

Fresh Market, Inc.
Form DEF 14A
April 25, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- .. Preliminary Proxy Statement
- .. **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- .. Definitive Additional Materials
- .. Soliciting Material Pursuant to §240.14a-12

The Fresh Market, Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Dear Stockholder:

April 25, 2013

You are cordially invited to attend the 2013 Annual Meeting of Stockholders of The Fresh Market, Inc. (the Company) to be held on June 4, 2013 at 2:00 p.m. Eastern Time at the O.Henry Hotel, 624 Green Valley Road, Greensboro, North Carolina 27408.

At this Annual Meeting, the agenda includes:

the election of three (3) Class III directors for three-year terms,

the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for our 2013 fiscal year, and

an advisory vote to approve the compensation paid to the Company's executive officers in 2012.

The Board of Directors unanimously recommends that you vote FOR election of the director nominees, FOR ratification of the appointment of Ernst & Young LLP and FOR approval of the executive compensation described in the accompanying proxy statement.

Your vote is important regardless of the number of shares you own. Please read the proxy statement and vote your shares as instructed in the Notice of Internet Availability of Proxy Materials. If you received a paper copy of the proxy materials by mail, you may sign, date and mail the proxy card in the envelope provided, or you can also authorize a proxy by telephone or over the Internet as described in the enclosed materials.

Very truly yours,

Craig Carlock

President and Chief Executive Officer

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THE FRESH MARKET, INC.

628 Green Valley Road

Suite 500

Greensboro, North Carolina 27408

NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS

To Be Held on June 4, 2013

To the Stockholders of The Fresh Market, Inc.:

The 2013 Annual Meeting of Stockholders (the "Annual Meeting") of The Fresh Market, Inc., a Delaware corporation (the "Company"), will be held on June 4, 2013 at 2:00 p.m. Eastern Time at the O.Henry Hotel, 624 Green Valley Road, Greensboro, North Carolina 27408, for the following purposes:

1. to elect three (3) Class III directors to the Board of Directors to serve for three-year terms;
2. to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for our 2013 fiscal year;
3. to approve the compensation paid to the Company's executive officers in 2012; and

4. to transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof. The proposal for the election of directors relates solely to the election of the specified Class III directors nominated by the Board of Directors and does not include any other matters relating to the election of directors, including, without limitation, the election of directors nominated by any stockholder of the Company.

Only stockholders of record at the close of business on April 12, 2013 are entitled to notice of and to vote at the Annual Meeting or at any adjournment or postponement thereof.

To attend the Annual Meeting, you must present a valid, government issued photo identification (such as a driver's license or a passport) and demonstrate that you were a stockholder of the Company as of the close of business on April 12, 2013, or hold a valid proxy for the Annual Meeting from such a stockholder. If you are not a stockholder of record but hold shares through a broker, trustee or nominee, you will need to bring proof of your beneficial ownership as of April 12, 2013, such as a brokerage account statement showing your ownership on that date or similar evidence of such ownership. Only stockholders who own common stock of the Company, or hold a valid proxy, as of the close of business on April 12, 2013 will be permitted to attend the Annual Meeting.

By Order of the Board of Directors,

SCOTT F. DUGGAN

Secretary

Greensboro, North Carolina

April 25, 2013

**Important Notice Regarding the Availability of
Proxy Materials for the Stockholder Meeting
To Be Held on June 4, 2013**

The Notice and Proxy Statement and Annual Report are available at www.proxyvote.com.

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE VOTE AS SOON AS POSSIBLE TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING.

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THE FRESH MARKET, INC.

628 Green Valley Road

Suite 500

Greensboro, North Carolina 27408

PROXY STATEMENT

For the 2013 Annual Meeting of Stockholders

To Be Held on June 4, 2013

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THE FRESH MARKET, INC.

628 Green Valley Road

Suite 500

Greensboro, North Carolina 27408

PROXY STATEMENT

For the 2013 Annual Meeting of Stockholders

To Be Held on June 4, 2013

GENERAL INFORMATION

Why did I receive these materials?

These materials are being furnished in connection with the solicitation of proxies by The Fresh Market, Inc., a Delaware corporation (the Company), for use at the 2013 Annual Meeting of Stockholders or at any adjournment or postponement thereof (the Annual Meeting). This Proxy Statement includes information that the Company is required to provide you under the Securities and Exchange Commission (SEC) rules and is designed to assist you in voting your shares.

Why did I receive a one-page notice regarding Internet availability of proxy materials instead of a full set of proxy materials?

SEC rules allow companies to choose the method for delivery of proxy materials to stockholders. We have elected to mail a notice regarding the availability of proxy materials on the Internet, rather than sending a full set of these materials in the mail, to persons who are beneficial owners but not stockholders of record. The notice, or a full set of the proxy materials (including the Proxy Statement and form of proxy), as applicable, was sent to stockholders beginning April 25, 2013, and our proxy materials were posted on the investor relations portion of our website at <http://ir.thefreshmarket.com>, and on the website referenced in the notice on the same day. Utilizing this method of proxy delivery expedites receipt of proxy materials by our stockholders and lowers the cost of the Annual Meeting. If you would like to receive a paper or e-mail copy of the proxy materials, you should follow the instructions in the notice for requesting copies.

What is included in these materials?

These materials include:

the Proxy Statement for the Annual Meeting, and

the Annual Report to Stockholders, which includes the Company's financial statements for the fiscal year ended January 27, 2013.

If you received a printed copy of these materials by mail, these materials also include the proxy or voting instruction card for the Annual Meeting.

When and where will the Annual Meeting be held?

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The Annual Meeting will be held on June 4, 2013 at 2:00 p.m. Eastern Time at the O.Henry Hotel, 624 Green Valley Road, Greensboro, North Carolina 27408.

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What is the purpose of the Annual Meeting?

The purpose of the Annual Meeting is to:

elect three (3) Class III directors for three-year terms,

ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for our 2013 fiscal year, and

approve the compensation paid to the Company's executive officers in 2012.

Who may vote at the Annual Meeting?

Only stockholders of record at the close of business on April 12, 2013 (the Record Date) will be entitled to receive notice of and to vote at the Annual Meeting. As of the Record Date, 48,292,027 shares of common stock, \$.01 par value per share, of the Company (the Common Stock) were issued and outstanding. Stockholders are entitled to one vote per share of Common Stock on any proposal presented at the Annual Meeting.

What is a stockholder of record?

A stockholder of record or registered stockholder is a stockholder whose ownership of the Company's Common Stock is reflected directly on the books and records of the Company's transfer agent, American Stock Transfer & Trust Company, LLC. If you hold Common Stock through an account with a bank, broker or similar organization, you are considered the beneficial owner of shares held in street name and are not a stockholder of record. For shares held in street name, the stockholder of record is your bank, broker or similar organization. The Company only has access to ownership records for the registered stockholders. If you are not a stockholder of record, the Company will require additional documentation to evidence your stock ownership as of the Record Date, such as a copy of your brokerage account statement, a letter from your broker, bank or other nominee or a copy of your notice or voting instruction card.

How do I vote?

If you received only a Notice of Internet Availability of Proxy Materials by mail, you may vote your shares by proxy on the website referenced in your Notice. If you received a paper copy of the proxy materials by mail, you may vote your shares by proxy by doing any one of the following: vote on the website referenced on your proxy or voting instruction card; call the toll-free telephone number listed on your proxy or voting instruction card; or sign, date and return in the envelope provided the enclosed proxy or voting instruction card.

Both Internet and telephone voting provide easy-to-follow instructions and have procedures designed to authenticate your identity and permit you to confirm that your voting instructions are accurately reflected.

If you attend the Annual Meeting, you may vote in person even if you have previously voted by phone or via the Internet or returned a proxy or voting instruction card by mail, and your in-person vote will supersede any vote previously cast.

How can I revoke a previously submitted proxy?

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by: (a) filing with the Secretary of the Company, before the taking of the vote at the Annual Meeting, a written notice of revocation bearing a later date than the proxy; (b) properly casting a new vote via the Internet or by telephone at any time before the closure of the Internet or telephone voting facilities; (c) duly completing a later-dated proxy relating to the same shares and delivering it to the Secretary of the

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Company before the taking of the vote at the Annual Meeting; or (d) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy). Any written notice of revocation or subsequent proxy should be sent so as to be delivered to The Fresh Market, Inc., 628 Green Valley Road, Suite 500, Greensboro, North Carolina 27408, Attention: Secretary, before the taking of the vote at the Annual Meeting.

What happens if I do not give specific voting instructions?

Stockholders of record. If you are a stockholder of record and you sign, date and return a proxy card without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by the Board of Directors on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion for any other matters properly presented for a vote at the meeting.

Beneficial owners of shares held in street name. If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is referred to as a broker non-vote.

Which ballot measures are considered routine or non-routine ?

The election of directors (Proposal 1) and the non-binding advisory vote on executive compensation (Proposal 3) are matters considered non-routine under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters; as a result, there may be broker non-votes on Proposals 1 and 3.

The ratification of appointment of Ernst & Young LLP as the independent registered public accounting firm for fiscal year 2013 (Proposal 2) is a matter considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal 2.

How many shares must be present at the Annual Meeting?

The representation in person or by proxy of at least a majority of the outstanding shares of Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum for the transaction of business.

How many votes are required to approve each proposal?

For Proposal 1, the election of directors, directors are elected by a plurality of the votes cast, either in person or represented by proxy. Therefore, the three nominees who receive the greatest number of affirmative votes cast shall be elected as directors. Stockholders cannot cumulate votes in the election of directors.

For each of Proposal 2, the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for our 2013 fiscal year, and Proposal 3, the advisory vote to approve executive compensation, an affirmative vote of a majority of the shares present, in person or represented by proxy, and entitled to vote on such matter is required for approval.

