

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 19, 2009

Citi Trends, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

000-51315

(Commission File Number)

52-2150697

(IRS Employer Identification No.)

104 Coleman Boulevard, Savannah, Georgia

(Address of principal executive offices)

31408

(Zip Code)

Registrant's telephone number, including area code: **(912) 236-1561**

Former name or former address, if changed since last report: **Not applicable**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (See General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On March 25, 2009, Citi Trends, Inc. (the "Company") amended its 364 day revolving credit facility with Bank of America (the "Credit Agreement") to: (i) reduce the aggregate principal amount of availability under the revolver from \$35 million to \$20 million (of which \$5 million will be available for the issuance of letters of credit), (ii) extend the term until March 24, 2010, and (iii) amend the interest rates for borrowings. The loans under the Credit Agreement are available for short-term working capital and other general corporate purposes of the Company. The Company has not yet had a need to borrow under the Credit Agreement.

The Credit Agreement is unsecured with an agreement not to pledge any of the assets of the Company and an agreement not to provide a negative pledge to any other party. Loans under the Credit Agreement shall bear interest at either (a) a rate equal to the highest of (i) the Federal Funds Rate plus 0.50%, (ii) LIBOR plus 1.0% and (iii) Bank of America's prime rate, plus an applicable margin; or (b) a rate equal to LIBOR plus an applicable margin. The applicable margin is dependent on the Company's adjusted leverage ratio and ranges from 0.75% to 1.25% for loans bearing interest at the rate described under (a) above and from 1.75% to 2.25% for loans bearing interest at the rate described under (b) above.

The Credit Agreement includes customary representations, warranties, affirmative and negative covenants and events of default (and related remedies, including acceleration and increased interest rates following an event of default). It also contains a financial covenant tied to the Company's adjusted leverage ratio.

Item 2.02. Results of Operations and Financial Condition.

On March 25, 2009, the Company issued a press release reporting its financial results for the fourth quarter and fiscal year ended January 31, 2009 (the "Earnings Announcement"). A copy of the Earnings Announcement is attached to this Current Report on Form 8-K ("Current Report") as Exhibit 99.1 and the contents of which are incorporated herein solely for purposes of this Item 2.02 disclosure.

The information in this Item 2.02, including the Earnings Announcement attached to this Current Report, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section. The information in this Item 2.02, including the Earnings Announcement, shall not be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

Item 1.01 of this report is incorporated by reference in this Item 2.03.

Item. 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On March 19, 2009, the Board of Directors of the Company promoted R. David Alexander Jr. to the position of Chief Executive Officer, effective April 5, 2009. Mr. Alexander was previously appointed as President and Chief Operating Officer of the Company on December 8, 2008. Mr. Alexander, 52, joined the Company after a 30 year retail career that included 10 years with Family Dollar Stores where he was Executive Vice President and Chief Operating Officer from 2000 to 2003 and President and Chief Operating Officer from 2003 to 2005. More recently, he was Chief Executive Officer of PCA which operates photography studios in Wal-Mart Stores, from 2005 to 2007. He spent 2008 as a consultant with APAX Partners, a large private equity firm.

R. Edward Anderson will retire from the position of Chief Executive Officer effective April 4, 2009, but will continue as an employee of the Company, serving as Executive Chairman of the Board of Directors. In connection with his position as Executive Chairman, Mr. Anderson will receive a salary of \$375,000 per year and will continue to receive the same

employee benefits he received as Chief Executive Officer. Mr. Anderson will also receive an award of \$375,000 of restricted stock under the Company's 2005 Long-Term Incentive Plan to be issued on March 30, 2009. The restricted stock will vest in full on the first anniversary of the grant date, subject to earlier vesting upon a change in control of the Company. Mr. Anderson will no longer be eligible for a bonus under the Company's annual cash incentive program.

On March 19, 2009, the Board of Directors increased the total number of directors to six, in accordance with the Company's bylaws, and elected Mr. Alexander to serve as a Class I director effective April 5, 2009. Mr. Alexander will not sit on any of the audit, compensation or nominating and corporate governance committees of the Board and is not expected to sit on any other committee at this time. Mr. Alexander will not receive compensation for his services as a director.

