

Fresh Market, Inc.
Form DEF 14A
July 18, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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:

- | | | | |
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| <input type="checkbox"/> | Preliminary Proxy Statement | <input type="checkbox"/> | Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
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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):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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Dear Stockholder:

July 18, 2011

You are cordially invited to attend the Annual Meeting of Stockholders of The Fresh Market, Inc. (the Company) to be held on August 18, 2011 at 8:00 a.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 one (1) Class I director for a three-year term,

the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for our 2011 fiscal year,

an advisory vote on executive compensation, and

an advisory vote on the frequency of future advisory votes on executive compensation.

The Board of Directors unanimously recommends that you vote FOR election of the director nominee, FOR ratification of the appointment of Ernst & Young LLP, FOR approval of the executive compensation described herein, and for ANNUAL advisory votes on executive compensation in the future.

Your vote is important regardless of the number of shares you own. Please read the proxy statement and vote your shares. Instructions for Internet and telephone voting are attached to your proxy card. If you prefer, you can vote by mail by completing and signing your proxy card and returning it in the enclosed envelope.

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 ANNUAL MEETING OF STOCKHOLDERS

To Be Held on August 18, 2011

To the Stockholders of The Fresh Market, Inc.:

The Annual Meeting of Stockholders of The Fresh Market, Inc., a Delaware corporation (the Company), will be held on August 18, 2011 at 8:00 a.m. Eastern Time at the O.Henry Hotel, 624 Green Valley Road, Greensboro, North Carolina 27408, for the following purposes:

1. to elect one (1) Class I member to the Board of Directors as a director, to serve for a three-year term and until his successor has been duly elected and qualified or until his earlier resignation or removal;
2. to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for our 2011 fiscal year;
3. to hold a non-binding advisory vote to approve the compensation paid to the Company's executive officers in 2010;
4. to hold a non-binding advisory vote as to the frequency of future advisory votes on executive compensation; and
5. to transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

The proposal for the election of a director relates solely to the election of one (1) Class I director 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 June 30, 2011 are entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof.

To attend the Annual Meeting, you must present a valid, government issued photo identification (such as a drivers license or a passport) and demonstrate that you were a stockholder of the Company as of the close of business on June 30, 2011, 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 June 30, 2011, 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 June 30, 2011 will be permitted to attend the Annual Meeting.

By Order of the Board of Directors,

SCOTT F. DUGGAN

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Secretary

Greensboro, North Carolina

July 18, 2011

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE PROMPTLY COMPLETE YOUR PROXY AS INDICATED IN THE ENCLOSED MATERIALS. YOU MAY VOTE ON THE INTERNET, BY TELEPHONE OR BY MAIL.

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THE FRESH MARKET, INC.

628 Green Valley Road

Suite 500

Greensboro, North Carolina 27408

PROXY STATEMENT

For the Annual Meeting of Stockholders

To Be Held on August 18, 2011

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THE FRESH MARKET, INC.

628 Green Valley Road

Suite 500

Greensboro, North Carolina 27408

PROXY STATEMENT

For the Annual Meeting of Stockholders

To Be Held on August 18, 2011

Why did I receive this Proxy Statement?

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors of The Fresh Market, Inc., a Delaware corporation (the "Company"), for use at the 2011 Annual Meeting of Stockholders or at any adjournments or postponements thereof (the "Annual Meeting"). An Annual Report to Stockholders, containing financial statements for the year ended December 31, 2010, this Proxy Statement and the form of proxy are first being mailed to all stockholders entitled to vote at the Annual Meeting on or about July 18, 2011.

When and where will the Annual Meeting be held?

The Annual Meeting will be held on August 18, 2011 at 8:00 a.m. Eastern Time at the O.Henry Hotel, 624 Green Valley Road, Greensboro, North Carolina 27408.

What is the purpose of the Annual Meeting?

The purposes of the Annual Meeting are to:

elect one (1) Class I director for a three-year term,

ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for our 2011 fiscal year,

hold an advisory vote on executive compensation, and

hold an advisory vote on the frequency of future advisory votes on executive compensation.

Who may vote at the Annual Meeting?

Only stockholders of record at the close of business on June 30, 2011 (the "Record Date") will be entitled to receive notice of and to vote at the Annual Meeting. As of the Record Date, 47,996,499 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 on any proposal presented at the Annual Meeting.

How do I vote?

You may vote on the Internet, using the procedures and instructions described on the proxy card and other enclosures. You may vote by telephone using the toll-free telephone number on the proxy card. Both Internet and telephone voting provide easy-to-follow instructions and

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have procedures designed to authenticate your identity and permit you to confirm that your voting instructions are accurately reflected. Street name holders may be able to vote by Internet or telephone if their banks or brokers make those methods available, in which case the banks or brokers will enclose the instructions with the proxy statement.