The vote on each matter submitted to stockholders is tabulated separately. Broadridge Financial Solutions, or a representative thereof, tabulates the votes.

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How are withhold authority votes, abstentions and broker non-votes treated?

Abstentions and broker non-votes are counted as present or represented for purposes of determining the presence or absence of a quorum for the Annual Meeting.

With respect to the election of directors, only for and withhold votes may be cast and withhold votes, broker non-votes and abstentions will have no effect on the outcome of the proposal relating to the election of directors.

With respect to the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our 2013 fiscal year and the advisory vote to approve the Company's executive compensation, an abstention will be counted as a vote present or represented and entitled to vote on the proposals and will have the same effect as a vote against the proposals, and a broker non-vote will not be considered entitled to vote on these proposals and will therefore have no effect on their outcome.

Who are the proxy holders and how will they vote?

The persons named as attorneys-in-fact in the proxies, R. Craig Carlock, Jr., Sean M. Crane and Scott F. Duggan, were selected by the Board of Directors and are officers of the Company. All properly executed proxies submitted in time to be counted at the Annual Meeting will be voted by such persons at the Annual Meeting. Where a choice has been specified on the proxy with respect to the foregoing matters, the shares represented by the proxy will be voted in accordance with the specifications. **If no such specifications are indicated, such proxies will be voted FOR the election of each of the director nominees, FOR the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for our 2013 fiscal year, FOR the approval of the Company's executive compensation and as the proxy holders may determine in their discretion for any other matters properly presented for a vote at the meeting.**

Is there other business to come before the Annual Meeting?

Aside from the election of directors, the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for our 2013 fiscal year, and the advisory vote to approve the Company's executive compensation, the Board of Directors knows of no other matters to be presented at the Annual Meeting. If any other matter should be presented at the Annual Meeting upon which a vote properly may be taken, shares represented by all proxies received by the Board of Directors will be voted with respect thereto in accordance with the judgment of the persons named as attorneys-in-fact in the proxies.

How does the Board of Directors recommend that I vote?

The Board of Directors unanimously recommends that you vote FOR the election of each of the director nominees, FOR the ratification of the appointment of Ernst & Young LLP, and FOR the approval of the Company's executive compensation described herein.

Where can I find the voting results of the Annual Meeting?

The Company will announce preliminary or final voting results at the Annual Meeting and publish final results in a Form 8-K filed with the SEC within four business days of the completion of the Annual Meeting.

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Our Board of Directors currently consists of ten members. Our certificate of incorporation and bylaws divide our Board of Directors into three classes. One class is elected each year for a term of three years. The following table sets forth the class that each member of the Board of Directors is a member of, the year in which he or she first became a director, and whether or not he or she is independent as defined under the rules of The NASDAQ Stock Market. The sections of this Proxy Statement below entitled *Directors and Executive Officers* and *Corporate Governance* provide additional detail about our Board of Directors and its committees and our corporate governance.

Class	Director's Name and Year First	Became a Director	Independent
Class I (term expires 2014)	Craig Carlock (2012)		No
	Richard Noll (2011)		Yes
	Michael Tucci (2011)		Yes
Class II (term expires 2015)	Brett Berry (1985)		No
	David Rea (2010)		Yes
	Bob Sasser (2012)		Yes
	Steven Tanger (2012)		Yes
Class III (term expires 2013)	Ray Berry, Chairman of the Board (1981)		No
	Jeffrey Naylor (2010)		Yes
	Jane Thompson (2012)		Yes

Election of Class III Directors

The terms of office of our Class III directors will expire at the Annual Meeting. The Board of Directors, upon the recommendation of the Nominating and Corporate Governance Committee, has nominated Ray Berry, Jeffrey Naylor, and Jane Thompson, and recommended that each of them be elected to the Board of Directors as Class III directors, to hold office until the annual meeting of stockholders to be held in the year 2016 and until his or her successor has been duly elected and qualified or until his or her earlier death, resignation or removal. Mr. Berry, Mr. Naylor and Ms. Thompson are each standing for re-election to the Board. See *Directors and Executive Officers Backgrounds of Directors and Executive Officers* for information about each director nominee's business background, as furnished to the Company by the nominee, and additional experience, qualifications, attributes or skills that led the Board of Directors to conclude that the nominee should serve on the Board.

The Board of Directors has determined that Mr. Naylor and Ms. Thompson are independent within the meaning of the director independence standards of The NASDAQ Stock Market. In making this determination, the Board of Directors solicited and considered information from each of Mr. Naylor and Ms. Thompson regarding whether he or she, or any member of his or her immediate family, had a direct or indirect material interest in any transactions involving the Company, was involved in a commercial or investment relationship with the Company or received personal benefits from or on behalf of the Company outside the scope of such person's normal compensation. Mr. Berry is not independent under the rules of The NASDAQ Stock Market.

Conclusion

The Board of Directors knows of no reason why any of Mr. Berry, Mr. Naylor, or Ms. Thompson would be unable or unwilling to serve, but if any of them should for any reason be unable or unwilling to serve, the proxies will be voted for the election of such other person for the office of director as the Board of Directors may recommend in the place of such nominee. Unless otherwise instructed, the proxy holders will vote the proxies received by them for Mr. Berry, Mr. Naylor, and Ms. Thompson.

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This proposal for the election of directors relates solely to the election of three (3) Class III directors nominated by the Board of Directors and does not include any other matters relating to the election of directors, including, without limitation, the election of directors nominated by any stockholder of the Company.

Recommendation of the Board

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE *FOR*

THE ELECTION OF THE FOREGOING NOMINEES TO SERVE AS MEMBERS OF CLASS III OF THE BOARD OF DIRECTORS.

Unless a proxy is marked to give a different direction, the persons named in the proxy will vote *FOR* each of the foregoing nominees to serve as a member of Class III of the Board of Directors.

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PROPOSAL 2

RATIFICATION OF APPOINTMENT OF

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has appointed the firm of Ernst & Young LLP (Ernst & Young) to serve as the Company s independent registered public accounting firm for the 2013 fiscal year. Ernst & Young has served as the Company s independent registered public accounting firm since 2009. The Audit Committee reviewed and discussed the performance of Ernst & Young for the fiscal year ended January 27, 2013 and its appointment of Ernst & Young to serve as the Company s independent registered public accounting firm for our 2013 fiscal year. As a matter of good corporate governance, the Audit Committee has determined to submit its appointment of Ernst & Young to the Company s stockholders for ratification. Even if the appointment of Ernst & Young is ratified, the Audit Committee in its discretion may select a different independent registered public accounting firm at any time during the year, if it determines that such a change would be in the best interests of the Company and its stockholders.

If the appointment of Ernst & Young as our independent registered public accounting firm for our 2013 fiscal year is not ratified by the stockholders, the adverse vote will be considered a direction to the Audit Committee to consider another independent registered public accounting firm for next year. However, because of the difficulty in making any substitution of our independent registered public accounting firm so long after the beginning of the current year, the appointment for our 2013 fiscal year will stand, unless the Audit Committee finds other good reason for making a change.

We expect that a representative of Ernst & Young will attend the Annual Meeting, and the representative will have an opportunity to make a statement if he or she so desires. The representative will also be available to respond to appropriate questions from stockholders.

Recommendation of the Board

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR

THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG AS

THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

FOR OUR 2013 FISCAL YEAR.

Unless a proxy is marked to give a different direction, the persons named in the proxy will vote FOR the ratification of the appointment of Ernst & Young as the Company s independent registered public accounting firm for our 2013 fiscal year.

Pre-Approval Policy

The Audit Committee of the Board of Directors has implemented procedures under the Company s Audit Committee Pre-Approval Policy for Audit and Non-Audit Services (the Pre-Approval Policy) to ensure that all audit and permitted non-audit services to be provided to the Company have been pre-approved by the Audit Committee. Specifically, the Audit Committee pre-approves the use of the Company s independent registered public accounting firm for specific audit and non-audit services, within approved monetary limits. If a proposed service has not been pre-approved pursuant to the Pre-Approval Policy, then it must be specifically pre-approved by the Audit Committee before the service may be provided by the Company s independent registered public accounting firm. Any pre-approved services exceeding the pre-approved monetary limits require specific approval by the Audit Committee. For the 2012 fiscal year, all of the audit fees were approved by the Audit Committee pursuant to the Pre-Approval Policy. All of the other fees billed by Ernst & Young to the Company for the 2012 fiscal year were approved by the Audit Committee by means of specific pre-approvals. All non-audit services provided in the 2012 fiscal year were reviewed with the Audit Committee, which concluded that the provision of such services by Ernst & Young was compatible with the maintenance of that firm s independence

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in the conduct of its auditing functions. For additional information concerning the Audit Committee and its activities with Ernst & Young, see *Our Board of Directors and its Committees* and *Report of the Audit Committee of the Board of Directors*.

Fees Paid to Ernst & Young

The following table shows the aggregate fees for professional services rendered by Ernst & Young to the Company during the fiscal year ended January 27, 2013 (fiscal 2012) and during the fiscal year ended January 29, 2012 (fiscal 2011).

	2012	2011
Audit Fees(1)	\$ 850,368	\$ 884,974
Audit-Related Fees		
Tax Fees		
All Other Fees(2)	\$ 1,995	\$ 1,995
Total	\$ 852,363	\$ 886,969

- (1) Audit Fees for both years consist of fees for professional services associated with the annual financial statements audit and quarterly reviews and accounting consultations. Audit Fees for both years also include services in connection with regulatory filings, including filings associated with the Company's public offerings completed in May 2011 and June 2012.
- (2) All Other Fees for both years consist of fees for access to an on-line research tool provided by Ernst & Young.