In connection with his promotion to Chief Executive Officer, Mr. Alexander will receive an award of \$125,000 of restricted stock under the Company's 2005 Long-Term Incentive Plan to be issued on March 30, 2009. The restricted stock will vest in four equal annual installments on the first four anniversaries of the grant date, subject to earlier vesting upon a change in control of the Company. Mr. Alexander will otherwise continue under the compensation arrangement disclosed in the Company's Current Report on Form 8-K filed December 8, 2008.

On March 25, 2009, the Company entered into a Severance Agreement (a "Severance Agreement") with each of Mr. Alexander, Mr. Anderson, Bruce D. Smith, the Company's Senior Vice President and Chief Financial Officer, Elizabeth R. Feher, the Company's Executive Vice President and Chief Merchandising Officer, Ivy D. Council, the Company's Senior Vice President of Human Resources, and James A. Dunn, the Company's Senior Vice President of Store Operations. Each Severance Agreement provides that if the Company terminates an executive's employment without Cause (as defined in the Severance Agreement) or if the executive terminates his or her employment within twelve months of a Change in Control (as defined in the Severance Agreement) provided that within such period the executive's job duties have been materially diminished or compensation has been materially decreased, the Company will provide the executive with separation payments of twelve months base salary. (These agreements supersede similar provisions in the Employment Agreements of Mr. Alexander, Mr. Anderson and Ms. Feher.)

On March 25, 2009, the Company entered into an Employment Non-Compete, Non-Solicit and Confidentiality Agreement (a "Non-Compete Agreement") with each of Mr. Alexander, Mr. Anderson, Mr. Smith, Ms. Feher, Ms. Council, and Mr. Dunn. Each Non-Compete Agreement provides that upon a separation from the Company, the executive will not disclose confidential information relating to the Company, will not compete with the Company or render similar services to a competitor of the Company for a period of one year, will not solicit any vendor or supplier of merchandise to the Company on behalf of a competitor for a period of two years and will not recruit Company personnel for a period of two years. (These agreements supersede the prior Employment Non-Compete, Non-Solicit and Confidentiality Agreements of Mr. Alexander, Mr. Smith and Ms. Feher.)

On March 25, 2009, the Company issued a press release announcing Mr. Alexander's promotion and Mr. Anderson's retirement, which press release is attached to this report as Exhibit 99.2 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Earnings Release dated March 25, 2009
99.2	Press Release dated March 25, 2009

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CITI TRENDS, INC.

By: /s/ Bruce D. Smith

Name: Bruce D. Smith
Title: Chief Financial Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Earnings Release dated March 25, 2009
99.2	Press Release dated March 25, 2009



CITI TRENDS ANNOUNCES FOURTH QUARTER AND FISCAL 2008 RESULTS

Fourth quarter net income increased 20.0% to \$10.1 million

Fiscal 2008 net income increased 22.3% to \$17.4 million

Fiscal 2009 earnings guidance of approximately \$1.30 per share

SAVANNAH, GA (March 25, 2009) — Citi Trends, Inc. (NASDAQ: CTRN) today reported results for the fourth quarter and fiscal year ended January 31, 2009.

Financial Highlights – Fourth quarter ended January 31, 2009

Total sales in the fourth quarter ended January 31, 2009 increased 8.9% to \$146.6 million compared with \$134.6 million in the quarter ended February 2, 2008. Comparable store sales decreased 1.9% in the fourth quarter.

Net income in the fourth quarter of 2008 increased 20.0% to \$10.1 million compared with \$8.4 million in last year's fourth quarter. Earnings per diluted share increased to \$0.70 in the fourth quarter of 2008 compared with \$0.59 in the fourth quarter of 2007. Strong control of inventory levels resulted in a significant reduction in merchandise markdowns in this year's fourth quarter, more than offsetting the negative comparable store sales.

The Company opened 16 stores in the fourth quarter of 2008, reaching a total store count of 357 at the end of the year.

Financial Highlights – Fiscal year ended January 31, 2009

Total sales in the fiscal year ended January 31, 2009 increased 11.6% to \$488.2 million compared with \$437.5 million in fiscal 2007. Comparable store sales were flat for the full year.

Net income increased 22.3% to \$17.4 million in 2008 compared with \$14.2 million in 2007. Earnings per diluted share increased to \$1.22 in 2008 compared with \$1.00 in the prior year.

The Company opened 39 stores, relocated or expanded 9 others, and closed 1 store in fiscal 2008.

Fiscal 2009 Outlook

The Company estimates 2009 earnings of approximately \$1.30 per diluted share. This guidance includes an anticipated 2009 comparable store sales increase of approximately 3%. For the year, the Company expects to increase selling square footage by at least 15%. Tax-free interest income is expected to decline based on existing market rates.

