thereof) to be affixed to instruments when appropriate. The Secretary shall perform, in general, all duties incident to the office of secretary and such other duties as may be specified in these By-Laws or as may be assigned to him or her from time to time by the Board of Directors or the Chief Executive Officer.

Section 5.13 Assistant Secretary. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of the Secretary's inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties as may from time to time be prescribed by the Board of Directors, the Chairman, the Chief Executive Officer, the President or the Secretary.

Section 5.14 Treasurer. The Treasurer shall have charge and supervision over and be responsible for the moneys, securities, receipts and disbursements of the Corporation, and shall keep or cause to be kept full and accurate records of all receipts of the Corporation, and shall cause the moneys and other valuable effects of the Corporation to be deposited in the name and to the credit of the Corporation. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chairman, the President and the Board of Directors, at its regular meetings or when the Board of Directors so requires, an account of all transactions as Treasurer and of the financial condition of the Corporation. The Treasurer shall perform such other duties as may from time to time be prescribed by the Board of Directors, the Chairman, the Chief Executive Officer or the Chief Financial Officer.

Section 5.15 Assistant Treasurer. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of the Treasurer's inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as may from time to time be prescribed by the Board of Directors, the Chairman, the Chief Executive Officer or the Chief Financial Officer.

Section 5.16 Other Officers. The Chief Executive Officer or Board of Directors may appoint other officers and agents for any group, division or department into which this Corporation may be divided by the Board of Directors, with titles as the President or Board of Directors may from time to time deem appropriate. All such officers and agents shall receive such compensation, have such tenure and exercise such authority as the President or Board of Directors may specify. All appointments made by the Chief Executive Officer hereunder and all the terms and conditions thereof must be reported to the Board of Directors.

In no case shall an officer or agent of any one Group, Division or Department have authority to bind another Group, Division or Department of the Company or to bind the Corporation except as to the business and affairs of the Group, Division or Department of which he or she is an officer or agent.

VI.

CERTIFICATES OF STOCK

Section 6.1 Certificates of Stock, Uncertificated Shares. The shares of capital stock of the Corporation may be either represented by certificates or uncertificated shares; provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the capital stock of the Corporation shall be uncertificated shares. Any resolution of the Board of Directors providing for uncertificated shares shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Subject to Section 6.4 below, notwithstanding the adoption of such resolution by the Board of Directors, every holder of capital stock represented by certificates and, upon request, every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of, the Corporation, (a) by the Chairman, the Chief Executive Officer, the President or a Vice President; and (b) by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, representing the number of shares registered in certificate form. Such certificate shall be in such form as the Board of Directors may determine, to the extent consistent with applicable law, the Certificate and these By-Laws.

Section 6.2 Signatures; Facsimile. All signatures on the certificate referred to in Section 6.1 of these By-Laws may be in facsimile, engraved or printed form, to the extent permitted by law. In case any officer, transfer agent or registrar who has signed, or whose facsimile, engraved or printed signature has been placed upon a certificate representing shares of capital stock of the Corporation shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Section 6.3 Transfer. Except as otherwise established by rules or regulations adopted by the Board of Directors, upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate of stock or uncertificated shares in place of any certificate therefor issued by the Corporation to the person entitled thereto, cancel the old certificate and record the transaction on its books.

Section 6.4 Replacement. In case of the loss, destruction or theft of a certificate for any stock of the Corporation, a new certificate of stock or uncertificated shares in place of any certificate therefor issued by the Corporation may be issued upon satisfactory proof of such loss, destruction or theft and upon such terms as the Board of Directors may prescribe. The Board of Directors may in its discretion require the owner of the lost, destroyed or stolen certificate, or his legal representative, to give the Corporation a bond, in such sum and in such form and with such surety or sureties as it may direct, to indemnify the Corporation against any claim that may be made against it with respect to a certificate alleged to have been lost, destroyed or stolen.