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All stockholders may vote by signing and returning the enclosed proxy card.

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 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 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.

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. 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. A non-vote occurs when a nominee holding shares for a beneficial owner votes on one proposal but does not vote on another proposal because, with respect to such other proposal, the nominee does not have discretionary voting power and has not received instructions from the beneficial owner.

How many votes are required to approve each proposal?

For Proposal 1, the election of one (1) Class I director, the nominee shall be elected as a director if the nominee receives a plurality of the votes cast for a nominee.

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 2011 fiscal year, and Proposal 3, the advisory vote on executive compensation, an affirmative vote of a majority of the shares present, in person or represented by proxy, and voting on such matter is required for approval.

For Proposal 4, the advisory vote on the frequency of future advisory votes on executive compensation, the frequency (one, two, or three years) receiving the greatest number of votes shall be deemed the frequency recommended by the stockholders.

The vote on each matter submitted to stockholders is tabulated separately. Broadridge Financial Solutions tabulates the votes. Abstentions are included in the number of shares present or represented and voting on each matter. Broker non-votes are not considered voted for the particular matter and have the effect of reducing the number of affirmative votes required to achieve a majority for such matter by reducing the total number of shares from which the majority is calculated.

If the appointment of Ernst & Young LLP as our independent registered public accounting firm for our 2011 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 2011 fiscal year will stand, unless the Audit Committee finds other good reason for making a change.

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Because the votes on approval of executive compensation and recommendation of the frequency of future advisory votes regarding executive compensation are advisory, these votes will not be binding on us or our Board of Directors, overrule any decision made by the Board of Directors or create or imply any additional duty for the Board. We recognize, nonetheless, that our stockholders have a fundamental interest in the Company's executive compensation practices. Thus, the Compensation Committee may take into account the outcome of these votes when considering future executive compensation arrangements and the frequency of future non-binding, advisory stockholder votes regarding the Company's executive compensation.

Who are the proxy holders and how will they vote?

The persons named as attorneys-in-fact in the proxies, R. Craig Carlock and Lisa K. Klinger, 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 director, FOR ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for our 2011 fiscal year, FOR the approval of executive compensation, and for ANNUAL advisory votes on executive compensation in the future.**

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 2011 fiscal year, the advisory vote on executive compensation, and the advisory vote on the frequency of future advisory votes on 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 director, FOR ratification of the appointment of Ernst & Young LLP, FOR approval of the executive compensation described herein, and for ANNUAL advisory votes on executive compensation in the future.

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OVERVIEW OF OUR TRANSITION FROM A CONTROLLED COMPANY

We are providing the additional information below to our stockholders in order to assist them in understanding our evolution from a controlled public company (one where a majority of the voting power for the election of directors is owned by one stockholder or a group of stockholders) to a public company that is no longer controlled. As is common for controlled public companies, our Board of Directors was not composed of a majority of independent directors, as defined below, at the time of our initial public offering in November 2010, and, while we ceased to be a controlled company in May 2011, it is not composed of a majority of independent directors on the date of this Proxy Statement. We will be required to, and fully intend to, have a majority independent Board of Directors by May 3, 2012. The members of our Board of Directors who are not independent, together with their family members, remain the largest stockholders of our Company.

Controlled company and other exceptions to certain governance requirements following our initial public offering

We completed our initial public offering in November 2010. At that time, we availed ourselves of the controlled company exception under the corporate governance rules of The Nasdaq Stock Market, which permitted us to have a Board of Directors that was not composed of a majority of independent directors, as defined under the rules of The Nasdaq Stock Market, and compensation and nominating committees/functions that were not composed entirely of independent directors for so long as we were a controlled company. In addition, in compliance with the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act), we completed our initial public offering with an audit committee that was composed of a majority of independent directors. Our Audit Committee must be composed entirely of independent directors by November 2011.

In May 2011, following a public offering of our common stock by the Berry family (as defined below), we no longer qualified for the controlled company exception. Under the controlled company transition rules, we are required to have majority independent compensation and nominating committees/functions within ninety days of the loss of our controlled company status and a board of directors composed of a majority of independent directors and compensation and nominating committees/functions composed entirely of independent directors, in each case, within one year of the loss of the controlled company status. Accordingly, we are required to have compensation and nominating committees/functions composed of a majority of independent directors by August 1, 2011, a Board of Directors composed of a majority of independent directors by May 3, 2012 and compensation and nominating committees/functions composed entirely of independent directors by May 3, 2012. Further, under the Sarbanes-Oxley Act, we are required to have an audit committee composed of at least three members, each of whom must be independent, by November 5, 2011. We expect to meet each of these requirements.