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PROPOSAL 3

ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

Pursuant to Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act), as added by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, known as the Dodd-Frank Act, this proposal, commonly known as a say-on-pay proposal, gives our stockholders the opportunity to vote to approve or not approve, on an advisory basis, the compensation of our named executive officers. This vote is not intended to address any specific item of compensation or the compensation of any particular officer, but rather the overall compensation of our named executive officers and our compensation philosophy, policies and practices. At the Company's annual meeting of stockholders in 2011, a majority of the stockholders voted to hold an advisory vote on executive compensation every year, as recommended by the Board of Directors.

As discussed below under *Compensation Discussion and Analysis*, we believe that our executive compensation programs emphasize sustainable growth through a pay-for-performance orientation and a commitment to both operational and organizational execution. We seek to attract and retain experienced and skilled executives with competitive compensation programs that reward long-term growth and align the interests of management and stockholders. We believe that our compensation program for our named executive officers has helped us achieve our strong strategic and financial performance. The Company's executive compensation received the approval of more than 99% of the votes cast at the 2012 annual meeting.

Accordingly, we are asking our stockholders to vote **FOR** the following resolution at the Annual Meeting:

RESOLVED, that The Fresh Market, Inc.'s stockholders approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed in the Compensation Discussion and Analysis, the compensation tables and the narrative disclosures that accompany the compensation tables in this Proxy Statement.

The vote is advisory, and therefore not binding on the Company, the Compensation Committee or our Board of Directors. However, our Board of Directors and our Compensation Committee value the opinions of our stockholders. In accordance with SEC regulations, we will disclose the extent to which the Board of Directors and Compensation Committee took into account the results of the vote in next year's proxy statement.

Recommendation of the Board

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE *FOR*
THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF OUR NAMED
EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.

Unless a proxy is marked to give a different direction, the persons named in the proxy will vote **FOR** the approval of the compensation of the Company's named executive officers as disclosed in this Proxy Statement.

Table of Contents**DIRECTORS AND EXECUTIVE OFFICERS**

The following table sets forth the directors and executive officers of the Company, their ages, and the positions currently held by each such person with the Company.

The business address of all of the executive officers and directors of the Company is 628 Green Valley Road, Suite 500, Greensboro, North Carolina 27408.

Name	Age	Position(s)
Ray Berry	72	Chairman of the Board
Brett Berry	46	Vice Chairman of the Board
Craig Carlock	46	Director, President and Chief Executive Officer
Jeffrey Naylor	54	Director
Richard Noll	55	Director
David Rea	52	Director
Bob Sasser	61	Director
Steven Tanger	64	Director
Jane Thompson	61	Director
Michael Tucci	52	Director
Sean Crane	45	Executive Vice President, Chief Operating Officer and interim Chief Financial Officer
Scott Duggan	47	Senior Vice President General Counsel
Marc Jones	41	Senior Vice President Merchandising and Marketing
Matt Argano	40	Senior Vice President Human Resources

Backgrounds of Directors and Executive Officers

Set forth below is information concerning the current directors and executive officers identified above. The biographical description for each director includes the specific experience, qualifications, attributes and skills that led to the conclusion by the Board of Directors that such person should serve as a director of the Company.

Ray Berry is the founder of the Company, has served as Chairman of our Board of Directors since he founded the Company in 1981 and served as our President and Chief Executive Officer from 1981 until 2007. Prior to starting the Company, Mr. Ray Berry held positions at numerous grocery and retail companies, including Vice President of Stores at Southland Corporation (former parent of 7-Eleven, Inc.) where he was responsible for the operations of nearly 4,000 7-Eleven stores. Mr. Ray Berry received a B.A. in Psychology from San Diego State University and also completed the Stanford Executive Program at the Stanford Graduate School of Business. Mr. Ray Berry is the father of Mr. Brett Berry, who is also a member of our Board of Directors.

We believe Mr. Ray Berry's qualifications to serve on our Board of Directors include his knowledge of our Company and the food retail industry and his years of leadership at our Company.

Brett Berry has served as Vice Chairman of our Board of Directors since March 2009 and has been a director since December 1985. Mr. Brett Berry served as our President and Chief Executive Officer from January 2007 until January 2009. He joined the Company as an employee in 1998 and has held various positions in the marketing and operations departments, including Chief Operating Officer, Executive Vice President of Operations and Vice President of Marketing. Prior to joining the Company, Mr. Brett Berry was a consultant with Mercer Management Consulting (now Oliver Wyman Group). Mr. Brett Berry received a Masters in Business Administration from the Wharton School of Business, a J.D. from the University of North Carolina School of Law, and an A.B. in English from Davidson College. Mr. Brett Berry is the son of Mr. Ray Berry, who is also a member of our Board of Directors.

We believe Mr. Brett Berry's qualifications to serve on our Board of Directors include his knowledge of our Company and the food retail industry and his extensive management experience at our Company.

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Craig Carlock has served as a member of our Board of Directors since June 2012 and has served as our President and Chief Executive Officer since January 2009. Mr. Carlock served as our Senior Vice President and Chief Operating Officer from January 2007 until January 2009. He joined the Company in 1999 and previously served as Director of Marketing, Vice President of Marketing and Senior Vice President of Operations. Before joining the Company, Mr. Carlock worked at The Procter & Gamble Company in various finance positions for six years. Mr. Carlock received a Masters in Business Administration from the University of Virginia's Darden School and a B.A. in Economics from Davidson College.

We believe Mr. Carlock's qualifications to serve on our Board of Directors include his knowledge of our Company and the food retail industry and his extensive management experience at our Company.

Jeffrey Naylor has served as a member of our Board of Directors since our initial public offering in November 2010. Since February 2013, Mr. Naylor has served as Senior Corporate Advisor for The TJX Companies, Inc., the leading off-price apparel and home fashions retailer in the United States and worldwide. Mr. Naylor has worked at The TJX Companies, Inc. since 2004, previously serving as Senior Executive Vice President, Chief Administrative Officer from January 2012 to February 2013, Senior Executive Vice President, Chief Financial and Administrative Officer from February 2009 to January 2012, Senior Executive Vice President, Chief Administrative and Business Development Officer from June 2007 to February 2009, Chief Financial and Administrative Officer from September 2006 to June 2007, and Senior Executive Vice President, Chief Financial Officer from 2004 to September 2006. Mr. Naylor received a Masters in Management from the J.L. Kellogg Graduate School of Management, Northwestern University and a B.A. in Economics and Political Science from Northwestern University.

We believe Mr. Naylor's qualifications to serve on our Board of Directors include his executive management experience, his financial and accounting expertise and his extensive experience in the retail industry.

Richard Noll has served as a member of our Board of Directors since August 2011. Mr. Noll is the Chairman of the Board of Directors and Chief Executive Officer of Hanesbrands Inc., a consumer goods company with a portfolio of leading apparel brands. He has served as Chairman of the Board of Directors of Hanesbrands since January 2009, as its Chief Executive Officer since April 2006 and as a director of Hanesbrands since September 2005. From December 2002 until the completion of the spin off of Hanesbrands from Sara Lee Corporation in September 2006, he also served as a Senior Vice President of Sara Lee. From July 2005 to April 2006, Mr. Noll served as President and Chief Operating Officer of Sara Lee Branded Apparel. Mr. Noll served as Chief Executive Officer of Sara Lee Bakery Group from July 2003 to July 2005 and as the Chief Operating Officer of Sara Lee Bakery Group from July 2002 to July 2003. From 1992 to 2002, Mr. Noll held a number of management positions with increasing responsibilities while employed by Sara Lee Branded Apparel. Mr. Noll received a Masters in Business Administration from Carnegie Mellon University and a B.S. in Business Administration from Pennsylvania State University.

We believe Mr. Noll's qualifications to serve on our Board of Directors include his executive management experience as a chief executive officer of a company that focuses on consumer products, his experience with strategic and branding initiatives and his prior experience in a food production business.

David Rea has served as a member of our Board of Directors since our initial public offering in November 2010. From January 2007 to March 2008, Mr. Rea served as Senior Vice President and Chief Financial Officer of Sally Beauty Holdings, Inc., an international specialty retailer and distributor of professional beauty supplies. From 2000 to 2006, Mr. Rea worked at La Quinta Corporation and La Quinta Properties, Inc., owners/operators of limited-service hotels, serving as President and Chief Operating Officer from February 2005 to January 2006 and Executive Vice President and Chief Financial Officer from June 2000 to February 2005. Prior to joining La Quinta, Mr. Rea held various finance related positions, including positions at T. Rowe Price Associates. Mr. Rea received a Masters in Business Administration from the Amos Tuck School of Business Administration, Dartmouth College and a B.A. from Colgate University.

We believe Mr. Rea's qualifications to serve on our Board of Directors include his executive management experience, his financial expertise and his extensive experience in real estate related businesses.

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Bob Sasser has served as a member of our Board of Directors since March 2012. He has served since 2004 as Chief Executive Officer and director and since 2001 as President of Dollar Tree, Inc., where he also served as Chief Operating Officer from 1999 to 2004. Previously, he held executive and management positions at Roses Stores, Inc. and Michael's Stores, Inc. Mr. Sasser received a B.S. in Marketing from Florida State University.

We believe Mr. Sasser's qualifications to serve on our Board of Directors include his executive management experience as a chief executive officer of a retail company, his experience with a high-growth retailer, and his total of forty years of retail experience.