Section 6.5 Beneficial Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law. The Corporation shall not be required to register any transfer of shares made in violation of any agreement among a stockholder or investor in the Corporation and the Corporation, or recognize as a holder of any such shares any transferee in such a violative transaction.

VII.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

To the fullest extent permitted by the laws of the State of Delaware:

Section 7.1 Nature of Indemnity. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), including, without limitation, an action by or in the right of the Corporation, by reason of the fact that he or she or a person of whom he or she is the legal representative is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer or trustee of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer or trustee or in any other capacity while serving as a director, officer or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the GCL, as the same exists or may hereafter be amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in these By-Laws with respect to proceedings to enforce rights to indemnification and "advancement of expenses" (as defined below), the Corporation shall indemnify any such indemnitee in connection with an action, suit or proceeding (or part thereof) initiated by such indemnitee only if such action, suit or proceeding (or part thereof) was authorized by the Board of Directors. Furthermore, the Corporation may only indemnify such person if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding had no reasonable cause to believe that his or her conduct was unlawful; except that in the case of an action or suit by or in the name of the Corporation to procure a judgment in its favor (a) such indemnification shall be limited to expenses (including attorneys' fees) actually and reasonably incurred by such person in the defense or settlement of such action or suit; and (b) no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 7.2 Advance Payment of Expenses. In addition to the right to indemnification conferred in this Article VII, an indemnitee shall also have the right to be paid by the Corporation the expenses (including attorneys' fees) incurred in defending any such action or proceeding in advance of the final disposition of such action or proceeding (hereinafter an "advancement of expenses") upon receipt of an undertaking by or on behalf of the person indemnified to repay such payment if it is ultimately determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such person is not entitled to indemnification conferred in this Article VII or otherwise. Such expenses (including attorneys' fees) incurred by former directors and officers shall be so paid upon such terms and conditions, if any, as the Corporation deems appropriate. The Board of Directors may authorize the Corporation's counsel to represent such director or officer in any action, suit or proceeding, whether or not the Corporation is a party to such action, suit or proceeding.

Section 7.3 Procedure for Indemnification. If, following final disposition of a proceeding, a claim for indemnification under this Article VII is not paid in full by the Corporation within sixty (60) calendar days after a written claim has been received by the Corporation, or if, whether before or after final disposition of a proceeding, a claim for an advancement of expenses under this Article VII is not paid in full by the Corporation within twenty (20) calendar days after a written claim has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit, including without limitation reasonable attorneys' fees. In any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that the indemnitee has not met any applicable standard for indemnification set forth in the GCL. In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the indemnitee has not met any applicable standard for indemnification set forth in the GCL. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the GCL, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the

indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VII or otherwise shall be on the Corporation.

Section 7.4 Preservation of Other Rights. The rights to indemnification and to the advancement of expenses conferred in this Article VII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Certificate, these By-Laws, agreement, vote of stockholders or directors or otherwise.

Section 7.5 Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or any person who is serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the GCL.

Section 7.6 Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article VII with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

Section 7.7 Survival. The rights conferred upon indemnitees in this Article VII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article VII that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment, alteration or repeal.

VIII.

GENERAL PROVISIONS

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 8.2 Corporate Seal. The corporate seal shall be in such form as may be approved from time to time by the Board of Directors. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 8.3 Dividends. Subject to any applicable provisions of law and the Certificate or any resolution or resolutions adopted by the Board of Directors pursuant to authority expressly vested in it by the Certificate and Section 151 of the GCL, the Board of Directors may, at any regular or special meeting of the Board of Directors, out of funds legally available therefor, declare dividends upon the capital stock of the Corporation, and any such dividend may be paid in cash, property, or shares of the Corporation's stock.

A member of the Board of Directors, or a member of any committee designated by the Board of Directors, shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors, or by any other person as to matters the director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

Section 8.4 Reserves. There may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, thinks proper as a reserve or reserves to meet contingencies or for such other purpose as the Board of Directors shall think conducive to the interests of the Corporation, and the Board of Directors may similarly modify or abolish any such reserve.