Meeting increased independence requirements for our Board of Directors and standing committees as we move from a controlled company

As described above, we availed ourselves of certain exceptions and phase-in periods for corporate governance requirements available to controlled and newly public companies. These phase-in periods provide newly-public or formerly controlled companies time to carefully consider and identify the independent directors that are most appropriate and valuable for their boards of directors. We have taken steps, and continue to take steps, to fulfill the independence requirements applicable to our Board of Directors and standing committees within the time periods required under The Nasdaq Stock Market corporate governance rules and the Sarbanes-Oxley Act. These steps include:

Nominated a director to be considered at the Annual Meeting who is independent under the rules of The Nasdaq Stock Market.

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Effective July 31, 2011, our Compensation and Nominating and Corporate Governance Committees will be composed of a majority of independent directors as a director who is independent under the rules of The Nasdaq Stock Market will be added to each of these committees and one or more directors who are not independent will cease to serve on each of these committees.

In the event the nominee to our Board of Directors is elected at the Annual Meeting, we will have a Board of Directors composed of a majority of independent directors under the rules of The Nasdaq Stock Market, a Compensation Committee composed entirely of independent directors and a Nominating and Corporate Governance Committee composed of a substantial majority of independent directors.

The Nominating and Corporate Governance Committee will continue to utilize the transition period to carefully consider and to identify one or more additional independent directors in order to have an Audit Committee that is composed entirely of independent directors under the rules of The Nasdaq Stock Market and applicable independence standards under the federal securities laws by November 5, 2011 as required under the phase-in rules for newly public companies under the Sarbanes-Oxley Act.

TERMS USED IN THIS PROXY STATEMENT

As used in this Proxy Statement, the term the Berry family means (1) Ray Berry and the Estate of Beverly Berry; (2) various lineal descendants of Ray Berry and spouses and adopted children of such descendants; (3) various trusts for the benefit of individuals described in clauses (1) and (2) and their trustees; and (4) various entities owned or controlled, directly or indirectly, by the individuals and trusts described in clauses (1), (2) and (3).

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Our Board of Directors currently consists of five 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 first became a director, whether or not he is independent as defined under the rules of The Nasdaq Stock Market and the committees that he currently serves on. The sections of this Proxy Statement below entitled *Directors and Executive Officers, Our Board of Directors and Its Committees* 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 | Committees(1) |
|-------------------------------|---|--------------------|---|
| Class I (term expires 2011) | Michael Barry | No | Audit Committee |
| | 2001 | | Nominating and Corporate Governance Committee |
| Class II (term expires 2012) | Brett Berry | No | Compensation Committee |
| | 1985 | | Nominating and Corporate Governance Committee |
| | David Rea | Yes | Audit Committee |
| | 2010 | | Compensation Committee Nominating and Corporate Governance Committee |
| Class III (term expires 2013) | Ray Berry, Chairman of the Board | No | Compensation Committee |
| | 1981 | | Nominating and Corporate Governance Committee |
| | Jeffrey Naylor | Yes | Audit Committee |
| | 2010 | | |

- (1) The committee memberships are listed in this table as of the date of this Proxy Statement. On July 5, 2011, the Board of Directors took action to reconstitute the committees, to be effective July 31, 2011, as described in *Overview of Our Transition from a Controlled Company* above. As a result, as of July 31, 2011, Michael Barry will no longer serve on the Nominating and Corporate Governance Committee, Ray Berry will no longer serve on the Compensation Committee or the Nominating and Corporate Governance Committee, and Jeffrey Naylor will join both the Compensation and Nominating and Corporate Governance Committees. Further, Ray Berry will join the Audit Committee effective upon the expiration of Michael Barry's current term.

The Board of Directors, upon the recommendation of the Nominating and Corporate Governance Committee, has nominated Richard Noll and recommended that Mr. Noll be elected to the Board of Directors as a Class I director, to hold office until the annual meeting of stockholders to be held in the year 2014 and until his successor has been duly elected and qualified or until his earlier death, resignation or removal. The Board of Directors has determined that Mr. Noll is 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 Mr. Noll regarding whether he, or any member of his 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.

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Mr. Noll was one of the potential nominees identified by Spencer Stuart, an independent search firm specializing in recruiting directors for public companies that was engaged by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee selected and recommended Mr. Noll from the potential nominees identified by Spencer Stuart.

The Board of Directors knows of no reason why Mr. Noll would be unable or unwilling to serve, but if Mr. Noll 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 Mr. Noll. Unless otherwise instructed, the proxy holders will vote the proxies received by them for Mr. Noll.

This proposal for the election of directors relates solely to the election of one (1) Class I director 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.