The Company reminds investors of the complexity of accurately assessing future results given the difficulty in predicting fashion trends, consumer preferences and general economic conditions and the impact of other business variables. See "Forward-Looking Statements" below for more information regarding these uncertainties.

104 Coleman Blvd., Savannah, Ga 31408 · (912) 236-1561 · Fax (912) 443-3674

Investor Conference Call and Webcast

Citi Trends will host a conference call today at 5:00 p.m. ET. The number to call for the live interactive teleconference is (303) 228-2960. A replay of the conference call will be available until April 1, 2009, by dialing (303) 590-3000 and entering the passcode, 11124062#. The live broadcast of Citi Trends' quarterly conference call will be available online at the Company's website, www.cititrends.com, as well as <http://ir.cititrends.com/events.cfm>, beginning today at 5:00 p.m. ET. The online replay will follow shortly after the call and continue until April 1, 2009.

During the conference call, the Company may discuss and answer questions concerning business and financial developments and trends. The Company's responses to questions, as well as other matters discussed during the conference call, may contain or constitute information that has not been disclosed previously.

About Citi Trends

Citi Trends, Inc. is a value-priced retailer of urban fashion apparel and accessories for the entire family. The Company currently operates 361 stores located in 22 states in the Southeast, Mid-Atlantic and Midwest regions and the state of Texas. Citi Trends' website address is www.cititrends.com. CTRN-E

Forward-Looking Statements

All statements other than historical facts contained in this news release, including statements regarding our future financial results and position, business policy and plans and objectives of management for future operations, are forward-looking statements that are subject to material risks and uncertainties. The words "believe," "may," "could," "plans," "estimate," "continue," "anticipate," "intend," "expect" and similar expressions, as they relate to Citi Trends, are intended to identify forward-looking statements. Statements with respect to earnings guidance are forward-looking statements. Investors are cautioned that any such forward-looking statements are subject to the finalization of the Company's year-end financial and accounting procedures, are not guarantees of future performance or results and are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Actual results or developments may differ materially from those included in the forward-looking statements, as a result of various factors which are discussed in Citi Trends, Inc. filings with the Securities and Exchange Commission. These risks and uncertainties include, but are not limited to, uncertainties relating to economic conditions, growth risks, consumer spending patterns, competition within the industry, competition in our markets and the ability to anticipate and respond to fashion trends. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the Securities and Exchange Commission, Citi Trends does not undertake to publicly update any forward-looking statements in this news release or with respect to matters described herein, whether as a result of any new information, future events or otherwise.

-END-

2

CITI TRENDS, INC.
CONDENSED STATEMENTS OF INCOME
(unaudited)
(in thousands, except per share data)

	<u>Thirteen Weeks Ended</u> <u>January 31, 2009</u> <u>(unaudited)</u>	<u>Thirteen Weeks Ended</u> <u>February 2, 2008</u> <u>(unaudited)</u>
Net sales	\$ 146,603	\$ 134,571
Cost of sales	90,695	87,145
Gross profit	55,908	47,426
Selling, general and administrative expenses	37,409	32,892
Depreciation and amortization	4,346	3,488
Income from operations	14,153	11,046
Interest income	280	680
Interest expense	(51)	(97)
Income before income tax expense	14,382	11,629
Income tax expense	4,326	3,251
Net income	<u>\$ 10,056</u>	<u>\$ 8,378</u>
Basic net income per common share	\$ 0.71	\$ 0.60
Diluted net income per common share	\$ 0.70	\$ 0.59
Weighted average number of shares outstanding		
Basic	14,241	14,034
Diluted	14,290	14,188

CITI TRENDS, INC.
CONDENSED STATEMENTS OF INCOME
(unaudited)
(in thousands, except per share data)

	<u>Fifty-Two Weeks Ended</u> <u>January 31, 2009</u> <u>(unaudited)</u>	<u>Fifty-Two Weeks Ended</u> <u>February 2, 2008</u> <u>(unaudited)</u>
Net sales	\$ 488,202	\$ 437,515
Cost of sales	301,867	278,783
Gross profit	186,335	158,732
Selling, general and administrative expenses	147,009	127,470
Depreciation and amortization	16,261	12,583
Income from operations	23,065	18,679
Interest income	2,495	2,383
Interest expense	(307)	(469)
Income before income tax expense	25,253	20,593
Income tax expense	7,870	6,379
Net income	<u>\$ 17,383</u>	<u>\$ 14,214</u>
Basic net income per common share	\$ 1.23	\$ 1.02
Diluted net income per common share	\$ 1.22	\$ 1.00
Weighted average number of shares outstanding		
Basic	14,131	13,946
Diluted	14,269	14,223

