

FRED'S, INC.
NOMINATING AND GOVERNANCE COMMITTEE CHARTER

Purpose

The purpose of the Nominating and Governance Committee (the "Committee") is to assist the Board of Directors (the "Board") of Fred's, Inc. (the "Company") with the following:

- identifying individuals qualified to become Board members, consistent with criteria approved by the Board;
- recommending to the Board the director nominees for each annual meeting of shareholders and the nominees for each Board committee;
- developing and recommending to the Board the Corporate Governance Guidelines applicable to the Company;
- lead the Board in its annual review of the Board's performance; and
- perform such other functions as the Board may assign to the Committee from time to time.

Committee Membership

The Committee shall consist of at least three members. The members of the Committee shall be appointed by and may be replaced or removed, with or without cause, by the Board in its sole discretion. The Chair of the Committee shall be elected by the Board. The members of the Committee shall meet the independence requirements of the rules of The NASDAQ Stock Market LLC. Notwithstanding the foregoing membership requirements, no action of the Committee will be invalid by reason of any such requirement not being met at the time such action is taken.

Authority and Responsibilities

The Committee shall actively seek individuals qualified to become Board members for recommendation to the Board, consistent with criteria approved by the Board.

The Committee shall recommend to the Board the director nominees for each annual meeting of shareholders.

The Committee shall recommend to the Board the establishment of, and responsibilities of, various committees of the Board and make recommendations concerning membership on Board committees and the rotation of committee chairs.

The Committee shall have the authority to retain and terminate any search firm to be used to identify director candidates and shall have authority to approve the search firm's fees and other retention terms.

The Committee shall develop and recommend to the Board the Corporate Governance Guidelines applicable to the Company, review and reassess the adequacy of the Corporate Governance Guidelines, and recommend any proposed changes to the Board for approval.

The Committee shall receive comments from all directors and report annually to the Board an assessment of the Board's performance, to be discussed with the full Board.

The Committee shall annually review its own performance.

The Committee may initiate such other evaluations as it deems appropriate, and will share the results and its recommendations (if any) with the Chairman of the Board, the Chief Executive Officer, and/or the entire Board, as the Committee deems appropriate.

The Committee may form and delegate authority to subcommittees when appropriate, provided the subcommittees are composed entirely of independent directors.

The Committee shall make regular reports to the Board.

The Committee shall periodically review the corporate governance structure and practices of the Company and shall report to the Board any changes thereto, which the Committee deems appropriate to be considered (for implementation or rejection) by the Board.

The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.