Michael Barry, a member of Class I of our Board of Directors whose term expires at the Annual Meeting, has informed the Board of Directors that he does not intend to stand for re-election. Mr. Barry, a former executive officer of the Company and the son-in-law and brother-in-law, respectively, of Mr. Ray Berry and Mr. Brett Berry is not independent as defined under the rules of The Nasdaq Stock Market. As a result of Mr. Barry's decision to not stand for re-election, in the event Mr. Noll is elected to Class I of the Board of Directors at the Annual Meeting, our Board of Directors will be composed of a majority of independent directors as defined under the rules of The Nasdaq Stock Market and will consist of five total members; one will be a member of Class I and two will be members of each of Class II and Class III.

Our Board of Directors anticipates that it will add one or more additional independent directors as it endeavors to comply with the requirement that its Audit Committee be composed entirely of independent directors by November 5, 2011. Our certificate of incorporation requires that each class consist, as nearly as may be possible, of one third of the total number of directors constituting the entire Board of Directors. Accordingly, our Board of Directors anticipates that the next independent director to be added to the Board of Directors will likely be placed in Class I of the Board of Directors, the class that is currently standing for election at the Annual Meeting.

Recommendation of the Board

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE *FOR* RICHARD NOLL TO SERVE AS A MEMBER OF CLASS I OF THE BOARD OF DIRECTORS

Unless a proxy is marked to give a different direction, the persons named in the proxy will vote *FOR* Richard Noll to serve as a member of Class I of the Board of Directors.

Table of Contents**PROPOSAL 2****RATIFICATION OF APPOINTMENT OF****INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors has retained the firm of Ernst & Young LLP (Ernst & Young), to serve as the Company's independent registered public accounting firm for the fiscal year ending January 29, 2012. 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 ending December 31, 2010 and the one month transition period ended January 30, 2011 (the Transition Period) and its selection of Ernst & Young to serve as the Company's independent registered public accounting firm for our 2011 fiscal year. As a matter of good corporate governance, the Audit Committee has determined to submit its selection to the Company's stockholders for ratification. Even if the selection 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 2011 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 2011 fiscal year will stand, unless the Audit Committee finds other good reason for making a change.

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. All of the audit-related, tax and all other services provided by Ernst & Young to the Company in 2010 following its initial public offering and in the Transition Period were approved by the Audit Committee by means of specific pre-approvals. All non-audit services provided in 2010 following the Company's initial public offering and in the Transition Period 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 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 Transition Period and during the fiscal years ended December 31, 2010 and December 31, 2009.

| | 2011T | 2010 | 2009 |
|--------------------|-------------------|---------------------|-------------------|
| Audit Fees | \$ 106,641 | \$ 921,758 | \$ 126,609 |
| Audit-Related Fees | \$ | \$ 156,227 | \$ |
| Tax Fees | \$ | \$ | \$ |
| All Other Fees | \$ | \$ | \$ |
| Total | \$ 106,641 | \$ 1,077,985 | \$ 126,609 |

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Audit Fees

Audit Fees for both years consist of fees for professional services associated with the annual financial statements audit and accounting consultations. Audit Fees for 2010 also include services in connection with regulatory filings, including filings associated with the Company's initial public offering.

Audit-Related Fees

Audit Related Fees for 2010 consist of (i) \$129,227 in fees for professional services rendered for assistance with assessing the impact of current and proposed accounting standards, rules or interpretations, all of which services were performed prior to our initial public offering and were not subject to any pre-approval requirements; and (ii) \$27,000 in fees for due diligence services in connection with performing agreed-upon procedures with respect to a commercial relationship.

Tax Fees

There were no tax fees for the periods presented.

All Other Fees

There were no other fees for the periods presented.

Attendance of Representative of Ernst & Young at the Annual Meeting

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 2011 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 2011 fiscal year.

Change of Historical Auditor Prior to Initial Public Offering

On October 14, 2009, we dismissed Grant Thornton LLP (Grant Thornton) as our independent registered public accounting firm and on October 14, 2009, we engaged Ernst & Young. Our Board of Directors approved the dismissal of Grant Thornton and the engagement of Ernst & Young on October 14, 2009.

During the years ended December 31, 2007 and December 31, 2008, and during the subsequent interim period preceding Grant Thornton's dismissal, we had no disagreements with Grant Thornton on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure that, if not resolved to Grant Thornton's satisfaction, would have caused it to make reference to the subject matter of any such disagreement in connection with its reports for such years and interim periods. In connection with the December 31, 2007 and 2008 audits, Grant Thornton identified three material weaknesses in our internal control over financial reporting related to our accounting for (1) compensated absences of our employees, which we had not been accruing over the service period during which the entitlement was earned, (2) license revenue with respect to sales of sushi, and (3) the reversal of certain non-cash compensation expenses in 2007 which, based on the timing of formal documentation, should have been recorded in 2008. There were no other reportable events

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within the meaning of Item 304(a)(1)(v) of Regulation S-K during 2007 or 2008 or during the subsequent interim period preceding Grant Thornton's dismissal. Grant Thornton discussed the subject matter of these material weaknesses with our board of directors and we authorized Grant Thornton to respond fully to any inquiries of Ernst & Young regarding such material weaknesses.