Steven Tanger has served as a member of our Board of Directors since June 2012. Mr. Tanger has served as the President and Chief Executive Officer of Tanger Factory Outlet Centers, Inc., one of the largest owners and operators of outlet centers in the United States and Canada, since January 2009 and as a director of Tanger Factory Outlet Centers, Inc. since 1993. He previously held executive positions with Tanger Factory Outlet Centers, Inc. as President and Chief Operating Officer from January 1995 to December 2008, and as Executive Vice President from 1986 to December 1994. He has a total of forty-three years of experience in commercial real estate. Mr. Tanger received a B.S. in Business Administration from the University of North Carolina at Chapel Hill.

We believe Mr. Tanger's qualifications to serve on our Board of Directors include his executive management experience with a publicly traded company and his substantial experience in real estate and real estate-related businesses.

Jane Thompson has served as a member of our Board of Directors since June 2012. Ms. Thompson is the founder and CEO of Jane J. Thompson Financial Services LLC, a management consulting firm. Ms. Thompson served as President of Wal-Mart Financial Services from May 2002 to June 2011. Previously, she led the Sears Credit, Sears Home Services, and Sears Online groups within Sears, Roebuck & Company, and was a partner with McKinsey & Company, Inc. advising consumer companies. She served on the Board of Directors and the Audit Committee of ConAgra Foods, Inc. from 1995 to 1999. Ms. Thompson received a Masters in Business Administration from Harvard Business School and a B.B.A. in Marketing from the University of Cincinnati.

We believe Ms. Thompson's qualifications to serve on our Board of Directors include her extensive management experience with large, publicly-traded retail businesses and her understanding of consumer marketing, branding and finance.

Michael Tucci has served as a member of our Board of Directors since December 2011. Since February 2012, Mr. Tucci has served as President, North American Group of Coach, Inc., a leading American marketer of fine accessories and gifts for women and men, where he previously served as President, North American Retail from 2003 until 2012. Prior to joining Coach, Mr. Tucci held senior executive positions at The Gap, Inc. and Macy's, Inc. Mr. Tucci holds a B.A. in English from Trinity College.

We believe Mr. Tucci's qualifications to serve on our Board of Directors include his executive management, operations, including store operations, and merchandising experience with a high-growth retail company.

Sean Crane has served as our Executive Vice President and Chief Operations Officer since January 2012 and as our interim Chief Financial Officer since December 2012. Mr. Crane previously served as our Senior Vice President - Store Operations from 2006 until 2012 and as our Senior Vice President - Real Estate and Development from 2005 until 2006. He joined the Company in 2001 and previously served as Controller, Director of Real Estate, Vice President - Real Estate and Vice President - Real Estate and Development. Prior to joining the Company, Mr. Crane held various management positions in accounting and finance with Grand Union, Neiman Marcus, Inc. and Office Depot, Inc. Mr. Crane is a Certified Public Accountant and received a Masters in Business Administration from the University of North Carolina at Chapel Hill and a B.B.A. in accounting from Florida Atlantic University.

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Scott Duggan has served as our Senior Vice President General Counsel since September 2010. Prior to joining the Company, Mr. Duggan was a partner in the law firm of Goodwin Procter LLP where he practiced corporate law. He received a J.D. from Boston University School of Law and a B.S. from The University of Maine.

Marc Jones has served as our Senior Vice President Marketing and Merchandising since December 2009. Mr. Jones served as our Vice President Marketing and Merchandising from February to December 2009. He joined the Company in 2006 and previously served as Director of Merchandising (Non-Perishables) and Vice President Marketing (Non-Perishables). Prior to joining the Company, Mr. Jones was a Vice President at Daymon Worldwide, a full-service global retail branding and sourcing company. He received a Masters in Business Administration from Harvard Business School and two B.A.s from Queens University.

Matt Argano has served as our Senior Vice President Human Resources since May 2012. Before joining the Company, Mr. Argano served as Global Vice President, Human Resources of Maidenform Brands, Inc., a global intimate apparel company. Mr. Argano also held positions with increasing responsibility at two retailers, The Children's Place Retail Stores, Inc. and Bed Bath & Beyond Inc. Mr. Argano earned a Ph.D. in Organizational Leadership from Tennessee Temple University, a Master of Arts in Organizational Management from Beacon University, and a B.S. in H.R. Management from National University. He is an active member of the North Carolina Psychological Association and Society for Industrial Organizational Psychology.

Executive officers of the Company are elected by the Board of Directors on an annual basis and serve until their successors have been duly elected and qualified.

Our Board of Directors and its Committees

Board of Directors

Our business and affairs are managed under the direction of our Board of Directors. Our bylaws provide that our Board of Directors consists of a number of directors to be fixed from time to time by a resolution of the Board. Our Board of Directors has ten members, of which seven have been determined to be independent as defined by the rules of The NASDAQ Stock Market.

Our certificate of incorporation and bylaws provide for a staggered, or classified, Board of Directors consisting of three classes of directors, each serving staggered three-year terms. The classes are as follows:

the Class I directors are Craig Carlock, Richard Noll, and Michael Tucci, and their terms will expire at the annual meeting of stockholders to be held in 2014;

the Class II directors are Brett Berry, David Rea, Bob Sasser, and Steven Tanger, and their terms will expire at the annual meeting of stockholders to be held in 2015; and

the Class III directors are Ray Berry, Jeffrey Naylor, and Jane Thompson, and their terms will expire at the annual meeting of stockholders to be held in 2013.

Upon expiration of the term of a class of directors, directors for that class will be elected for a three-year term at the annual meeting of stockholders in the year in which that term expires. Each director's term continues until the election and qualification of his or her successor or his or her earlier death, resignation or removal. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors.

The Board of Directors held eight meetings during the 2012 fiscal year. Each incumbent director attended 75% or more of the aggregate number of meetings of the Board of Directors and its committees on which the director served during fiscal year 2012.

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The Board of Directors has standing Audit, Compensation and Nominating and Corporate Governance Committees. Each committee has a written charter that has been approved by the Board of Directors. Each committee reviews the appropriateness of its charter at least annually.

Additional information regarding our corporate governance practices and requirements is set forth below under *Corporate Governance*.

Committee Membership

The table below sets forth all members of the Board of Directors, along with information as to whether such members are independent and the committee(s) on which they serve.

Director	Independent	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Brett Berry	No			
Ray Berry	No			
Craig Carlock	No			
Jeffrey Naylor	Yes	Chairman		
Richard Noll	Yes		Member	Chairman
David Rea	Yes	Member	Chairman	
Bob Sasser	Yes	Member		
Steven Tanger	Yes			Member
Jane Thompson	Yes		Member	
Michael Tucci	Yes		Member	Member

Audit Committee

The Audit Committee of the Board of Directors consists of Messrs. Naylor (Chair), Rea and Sasser. The Board of Directors has determined that each of the foregoing Audit Committee members meets the independence requirements promulgated by The NASDAQ Stock Market and the SEC, including Rule 10A-3(b)(1) under the Exchange Act.

In addition, the Board of Directors has determined that each member of the Audit Committee is financially literate and that Mr. Naylor qualifies as an audit committee financial expert under the rules of the SEC. Stockholders should understand that this designation is a disclosure requirement of the SEC related to Mr. Naylor's experience and understanding with respect to certain accounting and auditing matters. The designation does not impose upon Mr. Naylor any duties, obligations or liability that are greater than are generally imposed on him as a member of the Audit Committee and the Board of Directors, and his designation as an audit committee financial expert pursuant to this SEC requirement does not affect the duties, obligations or liability of any other member of the Audit Committee or the Board of Directors.

As described more fully in its charter, the Audit Committee oversees the Company's accounting and financial reporting processes, internal controls and audit functions. In fulfilling its role, the Audit Committee:

oversees the appointment, compensation, retention and work performed by any independent registered public accounting firms engaged by the Company;

evaluates the Company's outside auditors' qualifications, performance and independence;

reviews the Company's internal financial and accounting controls;

reviews the financial reports and related disclosure provided by the Company to the SEC or the Company's stockholders;

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oversees procedures designed to improve the quality and reliability of the disclosure of the Company's financial condition and results of operations;

oversees the Company's internal audit function;

reviews and approves or rejects any transactions between the Company and a related person that would require disclosure under SEC rules as described more fully under *Certain Relationships and Related Party Transactions Procedures for Related Party Transactions* ;

recommends, establishes and monitors procedures designed to facilitate (i) the receipt, retention and treatment of complaints relating to accounting, internal accounting controls or auditing matters, and (ii) the receipt of confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters; and

determines the funding from the Company that is necessary or appropriate to carry out the Audit Committee's duties. The Audit Committee has the authority to engage its own outside counsel and advisors apart from counsel or advisors hired by management.

The Audit Committee met twelve times, including telephonic meetings, during the 2012 fiscal year. The Audit Committee operates under a written charter adopted by the Board of Directors, a current copy of which is available in the Corporate Governance section of the investor relations portion of the Company's website at <http://ir.thefreshmarket.com>.

Compensation Committee

The Compensation Committee consists of Messrs. Rea (Chair), Noll and Tucci and Ms. Thompson.

The Board of Directors has determined that each of the foregoing Compensation Committee members meets the independence requirements promulgated by The NASDAQ Stock Market and is an outside director as defined under Section 162(m) of the Internal Revenue Code.

The Compensation Committee is responsible for determining and making recommendations with respect to all forms of compensation to be granted to executive officers of the Company, overseeing administration of benefit plans and policies and producing an annual report on executive compensation for inclusion in the Company's proxy statement for its annual meeting of stockholders in accordance with applicable rules and regulations.