Section 8.5 Execution of Instruments. The Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Secretary or the Treasurer may enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. The Board of Directors or the Chief Executive Officer may authorize any other officer or agent to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. Any such authorization may be general or limited to specific contracts or instruments.

Section 8.6 Corporate Books. The books of the Corporation may be kept outside of the State of Delaware at such place or places as the Board of Directors may from time to time determine.

Section 8.7 Corporate Indebtedness. No loan shall be contracted on behalf of the Corporation, and no evidence of indebtedness shall be issued in its name, unless authorized by the Board of Directors, the Chief Executive Officer or the Chief Financial Officer. Such authorization may be general or confined to specific instances. Loans so authorized may be effected at any time for the Corporation from any bank, trust company or other institution, or from any firm, corporation or individual. All bonds, debentures, notes and other obligations or evidences of indebtedness of the Corporation issued for such loans shall be made, executed and delivered as the Board of Directors, the Chief Executive Officer or the Chief Financial Officer shall authorize. When so authorized by the Board of Directors, the Chief Executive Officer or the Chief Financial Officer, any part of or all the properties, including contract rights, assets, business or goodwill of the Corporation, whether then owned or thereafter acquired, may be mortgaged, pledged, hypothecated or conveyed or assigned in trust as security for the payment of such bonds, debentures, notes and other obligations or evidences of indebtedness of the Corporation, and of the interest thereon, by instruments executed and delivered in the name of the Corporation.

Section 8.8 Deposits. Any funds of the Corporation may be deposited from time to time in such banks, trust companies or other depositaries as may be determined by the Board of Directors, the Chief Executive Officer, the Chief Financial Officer or the Treasurer or by such officers or agents as may be authorized by the Board of Directors or the Chief Executive Officer, the Treasurer or the Chief Financial Officer or the Treasurer to make such determination.

Section 8.9 Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such agent or agents of the Corporation, and in such manner, as the Board of Directors or the Chief Executive Officer from time to time may determine.

Section 8.10 Sale, Transfer, etc. of Securities. To the extent authorized by the Board of Directors or by the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Secretary or the Treasurer or any other officers designated by the Board of Directors or the Chief Executive Officer may sell, transfer, endorse, and assign any shares of stock, bonds or other securities owned by or held in the name of the Corporation, and may make, execute and deliver in the name of the Corporation, under its corporate seal (if required), any instruments that may be appropriate to effect any such sale, transfer, endorsement or assignment.

Section 8.11 Voting as Stockholder. Unless otherwise determined by resolution of the Board of Directors, the Chief Executive Officer, the President or any Vice President shall have full power and authority on behalf of the Corporation to attend any meeting of stockholders of any corporation in which the Corporation may hold stock, and to act, vote (or execute proxies to vote) and exercise in person or by proxy all other rights, powers and privileges incident to the ownership of such stock. Such officers acting on behalf of the Corporation shall have full power and authority to execute any instrument expressing consent to or dissent from any action of any such corporation without a meeting. The Board of Directors may by resolution from time to time confer such power and authority upon any other person or persons.

Section 8.12 Transactions with Interested Parties. No contract or transaction between the Corporation and one or more of the directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of the directors or officers are directors, officers or employees, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or a committee of the Board of Directors which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum;

(b) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee of the Board of Directors, or the stockholders.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

IX.

AMENDMENTS

Section 9.1 Amendment. Subject to the provisions of this Section 9.1 and the Certificate, these By-Laws (including this Article IX) may be amended, altered or repealed:

(a) by resolution adopted by a majority of the Board of Directors without a stockholder vote at any special or regular meeting of the Board of Directors if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting; provided, however, that the amendment, alteration or repeal of the provisions of Sections 2.2, 2.11, 3.2, 3.3, or 3.14 hereof or this Section 9.1 shall require the affirmative vote of the holders of two-thirds (2/3) or more of the combined voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors; or

(b) at any regular or special meeting of the stockholders upon the affirmative vote of the holders of two-thirds (2/3) or more of the combined voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting.