Grant Thornton's reports on our financial statements for the years ended December 31, 2007 and December 31, 2008 do not contain any adverse opinion or disclaimer of opinion, nor are they qualified or modified as to uncertainty, audit scope or accounting principles.

During the years ended December 31, 2007 and December 31, 2008 and during the period from January 1, 2009 through October 14, 2009, neither we nor anyone on our behalf has consulted with Ernst & Young LLP regarding (1) the application of accounting principles to a specific transaction, either completed or proposed; or the type of audit opinion that might be rendered on our financial statements; or (2) any matter that was the subject of a disagreement within the meaning of Item 304(a)(1)(iv), or any reportable event within the meaning of Item 304(a)(1)(v) of Regulation S-K.

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PROPOSAL 3

ADVISORY VOTE ON EXECUTIVE COMPENSATION

Pursuant to Section 14A of the Securities Exchange Act of 1934, 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.

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 believe that our compensation program for our named executive officers has helped us achieve our strong strategic and financial performance.

Accordingly, we are asking our stockholders to vote **FOR** the following resolution at our 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 pursuant to the SEC's compensation disclosure rules (which disclosure includes the Compensation Discussion and Analysis, the compensation tables and the narrative disclosures that accompany the compensation tables).

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 OF, ON AN ADVISORY BASIS, 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.

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PROPOSAL 4

ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION

Pursuant to the Dodd-Frank Act, this proposal, commonly known as a say-on-frequency proposal, gives our stockholders the opportunity to vote, on an advisory basis, on how often we should include a say-on-pay vote in our proxy materials for future annual stockholder meetings (or for any special stockholder meetings at which directors will be elected and held in lieu of an annual meeting). Our Board of Directors has determined that an annual advisory vote on the compensation of our named executive officers is the most appropriate alternative for the Company so that stockholders may annually express their views on our executive compensation program. This feedback would then be considered by our Compensation Committee in its annual executive compensation review process.

On this proposal, stockholders may vote for one of the following alternatives: every year, every two years, every three years, or abstain. By selecting one of these alternatives, stockholders are voting to approve the selected alternative (or abstain from this vote), and are not voting to approve or disapprove our recommendation. 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 and will take into account the outcome of the vote when considering the frequency of holding future advisory votes on the compensation of our named executive officers.

Recommendation of the Board

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE, ON AN ADVISORY BASIS, FOR AN ANNUAL VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.

Unless a proxy is marked to give a different direction, the persons named in the proxy will vote for an ANNUAL advisory vote on the compensation of our named executive officers.

Table of Contents**DIRECTORS AND EXECUTIVE OFFICERS**

Assuming the election of the nominee to our Board of Directors pursuant to *Proposal 1 Election of Director*, 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 biographical description below for each director nominee 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. The biographical description of each director who is not standing for election includes the specific experience, qualifications, attributes and skills that the Board of Directors would expect to consider if it were making a conclusion currently as to whether such person should serve as a director. The Board of Directors did not currently evaluate whether these directors should serve as directors, as the terms for which they have been previously elected continue beyond the Annual Meeting.

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. Michael Barry, age 40, currently serves as a member of the Board of Directors. As a member of Class I of our Board of Directors, Mr. Barry's term expires at the Annual Meeting. Mr. Barry has informed the Board of Directors that he does not intend to stand for re-election to the Board of Directors at the Annual Meeting.

| Name | Age | Position(s) |
|----------------|------------|--|
| Ray Berry | 70 | Chairman of the Board |
| Brett Berry | 44 | Vice Chairman of the Board |
| Jeffrey Naylor | 52 | Director |
| Richard Noll | 53 | Director (nominee at Annual Meeting) |
| David Rea | 50 | Director |
| Craig Carlock | 44 | President and Chief Executive Officer |
| Lisa Klinger | 44 | Executive Vice President and Chief Financial Officer |
| Sean Crane | 43 | Senior Vice President Store Operations |
| Scott Duggan | 45 | Senior Vice President General Counsel |
| Marc Jones | 39 | Senior Vice President Merchandising and Marketing |
| Randy Kelley | 40 | Senior Vice President Real Estate and Development |

Backgrounds of Current Executive Officers and Directors and Nominee for Election as a Director

Set forth below is information concerning the current executive officers and directors identified above.

Ray Berry is the founder of The Fresh Market, has served as Chairman of our Board of Directors since he started 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 The Southland Corporation (former parent of 7-Eleven) 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 and the father-in-law of Mr. Michael Barry, both of whom are also members 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

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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 and the brother-in-law of Mr. Michael Barry, both of whom are also members 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.

