

# Citi Trends.

Citi Trends, Inc.

July 1, 2009

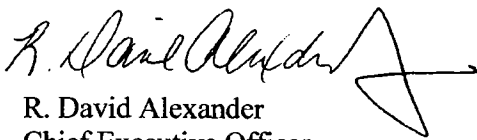
Dear Valued Manufacturer:

In order to ensure that we continue to provide our customers with safe, quality products, effective immediately, Citi Trends Inc. is requiring all of our manufacturing partners in children's products, childcare articles, and toys to sign the enclosed CPSC compliance guarantee.

Please sign the enclosed CPSC Acknowledgement and return either by fax or U.S. mail as instructed *no later than August 14, 2009*. We will not be able to route any applicable orders after August 15, 2009 until we receive a signed acknowledgement.

Thank you in advance – we appreciate your support and cooperation.

Sincerely,



R. David Alexander  
Chief Executive Officer  
Citi Trends Inc.

**CITI TRENDS, INC.**  
**CPSC ACKNOWLEDGEMENT**  
Vendor Guarantee

Compliance with Consumer Product Safety Act, as amended

Dear \_\_\_\_\_:

In August of 2008, the Consumer Product Safety Improvement Act of 2008 (“CPSIA”) was enacted. The CPSIA amended the Consumer Product Safety Act to expand the role of the Consumer Product Safety Commission (the “Commission”) and expand the coverage the consumer product safety laws applied to products imported and distributed in the commerce of the United States. In addition to strengthening the enforcement power of the Commission, in some circumstances the CPSIA obligates manufacturers and importers to certify compliance and immediately notify the Commission of any product that fails to comply with any rule, regulation, standard or ban under any federal act enforced by the Commission.

The purpose of this letter is to alert you to your obligations under the CPSIA and to remind you that Citi Trends, Inc. (“Citi Trends”) intends to fulfill its obligations under this new law and all other applicable laws in the United States. As such, Citi Trends expects you and your employees, representatives and affiliates to adhere to these same laws in order for Citi Trends to continue to do business with your company. Therefore, as a vendor doing business with Citi Trends, it is imperative that you understand and comply with your obligations under the CPSIA and other similar laws. Furthermore, by this letter Citi Trends requests that you certify that you are aware of the applicable laws and regulations and that goods you provide to Citi Trends comply with such laws and regulations.

The most significant changes enacted by the CPSIA that affect the goods you sell to Citi Trends are the following:

- **Children’s Products Containing Lead/Lead Paint**  
[The Act defines the term “children’s product” to mean a consumer product designed or intended primarily for children 12 years of age or younger.]
  - a. **General Lead Ban:** Any accessible part of any children's product that exceeds the statutory limits is banned effective February 10, 2009.
  - b. **Lead Paint Ban:** The allowable lead limit is currently 600 parts per million. The allowable limit is lowered to 90 parts per million as of August 14, 2009. The reduced limit will also apply to products in inventory or on store shelves as of August 14, 2009.
- **Third Party Testing Requirement for Children’s Products:** Every importer of *any children’s product that is subject to a children’s product safety rule* must have the product tested by an accredited 3<sup>rd</sup> party testing lab and issue a certificate of compliance.

Effective Dates:

- i. Lead Paint: Now in effect.
  - ii. General Lead Ban: Stay in effect until February 10, 2010.
  - iii. Small Parts: Now in effect.
  - iv. Children's Metal Jewelry: Now in effect
- Prohibition on Sale of Certain Products Containing Specified Phthalates: Effective February 10, 2009, the Act bans any children's toy or child care article which contains more than 0.1 percent of six different types of phthalates.
  - New Certification Requirement - Any product which is subject to a consumer product safety rule under the CPSA or similar rule, ban, standard, or regulation under any other Act enforced by the Commission and which is imported for consumption or warehousing or distributed in commerce, must be accompanied by a certificate of compliance.
  - Tracking Labels: As required by Section 103 of the CPSIA, all children's products manufactured after August 14<sup>th</sup>, 2009 must have permanent tracking labels on the product and packaging to enable the ultimate purchaser to ascertain the manufacturer or private labeler, location and date of production of the product, and cohort information (including batch, run number, or other identifying characteristic).