In fulfilling its role, the Compensation Committee also:

establishes, and periodically reviews, a general compensation philosophy for the Company;

reviews and makes recommendations to the Board of Directors with respect to the adoption (or submission to stockholders for approval) or amendment of incentive compensation, deferred compensation and equity-based compensation plans for the Company;

evaluates each executive officer's performance in light of the Company's goals and objectives;

reviews and makes recommendations to the non-management members of the Board of Directors with respect to all elements of the CEO's compensation, including pursuant to the Company's equity-based compensation plans;

reviews and determines each element of compensation for the executive officers other than the CEO;

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appoints, retains, evaluates the independence of, terminates and oversees the work of any independent experts and consultants and reviews and approves the fees and retention terms for such consultants;

reviews and makes recommendations to the Board of Directors with respect to the Company's policies relating to perquisites for executive officers;

reviews and discusses with management the disclosures made in the Compensation Discussion and Analysis section of the Company's annual proxy statement and reports to the Board of Directors whether it recommends the same for inclusion in the proxy statement; and

reviews and recommends to the Board of Directors the form and amount of director compensation (including perquisites and other benefits), and any additional compensation to be paid for service on Board committees or for service as a Chairman of a committee.

The Compensation Committee has the authority to engage its own outside counsel and advisors, including experts in particular areas of compensation, as it determines appropriate, apart from counsel or advisors hired by management. The Compensation Committee retained Fredric W. Cook & Co., Inc. (FWC), a national compensation consulting firm, as its independent compensation consultant for fiscal 2012. The Compensation Committee received information from FWC and management and concluded that FWC was independent from management and that no conflicts of interest existed. The Compensation Committee, acting through its Chair, who is an independent director, had the sole authority to retain FWC and set its compensation. The Compensation Committee retains sole authority to amend the services provided by, or the fees paid to, FWC and retains sole authority to terminate FWC. FWC also provides independent advice to our Compensation Committee on directors' compensation. FWC has not provided any service to the Company other than the services provided to the Compensation Committee and the services provided prior to our initial public offering to our private company Board of Directors, which did not include any of our named executive officers, regarding benchmarking of executive compensation as part of the initial public offering planning process. Please read the *Compensation Discussion and Analysis* included in this Proxy Statement for a description of the Company's process for consideration and determination of executive compensation and FWC's role in such process.

The Compensation Committee met six times, including telephonic meetings, during the 2012 fiscal year. The Compensation Committee operates under a written charter adopted by the Board of Directors, a current copy of which is available in the Corporate Governance section of the investor relations portion of the Company's website at <http://ir.thefreshmarket.com>.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee of the Board of Directors consists of Messrs. Noll (Chair), Tanger and Tucci.

The Board of Directors has determined that each of the foregoing Nominating and Corporate Governance Committee members meets the independence requirements promulgated by The NASDAQ Stock Market.

The Nominating and Corporate Governance Committee:

reviews and makes recommendations to the Board of Directors regarding the Board of Directors' composition and structure, and oversees annual evaluations of the Board of Directors and its committees;

establishes criteria for membership on committees of the Board of Directors and makes recommendations to the Board of Directors with respect to criteria for membership on the Board of Directors and determinations of director independence;

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seeks individuals who are qualified to become directors and recommends to the Board of Directors the nominees for election or re-election as directors at the annual meeting of stockholders;

considers nominees recommended by stockholders for election or re-election as directors, as described in the section entitled *Considerations Governing Director Nominations* ; and

develops and reviews the Company's Corporate Governance Guidelines and reviews stockholder proposals relating to corporate governance matters.

The Nominating and Corporate Governance Committee met six times, including telephonic meetings, during the 2012 fiscal year. The Nominating and Corporate Governance Committee operates under a written charter adopted by the Board of Directors, a current copy of which is available in the Corporate Governance section of the investor relations portion of the Company's website at <http://ir.thefreshmarket.com>.

Report of the Audit Committee of the Board of Directors

This report is submitted by the Audit Committee of the Board of Directors. The Audit Committee currently consists of Messrs. Naylor (Chair), Rea and Sasser. Mr. Naylor qualifies as an audit committee financial expert under the rules of the SEC. The Board of Directors has determined that each of the Audit Committee members meets the independence requirements promulgated by The NASDAQ Stock Market and the SEC, including Rule 10A-3(b)(1) under the Exchange Act. The Board of Directors adopted a written charter for the Audit Committee in connection with the Company's initial public offering and the Audit Committee reviewed the adequacy of the charter and adopted amendments during 2012. In accordance with the Sarbanes-Oxley Act of 2002, the Audit Committee has ultimate authority and responsibility to select, compensate, evaluate and, when appropriate, replace the Company's independent registered public accounting firm. The Audit Committee has the authority to engage its own outside advisors, including experts in particular areas of accounting, as it determines appropriate, apart from counsel or advisors hired by management.

During the fiscal year ended January 27, 2013, the Company's independent registered public accounting firm was Ernst & Young. Ernst & Young was responsible for performing an independent audit of the Company's financial statements and of the Company's internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB). Ernst & Young also performed other permissible non-audit services for the Company during 2012, but did not provide any tax services.

The Audit Committee oversees the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the Company's systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed with management the audited financial statements in the Company's Annual Report on Form 10-K for the year ended January 27, 2013, and discussed with management the quality, not just the acceptability, of the accounting principles, the reasonableness of significant estimates and judgments, critical accounting policies and accounting estimates resulting from the application of these policies, and the substance and clarity of disclosures in the financial statements, and reviewed the Company's disclosure controls and procedures and internal control over financial reporting. The Audit Committee reviewed with Ernst & Young, who is responsible for expressing an opinion on the fairness of the Company's financial statements in conformity with accounting principles generally acceptable in the United States, Ernst & Young's judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as independent registered public accounting firms are required to discuss with the Audit Committee under auditing standards of the PCAOB.

The Audit Committee met separately with Ernst & Young in its capacity as the Company's independent registered public accounting firm for the Company, with and without management present, to discuss the results of Ernst & Young's procedures and the overall quality of the Company's financial reporting, as applicable.

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The Audit Committee has reviewed the audited financial statements of the Company at January 27, 2013 and January 29, 2012 and for each of the years in the three-year period ended January 27, 2013 and has discussed them with management. In connection with the Company's Annual Report on Form 10-K for the year ended January 29, 2012, the Audit Committee discussed with management the results of the Company's certification process relating to the certification of financial statements under Sections 302 and 906 of the Sarbanes-Oxley Act. The Audit Committee has also discussed with Ernst & Young the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the PCAOB in Rule 3200T, as may be modified or supplemented. This discussion included, among other things, a review with management of the quality of its accounting principles, the reasonableness of significant estimates and judgments, and the clarity of disclosure in the Company's financial statements, including the disclosures related to its critical accounting policies and practices. In addition, the Audit Committee has reviewed the services provided by Ernst & Young, received during the past fiscal year the written disclosures and the letter from Ernst & Young required by applicable requirements of the PCAOB regarding Ernst & Young's communications with the Audit Committee concerning independence, considered the compatibility of non-audit services with Ernst & Young's independence, and has discussed with Ernst & Young its independence from management and the Company. Based on the Audit Committee's review of the financial statements and these discussions, it concluded that it would be reasonable to recommend, and on that basis did recommend, to the Board of Directors the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended January 27, 2013.

The Audit Committee monitors the activity and performance of Ernst & Young. All services provided by Ernst & Young after completion of the Company's initial public offering have been pre-approved by the Audit Committee. The Audit Committee completed an evaluation of the performance of Ernst & Young during our 2012 fiscal year. Information about Ernst & Young's fees for 2012 is discussed in this Proxy Statement under *Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm*.

No portion of this Audit Committee Report shall be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the Securities Act), or the Exchange Act through any general statement incorporating by reference in its entirety the Proxy Statement in which this report appears, except to the extent that the Company specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed filed under either the Securities Act or the Exchange Act.

Respectfully submitted by the Audit Committee,

Jeffrey Naylor (Chair)

David Rea

Bob Sasser

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CORPORATE GOVERNANCE

Independence of Members of the Board of Directors

The Board of Directors has determined that each of Messrs. Naylor, Noll, Rea, Sasser, Tanger and Tucci, and Ms. Thompson, is independent within the meaning of the director independence standards of The NASDAQ Stock Market and the SEC, including Rule 10A-3(b)(1) under the Exchange Act. In making these determinations, the Board of Directors solicited and considered information from each of the Company's directors regarding whether such director, or any member of his or her immediate family, had a direct or indirect material interest in any transactions involving the Company, was involved in a commercial or investment relationship with the Company or received personal benefits from or on behalf of the Company outside the scope of such person's normal compensation. In addition, the Board of Directors has adopted categorical independence standards which will go into effect following the Annual Meeting, and which take into consideration whether the director was an employee of the Company, or a family member of the director was an executive officer of the Company, or the director or family member received certain compensation from the Company, within the prior three years; whether the director is a partner or employee of the Company's independent or internal audit firm, or a family member is a partner of such firm or an employee of such firm who works on the Company's audit, or the director or family member is a former partner or employee of such firm who has personally worked on the Company's audit within the last three years; whether the director is an executive officer at a company where an executive officer of the Company serves on that company's compensation committee; or whether the director or a family member holds certain positions with a company or charitable organization that purchases from, sells to, is indebted to, holds indebtedness of, or receives contributions from the Company, in each case, in amounts that exceed a certain percentage of the revenues, receipts, or assets of that company or organization.

The Board of Directors is composed of a majority of seven independent directors, as defined under the rules of The NASDAQ Stock Market, out of its ten directors.

Board Leadership Structure

The Company's Corporate Governance Guidelines provide the Board of Directors with flexibility to select the appropriate leadership structure at a particular time based on the specific needs of the Company's business and what is in the best interests of the Company's stockholders. The Company's Corporate Governance Guidelines provide that the Board of Directors has no established policy on whether the positions of Chairman of the Board of Directors and Chief Executive Officer, or CEO, should be held by different persons. In certain circumstances, however, the Board of Directors may determine that it is in the best interests of the Company for the same person to hold the positions of Chairman and CEO.