Jeffrey Naylor has served as a member of our Board of Directors since our initial public offering in November 2010. Since February 2009, Mr. Naylor has served as Chief Financial and Administrative Officer of The TJX Companies, Inc. Mr. Naylor has worked at The TJX Companies, Inc. since 2004, serving as Chief Administrative and Business Development Officer from June 2007 to February 2009, Chief Financial and Administrative Officer from September 2006 to June 2007, and Chief Financial Officer from February 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 is a nominee for election to serve on our Board of Directors. Mr. Noll is the Chairman of the Board of Directors and Chief Executive Officer of Hanesbrands Inc. (Hanesbrands). 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 (Sara Lee) 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. 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.

Craig Carlock 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 Procter & Gamble 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.

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Lisa Klinger has served as our Executive Vice President and Chief Financial Officer since March 2009. Prior to joining the Company, Ms. Klinger served as interim Chief Financial Officer during 2008 and Senior Vice President Finance and Treasurer from May 2005 to March 2009 of Michael's Stores and Assistant Treasurer at Limited Brands from August 2000 to May 2005. She received a B.S. from Bowling Green State University.

Sean Crane has served as our Senior Vice President Store Operations since 2006. Mr. Crane served 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 and Office Depot. 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.

Scott Duggan has served as our Senior Vice President General Counsel since September 2010. Prior to joining the Company Mr. Duggan was a Partner at Goodwin Procter LLP. 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. He received a Masters in Business Administration from Harvard Business School and two B.A.s from Queens University.

Randy Kelley has served as our Senior Vice President Real Estate and Development since May 2008. Mr. Kelley served as our Vice President Real Estate from February 2006 until May 2008. He joined the Company in 2004 and previously served as a Real Estate Manager and Director of Real Estate. Prior to joining the Company, Mr. Kelley worked with ePLUS Technologies and held various positions at First Union National Bank. He received a Masters in Business Administration from the University of North Carolina at Chapel Hill and a B.A. from the University of North Carolina at Charlotte.

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.

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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 currently has five members, of which two are independent.

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, as follows:

the Class I director is Michael Barry and his term will expire at the annual meeting of stockholders to be held in 2011;

the Class II directors are Brett Berry and David Rea and their terms will expire at the annual meeting of stockholders to be held in 2012; and

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

The nominee for election to the Board of Directors at the Annual Meeting under *Proposal 1 Election of Director* is a candidate for Class I of the Board of Directors.

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 Company completed its initial public offering in November 2010. Accordingly, the Board of Directors, which began regular meetings as a board of directors of a public company in January 2011, did not meet as a public company board of directors during the year ended December 31, 2010. The pre-IPO board of directors held four quarterly meetings in 2010 prior to the completion of the initial public offering, each of which was attended by all of the pre-IPO directors, and also took action by written consent during 2010 prior to the completion of the initial public offering.

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*.

Audit Committee

The Audit Committee of the Board of Directors currently consists of Messrs. Naylor (Chair), Barry and Rea, each of whom served on the Audit Committee immediately following the Company's initial public offering in November 2010. We currently expect that Mr. Ray Berry will be added to the Audit Committee at the time of the Annual Meeting in order to fill the Audit Committee seat that will become available at the end of Mr. Barry's term on the Board of Directors. The Board of Directors has determined that each of Messrs. Naylor and Rea meets the independence requirements promulgated by The Nasdaq Stock Market and the SEC, including Rule 10A-3(b)(1) under the Exchange Act. With respect to Mr. Barry, the Company relies, and with respect to

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Mr. Berry the Company expects to rely, upon the exemption provided in Rule 10A-3(b)(1)(iv)(A)(2) allowing a minority of Audit Committee members to be exempt from the independence requirements for one year from the date of effectiveness of the registration statement covering the Company's initial public offering of securities. The Board of Directors does not believe that the reliance upon such exemption materially adversely affects the Audit Committee's ability to act independently and perform its functions under its charter.

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 current and proposed 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;

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, if applicable;

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 Company completed its initial public offering in November 2010. Accordingly, the Audit Committee, which began regular meetings in January 2011, did not meet during the year ended December 31, 2010. The Audit Committee acted by written consent once during 2010 in order to pre-approve audit-related services. 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 Company's website at <http://ir.thefreshmarket.com>.

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Compensation Committee

The Compensation Committee currently consists of Messrs. Rea (Chair), Ray Berry and Brett Berry, each of whom served on the Compensation Committee immediately following the Company's initial public offering in November 2010. Prior to the May 2011 public offering of common stock by the Berry family, the Company was able to avail itself of the controlled company exception under the corporate governance rules of The Nasdaq Stock Market. Under Nasdaq controlled company transition rules, the Company will be required to have a Compensation Committee with a majority of independent directors within ninety days after completion of the public offering, or no later than August 1, 2011, and the Company will be required to have a Compensation Committee composed entirely of independent directors within one year from the consummation of the offering, or no later than May 3, 2012.

