

FRED'S, INC.
NOMINATING AND GOVERNANCE
COMMITTEE CHARTER

Purpose

The purpose of the Nominating and Governance Committee is to assist the Board of Directors (the "Board") of Fred's, Inc. (the "Company") in (1) identifying individuals qualified to become Board members, consistent with criteria approved by the Board, and recommending to the Board the director nominees for each annual meeting of stockholders and the nominees for each Board committee; (2) developing and recommending to the Board the Corporate Governance Principles applicable to the Company; and (3) to lead the Board in its annual review of the Board's performance.

Committee Membership

The Nominating and Governance Committee shall consist of at least three members. The members of the Committee shall be appointed by and may be replaced by the Board. The members of the Committee shall meet the independence requirements of the rules of the Nasdaq Stock Market.

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 stockholders, and shall recommend to the Board the classes of the directors.

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

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

The Committee may form and delegate authority to subcommittees when appropriate.

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

The Committee shall make regular reports to the Board.

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