The Company has currently separated the roles of Chairman and CEO. The Board of Directors believes that this leadership structure is appropriate for the Company at the current time, as it provides an appropriate balance between the two roles. The CEO is responsible for setting the strategic direction for the Company and the day-to-day leadership and performance of the Company, while the Chairman of the Board of Directors provides guidance to the CEO and sets the agenda for Board of Director meetings and presides over meetings of the full Board of Directors. Thus, the Board of Directors believes that the current structure balances the need for the CEO to run the Company on a day-to-day basis with the benefit provided to the Company by involvement of an experienced member of the Board of Directors who has significant historical experience with the Company and its business, but no role in the day-to-day affairs of the Company.

In the event that the Chairman is not independent, as determined by the Board of Directors, the independent directors may determine that the Board of Directors should have a lead independent director, who would be appointed by a majority of the independent directors and would set the agenda for sessions of the non-management directors, preside over such sessions of the non-management directors, and facilitate communications between the non-management directors and the other members of the Board of Directors and

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management. If a lead independent director has not been designated, the foregoing functions will be performed by the Chair of the Nominating and Corporate Governance Committee.

Executive Sessions of Independent Directors

The independent directors hold executive sessions of the independent directors as needed and expect to hold executive sessions at least two times a year in connection with regularly scheduled in-person meetings of the Board of Directors. The independent directors held six sessions during the 2012 fiscal year. Executive sessions do not include any director of the Company who is not independent. If a lead independent director has been appointed, the lead independent director shall preside at each such independent director executive session; otherwise, the Chair of the Nominating and Corporate Governance Committee shall preside. Interested parties may communicate directly with the independent directors as a group by sending such communications to the attention of the independent directors by U.S. mail (including courier or expedited delivery service) to:

The Fresh Market, Inc.

628 Green Valley Road

Suite 500

Greensboro, North Carolina 27408

Attn: Independent Directors, c/o Secretary

Considerations Governing Director Nominations

Board Nominees

The Board of Directors is responsible for selecting its own members. The Board of Directors delegates the selection and nomination process to the Nominating and Corporate Governance Committee, with the expectation that other members of the Board of Directors, and of management, will be requested to take part in the process as appropriate.

The Nominating and Corporate Governance Committee recommends to the Board of Directors individual(s) as director nominee(s) who, in the opinion of the Nominating and Corporate Governance Committee, have high personal and professional integrity, who have demonstrated ability, perspective and judgment and who will be effective, in conjunction with the other nominees to and members of the Board, in collectively serving the long-term best interests of our stockholders. In evaluating the suitability of individual Board nominees, the Nominating and Corporate Governance Committee takes into account many factors, which may include general understanding of disciplines relevant to the success of a publicly traded company in today's business environment, understanding of our business and industry, professional background and leadership experience, experience on the boards of other publicly traded companies, personal accomplishment and independence, as well as whether the candidate has expressed a willingness to devote sufficient time to carrying out his or her duties and responsibilities effectively and is committed to service on the Board of Directors. Neither the Nominating and Corporate Governance Committee nor the Board of Directors has a specific policy with regard to the consideration of diversity in identifying director nominees. However, both may consider the diversity of background and experience of a director nominee in the context of the overall composition of the Board of Directors at that time, such as diversity of knowledge, skills, experience, geographic location, age, gender, and ethnicity.

The Nominating and Corporate Governance Committee evaluates each individual in the context of the Board of Directors as a whole, with the objective of recommending director nominee(s) that can best perpetuate the success of our business and represent stockholder interests through the exercise of sound judgment using the Board of Directors' collective diversity of experience. In addition, the Nominating and Corporate Governance Committee considers, in light of our business, each director nominee's experience, qualifications, attributes and skills that are identified in the biographical information contained under *Directors and Executive Officers*. The Nominating and Corporate Governance Committee and the Board of Directors discuss the composition of the Board, including diversity of background and experience, as part of the annual Board evaluation process.

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Process for Identifying and Evaluating Director Nominees

The Nominating and Corporate Governance Committee's process for identifying and evaluating candidates, including, if applicable, candidates recommended by stockholders, includes actively seeking to identify qualified individuals by various means which may include reviewing lists of possible candidates, such as chief executive officers of public companies or leaders of finance or other industries, considering proposals from sources, such as the Board of Directors, management, employees, stockholders and industry contacts, and engaging an outside search firm to identify and screen potential candidates. The committee may also retain a search firm to evaluate and perform background reviews on director candidates, including those recommended by stockholders.

Once candidates have been identified, the Nominating and Corporate Governance Committee may gather information about the candidates through interviews, detailed questionnaires, comprehensive background checks or any other means that the Nominating and Corporate Governance Committee deems to be helpful in the evaluation process. The Nominating and Corporate Governance Committee then meets as a group to discuss and evaluate the qualities and skills of a candidate, both on an individual basis and taking into account the overall composition and needs of the Board of Directors. Based on the results of the evaluation process, the Nominating and Corporate Governance Committee recommends candidate(s) for the Board of Directors' approval as director nominee(s) for election to the Board of Directors. The Nominating and Corporate Governance Committee also recommends candidates to the Board of Directors for appointment to the committees of the Board of Directors.

Procedures for Recommendation of Director Nominees by Stockholders

The Nominating and Corporate Governance Committee will consider director nominee candidates who are recommended by stockholders of the Company. Stockholders, in submitting recommendations to the Nominating and Corporate Governance Committee for director nominee candidates, must follow the procedures summarized below which are set forth in the Company's bylaws. The Company's bylaws are available in the Corporate Governance section of the investor relations portion of the Company's website at <http://ir.thefreshmarket.com> and may be requested in hard copy, free of charge, from the Company upon a request directed to: The Fresh Market, Inc., 628 Green Valley Road, Suite 500, Greensboro, North Carolina 27408, Attention: Secretary.

The Company reserves the right to adopt additional procedures for recommendation of director nominees by stockholders, as well as criteria for director nominee candidates.

Recommendations for nomination must contain such information and meet such other requirements as set forth in the Company's bylaws. To be timely, notice of any such recommendation for nomination must be delivered to the Company's Secretary at 628 Green Valley Road, Suite 500, Greensboro, North Carolina 27408 not earlier than the close of business on February 4, 2014 and not later than the close of business on March 6, 2014. If the date of the annual meeting is advanced by more than 30 days or delayed by more than 90 days from June 4, 2014, notice by the stockholder to be timely must be so delivered not earlier than the 120th day prior to the date of the 2014 annual meeting and not later than the close of business on the later of the 90th day prior to the date of the 2014 annual meeting or the 10th day following the day on which the Company first makes a public announcement of the date of such meeting. A public announcement of adjournment or postponement of an annual meeting shall not commence a new time period for the giving of notice.

Recommendations for nominations must be sent to the attention of the Secretary of the Company by U.S. mail (including courier or expedited delivery service) to:

The Fresh Market, Inc.

628 Green Valley Road

Suite 500

Greensboro, North Carolina 27408

Attn: Secretary

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The Secretary of the Company will promptly forward any such recommendations to the Nominating and Corporate Governance Committee. Recommended candidates will be subject to a comprehensive private investigation background check by a qualified firm of the Company's choosing. The Nominating and Corporate Governance Committee will evaluate each candidate and a recommendation with respect to such candidate will be delivered to the Board of Directors.

Policy Governing Security Holder Communications with the Board of Directors

The Board of Directors provides to every security holder the ability to communicate with the Board of Directors as a whole and with individual directors on the Board of Directors through an established process for security holder communication as follows:

For communications directed to the Board of Directors as a whole, security holders may send such communications to the attention of the Chairman of the Board of Directors by U.S. mail (including courier or expedited delivery service) to:

The Fresh Market, Inc.

628 Green Valley Road

Suite 500

Greensboro, North Carolina 27408

Attn: Chairman of the Board of Directors, c/o Secretary

For security holder communications directed to an individual director in his or her capacity as a member of the Board of Directors, security holders may send such communications to the attention of the individual director by U.S. mail (including courier or expedited delivery service) to:

The Fresh Market, Inc.

628 Green Valley Road

Suite 500

Greensboro, North Carolina 27408

Attn: [Name of the director], c/o Secretary

The Company will forward any such security holder communication to the Chairman of the Board of Directors, as a representative of the Board of Directors, or to the director to whom the communication is addressed, on a periodic basis, subject to screening for security purposes. The Company will forward such communications by certified U.S. mail to an address specified by each director and the Chairman of the Board of Directors for such purposes or by secure electronic transmission.

Policy Governing Director Attendance at Annual Meetings of Stockholders

We conduct an annual meeting of stockholders and directors are expected to attend, absent extenuating circumstances. All ten of the incumbent directors attended the 2012 annual meeting of stockholders.

Board of Directors Evaluation Program and Succession Planning

The Board of Directors undertakes an annual formal evaluation process consisting of an overall Board of Directors evaluation and committee evaluations. As part of the evaluation process, the Board of Directors evaluates some or all of the following different competencies: Board structure, Board roles, Board processes, Board composition, orientation and development, Board dynamics, and Board effectiveness. The evaluation process includes consideration of the appropriate Board size, committee composition, appointment of Chairmanships, succession planning and the technical, business and organizational skills required of future Board members.

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Mandatory Retirement Age of Directors

Except for the Company’s founder, no director or nominee may stand for re-election or election to the Board after his or her seventieth (70) birthday.