Effective July 31, 2011, Mr. Naylor will become a member of the Compensation Committee and Mr. Ray Berry will cease to serve on the Compensation Committee in order to fulfill the requirement that the Committee be composed of a majority of independent directors within ninety days of the loss of controlled company status.

The Board of Directors has determined that Messrs. Rea and Naylor are independent as defined by the rules of The Nasdaq Stock Market.

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 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;

reviews and makes recommendations to the Board of Directors with respect to all awards of equity-based compensation pursuant to the Company's equity-based compensation plans;

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

recommends, subject to approval by the entire Board of Directors, each element of compensation for the Company's executive officers based upon the performance evaluation;

appoints, retains, 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 with respect 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;

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reviews and discusses with the Board of Directors succession plans for the Company's President and Chief Executive Officer and other executive officers; 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 Company completed its initial public offering in November 2010. Prior to the Company's initial public offering, the Board of Directors retained Frederic W. Cook & Co., Inc. to assist in certain compensation matters as the Company considered an initial public offering. Please read the *Compensation Discussion and Analysis* included in this Proxy Statement for additional information on the compensation review process.

The Company completed its initial public offering in November 2010. Accordingly, the Compensation Committee, which began regular meetings in January 2011, did not meet during the year ended December 31, 2010, nor did it act by written consent during such 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 Company's website at <http://ir.thefreshmarket.com>.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee of the Board of Directors currently consists of Messrs. Rea (Chair), Ray Berry, Brett Berry and Michael Barry, each of whom served on the Nominating and Corporate Governance Committee immediately following the Company's initial public offering in November 2010. Prior to the May 2011 public offering of common stock by the Berry family, the Company was able to avail itself of the controlled company exception under the corporate governance rules of The Nasdaq Stock Market. Under Nasdaq controlled company transition rules, the Company will be required to have a Nominating and Corporate Governance Committee with a majority of independent directors within ninety days after completion of the public offering, or no later than August 1, 2011, and the Company will be required to have a Nominating and Corporate Governance Committee composed entirely of independent directors within one year from the consummation of the offering, or no later than May 3, 2012.

Effective July 31, 2011, Mr. Naylor will become a member of the Nominating and Corporate Governance Committee and Mr. Ray Berry and Mr. Michael Barry will cease to serve on the Nominating and Corporate Governance Committee in order to fulfill the requirement that the Committee be composed of a majority of independent directors within ninety days of the loss of controlled company status.

The Board of Directors has determined that Messrs. Rea and Naylor are independent as defined by the rules of 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 coordinates annual evaluations of the Board of Directors and its committees;

establishes criteria for membership on the Board of Directors and makes recommendations to the Board of Directors with respect to 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 Company completed its initial public offering in November 2010. Accordingly, the Nominating and Corporate Governance Committee, which began regular meetings in January 2011, did not meet during the year ended December 31, 2010, nor did it act by written consent during such 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 at the Corporate Governance section 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 Barry, each of whom served on the Audit Committee immediately following the Company's initial public offering in November 2010. Each of Messrs. Naylor and Rea qualifies as an audit committee financial expert under the rules of the SEC. The Board of Directors has determined that each of Messrs. Naylor and Rea 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 will review the adequacy of the charter during 2011. In accordance with the Sarbanes-Oxley Act, the Audit Committee has ultimate authority and responsibility to select, compensate, evaluate and, when appropriate, replace the Company's independent registered public accountants. 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 year ended December 31, 2010, the Company's independent registered public accounting firm was Ernst & Young LLP (Ernst & Young). Ernst & Young was responsible for performing an independent audit of the Company's financial statements in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB). An independent audit of the effectiveness of the Company's internal control over financial reporting for the year ended December 31, 2010 was not required as a result of the Company completing its initial public offering in November 2010. The Company's independent registered public accounting firm will perform an independent audit of the effectiveness of the Company's internal control over financial reporting in connection with the fiscal year 2011 independent audit of the Company's financial statements. Ernst & Young also performed audit-related services for the Company during 2010, as described more fully below, but did not provide any tax services or other permissible non-audit 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 December 31, 2010, 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

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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 accountants are required to discuss with the Audit Committee under auditing standards of the PCAOB. In addition, the Audit Committee has reviewed the services provided by Ernst & Young and discussed with Ernst & Young its independence from management and the Company, including the matters in the written disclosures required by PCAOB Rule 3526 and considered the compatibility of non-audit services with the registered public accountants' independence.

The Audit Committee met separately with Ernst & Young in its capacity as the Company's independent registered public accountants 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.