In addition to the possible recall and forfeiture of non-conforming products, the CPSIA also provides for increased civil penalties of \$100,000 per violation. The CPSC can also prohibit the export of any non-conforming consumer product unless the importing country accepts the shipment. If you are interested in additional information, you should access the Commission's website at <http://www.cpsc.gov> or contact your company's legal counsel.

By accepting a purchase order ("PO") or shipping merchandise under a PO, Vendor represents and warrants to Citi Trends, Inc. ("Citi Trends") the following:

1. That the goods furnished are of first quality and conform to the promises or affirmations of fact made by Vendor or its agents; and are made of fabrics and other materials that conform to the Standard for the Flammability of Clothing Textiles contained in United States regulations at Title 16 C.F.R. Part 1610 and the Standard for the Flammability of Children's Sleepwear, Title 16 C.F.R. Parts 1615 and 1616 and that conform to D 1230-61, Standard Method of Test for the Flammability of Clothing Textiles a standard of the American Society for Testing and Materials, and DOC FF5-74, Standard for the Flammability of Children's Sleepwear, U.S. Code of Federal Regulations, or any standard that may become applicable to the merchandise in the future.
2. That all fabrics and other materials identified for use in children's products supplied by Vendor to Citi Trends fully comply with the Consumer Product Safety Act, as amended by the Consumer Product Safety Improvement Act of 2008, and all other bans, regulations and standards governing the following as they pertain to children's products: lead components and parts, lead in paint and other lead surface coatings (16 CFR 1303), phthalates, small parts (16 CFR Part 1501, 1500.50.-53), children's metal jewelry, sharp

points and edges (16 CFR 1500.48-49) or any standard that may become applicable to the merchandise in the future.

3. That all children's products are tested using an independent CPSC accredited third party testing laboratory where required to ensure that the articles comply with any and all applicable consumer product safety rules, including the above-referenced standards concerning product safety.
4. Vendor agrees to preserve all testing documents for review at any time by Citi Trends for at least 5 years after the articles have been delivered. A failure to comply with any of these Product Safety terms and conditions shall be a material breach of this Agreement.
5. Vendor agrees to indemnify and hold Citi Trends, its affiliates and subsidiaries and their respective officers, directors, employees, agents, customers and those for whom Citi Trends may act as agent, harmless from any and all claims, actions, liability, loss, damage, or expense (including attorneys' fees) with respect to any suit, claim, demand or other proceeding arising out of or relating to Vendor's breach of these Product Safety guarantees.
6. Vendor must notify Citi Trends as soon as practicable but not later than 2 (two) business days after its receipt of knowledge or information that any product sold to Citi Trends by Vendor has failed to meet the CPSC Requirements by confirmed facsimile transmission to the attention of: **PURCHASING – Gladys Mathis 912-443-3674**.
7. All products subject to a Consumer product safety law, regulations, etc., and shipped to Citi Trends must be accompanied by a certification of compliance, as required by Section 102 of the CPSIA. Failure to provide such documentation may result in shipments being refused by Citi Trends. Vendor must provide Citi Trends with a paper copy of the certification or provide Citi Trends with access to the certification in electronic form before or at the time the merchandise is shipped to Citi Trends.
8. All children's products shipped to Citi Trends must comply with the tracking label requirement as noted above.

In light of this new law, Citi Trends asks that you sign below, as an authorized representative of your company or business, guaranteeing to Citi Trends that all merchandise that you sell to Citi Trends fully complies with the Consumer Product Safety Act, as amended by the CPSIA, and all other applicable Federal and State bans, regulations, and standards.

Please return the fully-executed original of this guarantee to Citi Trends. If you have any questions about this new law, you should consult with your legal counsel. Your compliance with CPSIA and prompt return of this letter to Citi Trends will ensure that we will be able to continue its valued relationship with your company.

Very truly yours,

**I certify that the information supplied pursuant to this Guarantee is true and correct.**

\_\_\_\_\_  
(Name of company or business of vendor)

\_\_\_\_\_  
Signature of proprietor, principal partner or authorized officer of vendor

\_\_\_\_\_  
(Name – printed)

\_\_\_\_\_  
(Title – printed)

\_\_\_\_\_  
(Date)