X.

SUBJECT TO CERTIFICATE OF INCORPORATION

These By-Laws and the provisions hereof are subject to the terms and conditions of the Certificate of the Corporation (including any certificates of designations filed thereunder), and in the event of any conflict between these By-Laws and the Certificate, the Certificate shall control.

Adopted: May 17, 2005

OPINION REGARDING LEGALITY

June 8, 2005

Citi Trends, Inc.
102 Fahm Street
Savannah, Georgia 31401

Re: Citi Trends, Inc. Registration Statement on Form S-8

Ladies and Gentlemen:

We have acted as counsel to Citi Trends, Inc., a Delaware corporation (the "Company"), in connection with the filing by the Company of a Registration Statement on Form S-8 (the "Registration Statement") relating to 1,300,000 shares of the Company's common stock, par value \$.01 per share (the "Common Stock"), to be issued pursuant to the Citi Trends 2005 Long-term Incentive Plan (the "Plan") and 1,817,594 shares of Common Stock to be issued pursuant to the Citi Trends Amended and Restated 1999 Stock Option Plan (the "Old Plan", together with the Plan, the "Plans").

In connection with this opinion, we have examined originals or copies of such documents, resolutions, certificates and instruments of the Company as we have deemed necessary to form a basis for the opinions hereinafter expressed. In addition, we have reviewed certificates of public officials, statutes, records and such other instruments and documents and have made such investigations of law as we have deemed necessary to form a basis for the opinion hereinafter expressed. In our examination of the foregoing, we have assumed, without independent investigation, (i) the genuineness of all signatures and the authority of all persons or entities signing all documents examined by us, (ii) the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as certified, conformed or photostatic copies and (iii) the authenticity of the originals of such latter documents. With regard to certain factual matters, we have relied, without independent investigation or verification, upon, and assumed the accuracy and completeness of, statements and representations of representatives of the Company.

Based on the foregoing, we are of the opinion that the authorized, but not previously issued, shares of Common Stock which may be issued under the Plans have been duly authorized and when issued in accordance with the terms of the Plans (including the payment of any exercise price) will be validly issued, fully paid and non-assessable.

We are members of the Bar of the State of New York and, accordingly, do not purport to be experts on or to be qualified to express any opinion herein concerning the laws of any jurisdiction other than laws of the State of New York and the Delaware General Corporation Law, including the applicable provisions of the Delaware Constitution and the reported cases interpreting those laws, as currently in effect.

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This opinion letter deals only with the specified legal issues expressly addressed herein, and you should not infer any opinion that is not explicitly addressed herein from any matter stated in this letter.

We consent to the use of this opinion as an exhibit to the Registration Statement. In giving such consent, we do not hereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, and the rules and regulations thereunder. This opinion is rendered to you as of the date hereof and we assume no obligation to advise you or any other person hereafter with regard to any change after the date hereof in the circumstances or the law that may bear on the matters set forth herein even though the change may affect the legal analysis or a legal conclusion or other matters in this letter.

Very truly yours,

/s/ Paul, Hastings, Janofsky & Walker LLP

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Citi Trends, Inc.:

We consent to the incorporation by reference in the registration statement on Form S-8 of Citi Trends, Inc. of our reports, dated March 30, 2005, except as to note 12(c) which is as of April 28, 2005 and note 12(d) which is as of May 11, 2005 with respect to the balance sheets of Citi Trends, Inc. as of January 29, 2005 and January 31, 2004, and the related statements of income, stockholders' equity, and cash flows for the years ended January 29, 2005, January 31, 2004 and February 1, 2003, incorporated by reference herein.

Our report refers to the adoption of Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity".

/s/ KPMG LLP

Jacksonville, Florida
June 6, 2005