Code of Ethics

Our Board of Directors has adopted a code of business conduct and ethics as required by regulations promulgated under the Securities Act and the Exchange Act that establishes the standards of ethical conduct applicable to all of our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The code of business conduct and ethics addresses, among other things, competition and fair dealing, conflicts of interest, financial matters and external reporting, company funds and assets, confidentiality and corporate opportunity requirements and the process for reporting violations of the code of business conduct and ethics, employee misconduct, conflicts of interest or other violations.

Our code of business conduct and ethics is publicly available in the Corporate Governance section of the investor relations portion of our website at <http://ir.thefreshmarket.com>. A copy of the code of business conduct and ethics may also be obtained, free of charge, from the Company upon a request directed to: The Fresh Market, Inc., 628 Green Valley Road, Suite 500, Greensboro, North Carolina 27408, Attention: Investor Relations. Any waiver of our code of business conduct and ethics with respect to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions may only be authorized by our Audit Committee and will be disclosed as required by applicable law. The Company intends to disclose any amendment to, or any waiver from, a provision of the code of business conduct and ethics that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information in the Corporate Governance section of the investor relations portion of its website available at <http://ir.thefreshmarket.com>.

Stock Ownership and Retention Guidelines

The Common Stock Ownership and Retention Guidelines for Directors and Executive Officers of The Fresh Market, Inc. (the “Stock Retention Guidelines”) provide that non-employee directors are expected, over time, to acquire and hold shares of the Company’s Common Stock equal in value to at least five times the annual cash retainer for non-employee directors, and executive officers of the Company are expected, over time, to acquire and hold shares of the Company’s Common Stock equal in value to at least a multiple of their base salaries, as follows:

Chief Executive Officer	6X base salary
Chief Operating Officer	3X base salary
Chief Financial Officer	3X base salary
SVPs	2X base salary

Directors and executive officers are not required to purchase stock to meet this requirement; however, until they satisfy the ownership requirement, each director or executive officer will be required to hold a specified percentage of the shares of stock received (as applicable) upon lapse of restrictions upon restricted stock, settlement of restricted stock units, vesting of performance shares, and exercise of stock options (net of any shares utilized to pay for the exercise price of the option and tax withholding). The specified retention percentage described above is: (i) for directors, 100%; (ii) for the Chief Executive Officer, 75%; and (iii) for all other executive officers, 50%. The retention requirements are applicable to equity awards made after adoption of the Stock Retention Guidelines in March 2012.

Our Chief Executive Officer and each of our named executive officers, except for our Senior Vice President – General Counsel, satisfy the Stock Retention Guidelines and directly own more shares of our Common Stock than required by the Stock Retention Guidelines.

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Compensation Recoupment Policy

The Fresh Market, Inc. Compensation Recoupment Policy (the "Recoupment Policy") requires that, in the event of a restatement of the Company's financial statements due to material non-compliance with U.S. securities laws, rules or regulations: (i) all employees holding the title of Vice President or above will reimburse the Company for all performance-based compensation received and all gains realized on the exercise, settlement or sale of performance-based equity awards by such employees; and (ii) all outstanding performance-based equity awards (whether vested or unvested) held by such employees will be canceled. The foregoing applies, however, only to the extent that such compensation or awards exceed those that would have been received or vested if the restated financial results had been used to determine whether such awards should have been received or vested. The members of the Board of Directors who have been determined by the Board of Directors to be independent under the rules of The NASDAQ Stock Market shall be responsible for enforcing the Recoupment Policy and may, to the extent not prohibited by applicable law, exercise discretion as to the enforcement of such Policy.

Access to Additional Corporate Governance Information

For more corporate governance information, you are invited to access the Corporate Governance section of the investor relations portion of the Company's website available at <http://ir.thefreshmarket.com>.

Except for the availability of this Proxy Statement and the Annual Report to Stockholders, which are available for viewing, printing and downloading at <http://ir.thefreshmarket.com>, the information on the Company's website is not part of this Proxy Statement.

Board of Directors Role in Risk Oversight

Assessing and managing risk is the responsibility of the Company's management. The Board of Directors oversees and reviews certain aspects of the Company's risk management efforts. The Board of Directors is involved in risk oversight through direct decision-making authority with respect to significant matters and the oversight of management by the Board of Directors and its committees. Among other areas, the Board is involved in overseeing risks related to the Company's overall strategy, executive officer succession, business continuity, crisis preparedness and corporate reputational risks. Our Board leadership structure supports our governance approach to risk oversight as our Chief Executive Officer is involved directly in risk management as a member of our management team, while our Chairman of our Board and our committee Chairs, in their respective areas, maintain oversight roles as a non-management director (in the case of the Chairman of the Board) and independent directors (in the case of our committee Chairs) of our Board.

The committees of the Board execute their oversight responsibility for risk management as follows:

The Audit Committee has responsibility for overseeing the Company's internal financial and accounting controls, work performed by the Company's independent registered public accounting firm and, if applicable, the Company's internal audit function. As part of its oversight function, the Audit Committee regularly discusses with management and the Company's independent registered public accounting firm the Company's major financial and controls-related risk exposures and steps that management has taken to monitor and control such exposures. In addition, the Company, under the supervision of the Audit Committee, has established procedures available to all employees for the anonymous and confidential submission of complaints relating to any accounting, internal accounting controls or auditing matters to encourage employees to report questionable activities directly to the Company's senior management and the Audit Committee.

The Compensation Committee is responsible for overseeing risks related to the Company's compensation programs and practices. For a detailed discussion of the Company's efforts to manage compensation related risks, see *Compensation Related Risk Assessment*.

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The Nominating and Corporate Governance Committee is responsible for overseeing risks related to the composition and structure of the Board of Directors and its committees and the Company's corporate governance. In this regard, the Nominating and Corporate Governance Committee conducts an annual evaluation of the Board and its committees.

Compensation Related Risk Assessment

The Compensation Committee is responsible for overseeing risks related to the Company's compensation plans, programs and policies. We believe that the Company's executive and employee compensation plans, programs and policies are appropriately structured so as not to incent excessive risk taking and are not reasonably likely to have a material adverse effect on the Company. In particular, the Compensation Committee considered the following elements of the Company's compensation plans, programs and policies when evaluating whether our plans, programs and policies encourage our executive officers and employees to take unreasonable risks:

The Company's compensation program is balanced between base salary, which is fixed, and variable incentive-based compensation, which includes a mix of annual and multi-year components, provides cash and equity-based awards, and utilizes several different financial metrics that measure and deliver compensation based upon the financial performance of different aspects of the Company's business.

The awards that may be made under the Company's incentive compensation programs are capped so as to prevent award payments in excess of specific returns to the business and our stockholders, even if the Company dramatically exceeds its performance or financial targets.

Our performance-based equity awards have performance measures that are multi-year and cumulative in nature in order to promote success of the Company's business and its financial results over the long-term and include vesting of a portion of the performance-based equity so long as a minimum level of financial performance is met in order to discourage an all-or-nothing view of the performance-based equity awards.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information regarding the beneficial ownership of the Company's Common Stock as of the Record Date (i) by each person who is known by the Company to beneficially own more than 5% of the outstanding shares of Common Stock; (ii) by each director and nominee for director of the Company; (iii) by each named executive officer of the Company set forth in the Summary Compensation Table below; and (iv) by all directors and executive officers of the Company as a group.

Beneficial ownership for the purposes of the following table is determined in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if they have or share the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof or have the right to acquire such powers within 60 days.

The address of each person named in the table below, unless otherwise indicated, is c/o The Fresh Market, Inc., 628 Green Valley Road, Suite 500, Greensboro, North Carolina 27408.

Beneficial Owner	Shares of Common Stock Beneficially Owned(1)	
	#	%
5% Stockholders:		
Michael Barry(2)	3,097,274	6.4%
FMR LLC(3)	5,419,439	11.2%
Wells Fargo & Company(4)	5,217,428	10.8%
T. Rowe Price Associates, Inc.(5)	4,943,737	10.2%
Directors and Executive Officers:		
Ray Berry(6)	1,635,481	3.4%
Brett Berry(7)	1,800,104	3.7%
David Rea(8)	5,641	*
Jeffrey Naylor(8)	5,641	*
Richard Noll(9)	2,914	*
Michael Tucci(10)	6,000	*
Bob Sasser(11)	1,245	*
Steven Tanger(12)	2,034	*
Jane Thompson(13)	1,034	*
Craig Carlock	255,583	*
Lisa Klinger(14)	132,405	*
Sean Crane	140,504	*
Scott Duggan	33,079	*
Marc Jones	132,816	*
Randy Kelley(15)	67,842	*
Executive officers and directors as a group (14 persons)	4,029,131	8.3%

* Represents less than 1%.

- (1) Under the rules and regulations of the SEC, shares of Common Stock underlying options that are exercisable within 60 days are beneficially owned by the holder of the option because the holder will have the right to exercise the option and thereby acquire the power to vote or direct the voting of the underlying shares, or to dispose or direct the disposition thereof, within 60 days. Amounts in this column include: (i) shares of Common Stock issuable upon exercise of options that are exercisable within 60 days by Mr. Carlock (48,490 shares), Mr. Crane (28,513 shares), Mr. Duggan (16,836 shares), and Mr. Jones (16,836 shares); (ii) performance shares, for which the recipients have the present right to vote the shares, issued by the Company to Mr. Carlock (8,744 shares), Mr. Crane (3,577 shares), Mr. Duggan (2,981 shares), and

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Mr. Jones (2,981 shares); and (iii) restricted stock awards, for which the recipients have the present right to vote the shares, issued by the Company to Mr. Carlock (33,528 shares), Mr. Crane (18,405 shares), Mr. Duggan (11,429 shares), and Mr. Jones (11,429 shares).