3

CITI TRENDS, INC.
CONDENSED BALANCE SHEETS
(unaudited)
(in thousands)

	<u>January 31, 2009</u> <u>(unaudited)</u>	<u>February 2, 2008</u> <u>(unaudited)</u>
Assets:		
Cash and cash equivalents	\$ 33,516	\$ 6,203

Investment securities - current	—	56,165
Inventory	86,259	82,420
Other current assets	14,072	8,726
Property and equipment, net	58,861	52,207
Investment securities - noncurrent	43,825	—
Other noncurrent assets	4,256	4,456
Total assets	<u>\$ 240,789</u>	<u>\$ 210,177</u>

Liabilities and Stockholders' Equity:

Accounts payable	\$ 52,295	\$ 43,566
Accrued liabilities	18,992	17,089
Other current liabilities	2,649	3,370
Noncurrent liabilities	<u>8,646</u>	<u>8,005</u>
Total liabilities	82,582	72,030
Total stockholders' equity	158,207	138,147
Total liabilities and stockholders' equity	<u>\$ 240,789</u>	<u>\$ 210,177</u>

CITI TRENDS ANNOUNCES ED ANDERSON TO RETIRE AS CEO**DAVID ALEXANDER TO BE PROMOTED TO CEO**

SAVANNAH, GA (March 25, 2009) — Citi Trends, Inc. (NASDAQ: CTRN) today announced that Ed Anderson, Chairman and Chief Executive Officer, will retire as CEO effective April 4, 2009. David Alexander, currently President and Chief Operating Officer, will assume the role of Chief Executive Officer and become a member of the Board of Directors, effective April 5, 2009.

Mr. Anderson will continue as an employee of the Company, serving as Executive Chairman of the Board, in order to provide for an orderly transition of the Chief Executive Officer role. He will serve as advisor and counselor to Mr. Alexander and will continue to serve as Chairman of the Company's Real Estate Committee. Mr. Anderson will also provide broad oversight of the Company's operations for the Board, and Mr. Alexander will report directly to him.

Mr. Anderson commented, "First, this is a great time for me to step down. The Company had a very good year in 2008 and is off to an excellent start in 2009. We have assembled a great team of executives to lead the Company into the future. Very importantly, we are promoting to Chief Executive Officer, David Alexander, an executive with outstanding skills and experience."

"The Board of Directors has taken succession planning very seriously, and has spent a great deal of time and effort, particularly, on executive management succession. My stepping down and moving into the Executive Chair role, together with promoting David Alexander, a highly qualified executive, to the CEO job, are successful results of the Board's succession planning process."

"I have enjoyed leading this Company for the last seven years. Our team has accomplished a great deal in that time. The Company is strong financially, is operating very well and is positioned for great success in the future. I thank all the Citi Trends employees for their hard work and support."

John Lupo, an independent Director of Citi Trends Inc., commented, "Ed Anderson's leadership has not only led Citi Trends to year after year record sales and profits, the building of a strong infrastructure and an even stronger balance sheet, but he has done so with the highest level of honesty and integrity. He has developed a culture and a management team that is built on that same high level of honesty and integrity. The Company is fortunate that Ed has agreed not only to remain on the Board, but also to be our Executive Chairman of the Board and help manage the transition."

"The Board of Directors would also like to congratulate David Alexander on his promotion to Chief Executive Officer and welcome him as a director. We are very fortunate to have an individual of David's caliber to be able to step in and assume the CEO role. The Board will do whatever we can to make the transition smooth and help David in any way we can."

About Citi Trends

Citi Trends, Inc. is a value-priced retailer of urban fashion apparel and accessories for the entire family. The Company currently operates 361 stores located in 22 states in the Southeast, Mid-Atlantic and Midwest regions and the state of Texas. Citi Trends' website address is www.cititrends.com. *CTRN-E*

Contact: Bruce Smith
Chief Financial Officer
(912) 443-2075

Ed Anderson
Chairman and Chief Executive Officer
(912) 443-3705

-END-