- (2) Consists of 261,869 shares held of record by the Unger Trust, as to which he has voting and investment power as special holdings adviser, 1,093,319 shares held of record by the Keigan Trust, as to which he has voting and investment power as special holdings adviser, 745,726 shares held of record by the Rossler Trust, as to which he has voting and investment power as special holdings adviser, 332,120 shares held of record by the Lerra Trust, as to which he has voting and investment power as special holdings adviser and is co-trustee, 332,120 shares held of record by the Farra Trust, as to which he has voting and investment power as special holdings adviser and is co-trustee, and 332,120 shares held of record by the Caito Trust, as to which he has voting and investment power as special holdings adviser and is co-trustee. Ray Berry, Brett Berry, Michael Barry, Amy Barry, and Winston Berry filed a Schedule 13G/A with the SEC on January 23, 2013 indicating that as of October 14, 2012 they no longer constitute a group within the meaning of Section 13(d)(3) of the Exchange Act.
- (3) This information is based upon a Schedule 13G/A filed with the SEC on February 14, 2013 by FMR LLC, whose address is 82 Devonshire Street, Boston, Massachusetts 02109, on behalf of itself and its direct and indirect subsidiaries and related persons. The Schedule 13G/A reports that FMR LLC has sole voting power over 211,301 shares, shared voting power over no shares, sole investment power over 5,419,439 shares and shared investment power over no shares. Such filing represents that Fidelity Management & Research Company, a wholly owned subsidiary of FMR LLC, is the beneficial owner of 5,208,138 shares, or 10.8% of the outstanding shares of Common Stock, and that Fidelity Growth Company Fund, a direct or indirect subsidiary of FMR LLC, is the beneficial owner of 2,448,468 shares, or 5.1% of the outstanding shares of Common Stock.
- (4) This information is based upon a Schedule 13G/A filed with the SEC on March 29, 2013 by Wells Fargo & Company on its own behalf and on behalf of certain of its subsidiaries. The address of Wells Fargo & Company is 420 Montgomery Street, San Francisco, California 94104. The Schedule 13G/A reports that Wells Fargo & Company has sole voting power over 36,660 shares, shared voting power over 4,735,500 shares, sole investment power over 36,660 shares and shared investment power over 5,167,734 shares. Such filing represents that Wells Capital Management Incorporated is the beneficial owner of 4,946,029 shares, or 10.2% of the outstanding shares of Common Stock, and that Wells Fargo Funds Management, LLC is the beneficial owner of 4,111,393 shares, or 8.5% of the outstanding shares of Common Stock. The aggregate beneficial ownership reported for Wells Fargo & Company in the table above is on a consolidated basis.
- (5) This information is based upon a Schedule 13G filed with the SEC on February 11, 2013 by T. Rowe Price Associates, Inc. (Price Associates), whose address is 100 E. Pratt Street, Baltimore, Maryland 21202. The Schedule 13G/A reports that Price Associates has sole voting power over 957,150 shares, shared voting power over no shares, sole investment power over 4,943,737 shares and shared investment power over no shares. These securities are owned by various individual and institutional investors which Price Associates serves as an investment advisor with power to direct investments and/or sole power to vote the securities. For the purposes of the reporting requirements of the Exchange Act, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.
- (6) Consists of 1,635,481 shares held of record by the Paiko Trust, as to which he is trustee and has sole voting and investment power. Ray Berry, Brett Berry, Michael Barry, Amy Barry, and Winston Berry filed a Schedule 13G/A with the SEC on January 23, 2013 indicating that as of October 14, 2012 they no longer constitute a group within the meaning of Section 13(d)(3) of the Exchange Act.

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- (7) Consists of 476,835 shares held of record by the Gibson Trust, as to which he is trustee and has sole voting and investment power, 255,414 shares held of record by the Jenner Trust, as to which he has voting and investment power as special holdings adviser and 1,067,855 shares held of record by the Floyd Trust, as to which he has voting and investment power as special holdings adviser. Excludes (i) 745,726 shares held of record by the Rossler Trust, as to which he is co-trustee along with Ms. Barry and J.P. Morgan Trust Company of Delaware, but does not have voting or investment power and disclaims beneficial ownership, (ii) 375,494 shares held of record by the Tuttle Trust, as to which he is an investment adviser but does not have voting or investment power and disclaims beneficial ownership and (iii) 375,494 shares held of record by the Millard Trust, as to which he is an investment adviser but does not have voting or investment power and disclaims beneficial ownership. Ray Berry, Brett Berry, Michael Barry, Amy Barry, and Winston Berry filed a Schedule 13G/A with the SEC on January 23, 2013 indicating that as of October 14, 2012 they no longer constitute a group within the meaning of Section 13(d)(3) of the Exchange Act.
- (8) Consists of restricted stock awards made upon the consummation of the initial public offering in November 2010, representing 2,727 shares, at the time of the annual meeting of stockholders in August 2011, representing 1,880 shares, and at the time of the annual meeting of stockholders in June 2012, representing 1,034 shares. The restricted shares provide that the restrictions lapse at the earlier of one year from the date of grant and the next annual meeting of stockholders following the date of grant. Accordingly, the restrictions provided in the restricted share awards made in November 2010 and August 2011 have lapsed, and the restrictions provided in the restricted share awards made in June 2012 will lapse at the Annual Meeting. The holders of the restricted shares are entitled to the rights of a stockholder in respect of such restricted shares, including the right to vote and receive dividends.
- (9) Consists of restricted stock awards made upon his election as a director in August 2011, representing 1,880 shares, and at the time of the annual meeting of stockholders in June 2012, representing 1,034 shares. The restricted shares provide that the restrictions lapse at the earlier of one year from the date of grant and the next annual meeting of stockholders following the date of grant. Accordingly, the restrictions provided in the restricted share awards made in August 2011 have lapsed, and the restrictions provided in the restricted share awards made in June 2012 will lapse at the Annual Meeting. The holders of the restricted shares are entitled to the rights of a stockholder in respect of such restricted shares, including the right to vote and receive dividends.
- (10) Consists in part of restricted stock awards made upon his election as a director in December 2011, representing 762 shares, and at the time of the annual meeting of stockholders in June 2012, representing 1,034 shares. The restricted shares provide that the restrictions lapse at the earlier of one year from the date of grant and the next annual meeting of stockholders following the date of grant. Accordingly, the restrictions provided in the restricted share awards made in December 2011 have lapsed, and the restrictions provided in the restricted share awards made in June 2012 will lapse at the Annual Meeting. The holders of the restricted shares are entitled to the rights of a stockholder in respect of such restricted shares, including the right to vote and receive dividends.
- (11) Consists of restricted stock awards made upon his election as a director in March 2012, representing 211 shares, and at the time of the annual meeting of stockholders in June 2012, representing 1,034 shares. The restricted shares provide that the restrictions lapse at the earlier of one year from the date of grant and the next annual meeting of stockholders following the date of grant. Accordingly, the restrictions provided in the restricted share awards made in March 2012 have lapsed, and the restrictions provided in the restricted share awards made in June 2012 will lapse at the Annual Meeting. The holders of the restricted shares are entitled to the rights of a stockholder in respect of such restricted shares, including the right to vote and receive dividends.
- (12) Consists in part of restricted stock awards made upon his election as a director in June 2012, representing 1,034 shares. The restricted shares provide that the restrictions lapse at the earlier of one year from the date

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of grant and the next annual meeting of stockholders following the date of grant. Accordingly, the restrictions provided in the restricted share awards will lapse at the Annual Meeting. The holders of the restricted shares are entitled to the rights of a stockholder in respect of such restricted shares, including the right to vote and receive dividends.

(13) Consists of restricted stock awards made upon her election as a director in June 2012, representing 1,034 shares. The restricted shares provide that the restrictions lapse at the earlier of one year from the date of grant and the next annual meeting of stockholders following the date of grant. Accordingly, the restrictions provided in the restricted share awards will lapse at the Annual Meeting. The holders of the restricted shares are entitled to the rights of a stockholder in respect of such restricted shares, including the right to vote and receive dividends.

(14) Ms. Klinger served as the Company's principal financial officer until December 7, 2012.

(15) Mr. Kelley served as the Company's SVP Real Estate and Development until March 29, 2013.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and holders of more than 10% of the Company's Common Stock to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock of the Company. Such persons are required by regulations of the SEC to furnish the Company with copies of all such filings. Based solely on its review of the copies of such filings received by it during the fiscal year ended January 27, 2013, the Company believes that all Section 16(a) filing requirements were complied with during the year ended January 27, 2013 and prior fiscal years, with the exception that Ray Berry, a current director, Brett Berry, a current director, and Michael Barry, a former greater than 10% stockholder, each filed a late Form 5 to report a gift (and two separate gifts, in the case of Mr. Barry) of shares made without remuneration or compensation.

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EXECUTIVE AND DIRECTOR COMPENSATION

Director Compensation

Only directors who are considered independent directors under the rules of The NASDAQ Stock Market receive compensation from us for their service on our Board of Directors. Accordingly, Messrs. Ray Berry, Brett Berry and Craig Carlock do not receive compensation from us for their service on our Board of Directors. Mr. Carlock's compensation is described under *Executive Compensation*.

For fiscal 2012, our independent directors each received:

an annual retainer of \$40,000 in cash;

an additional annual retainer of \$15,000 in cash to the Chairs of the Audit Committee and the Compensation Committee and \$5,000 in cash to the Chair of the Nominating and Corporate Governance Committee;

\$1,000 in cash for in-person attendance at meetings and \$500 in cash for telephonic attendance at meetings, for each Board of Directors or committee meeting in excess of six meetings per year, in each case, of the Board of Directors or the applicable committee, with the year being measured from annual stockholder meeting to the next annual stockholder meeting; and

an annual equity grant of restric