The Audit Committee has reviewed the audited financial statements of the Company at December 31, 2010 and 2009 and for each of the years in the three-year period ended December 31, 2010 and has discussed them with management. In connection with the Company's Annual Report on Form 10-K for the year ended December 31, 2010, 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 by AICPA, Professional Standards, Vol. 1. AU section 380 as adopted by 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. 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 December 31, 2010.

Because the Company completed its initial public offering in November 2010, the Company did not file any quarterly reports on Form 10-Q for any period during the year ended December 31, 2010.

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 has completed an evaluation of the performance of Ernst & Young during our 2011 fiscal year, but did not conduct any previous evaluation. Information about Ernst & Young's fees for 2010 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, or the Securities Exchange Act of 1934, as amended, 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

Michael Barry

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CORPORATE GOVERNANCE

Controlled Company

As a result of the completion in May 2011 of the public offering of common stock by the Berry family, we are no longer able to avail ourselves of the controlled company exception under the corporate governance rules of The Nasdaq Stock Market. Accordingly, we will be required to have a Compensation Committee and a Nominating and Corporate Governance Committee composed of a majority of independent directors as defined under the rules of The Nasdaq Stock Market by August 1, 2011. In addition, the Company will be required to have a majority of independent directors on its Board of Directors and a Compensation Committee and a Nominating and Corporate Governance Committee composed entirely of independent directors as defined under the rules of The Nasdaq Stock Market, in each case by May 3, 2012. The controlled company exception does not modify the independence requirements for the Audit Committee, and therefore we intend to continue our compliance with the requirements of the Sarbanes-Oxley Act and The Nasdaq Stock Market, which require that the Audit Committee be composed of at least three members, each of whom will be independent, by November 5, 2011.

Independence of Members of the Board of Directors

The Board of Directors has determined that each of Messrs. Rea and Naylor, who are currently serving as directors of the Company, 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 Securities Exchange Act of 1934, as amended (the Exchange Act). The Board of Directors has also determined that Richard Noll, who is nominated to serve as a Class I director of the Company, is independent within the meaning of the director independence standards of The Nasdaq Stock Market. In making these determinations, the Board of Directors solicited and considered information from each of the Company's directors and our director nominee regarding whether such director or director nominee, 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 the event the stockholders elect the nominee to the Board of Directors pursuant to *Proposal 1 Election of Director*, the Board of Directors will be composed of a majority of independent directors as defined under the rules of The Nasdaq Stock Market.

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's CEO does not presently serve on the Board of Directors. 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

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Directors who has significant historical experience with the Company and its business, but no role in the day-to-day affairs of the Company.

Executive Sessions of Independent Directors

The independent directors hold executive sessions of the independent directors at least four times a year following regularly scheduled in-person meetings of the Board of Directors. Executive sessions do not include any director of the Company who was formerly an employee of the Company. The director who shall preside at each such independent director executive sessions may be chosen by the independent directors, although no standing presiding independent director has been chosen by the independent directors as no such presiding independent director has been necessary in light of the number of independent directors serving on the Board of Directors. 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

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skills that are identified in the biographical information contained under Election of Directors. The Nominating and Corporate Governance Committee and the Board of Directors expect to discuss the composition of the Board, including diversity of background and experience, as part of the annual Board evaluation process.

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.

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 on the Corporate Governance section 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. Generally, the Nominating and Corporate Governance Committee must receive any such recommendation for nomination not later than the close of business on the 90th day nor earlier than the 120th day prior to the first anniversary of the preceding year's annual meeting. However, in the event that the date of the annual meeting is advanced by more than 30 days, or delayed by more than 90 days, from such anniversary date, notice by the Stockholder to be timely must be so delivered not earlier than the 120th day prior to such annual meeting and not later than the later of the 90th day prior to such annual meeting and 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.

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**The Company's Board of Directors currently anticipates that the
2012 Annual Meeting of Stockholders will be held on June 6, 2012.**

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

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

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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.

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Policy Governing Director Attendance at Annual Meetings of Stockholders

We conduct an annual meeting of stockholders, and all directors are offered the opportunity to attend at our expense. We completed our initial public offering in November 2010. Accordingly, we did not have an annual meeting of stockholders as a public company during 2010.

Board of Directors Evaluation Program and Succession Planning

The Company completed its initial public offering in November 2010. Commencing with 2011, the Board of Directors will undertake an annual formal evaluation process consisting of an overall Board of Directors evaluation, committee evaluations, and self evaluations. As part of the evaluation process, the Board of Directors expects to evaluate 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 Company expects that the evaluation process will include 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.

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 of 1933, as amended (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 on 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 waiver of 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 on the investor relations portion of its website available at <http://ir.thefreshmarket.com>.

Access to Additional Corporate Governance Information

For more corporate governance information, you are invited to access the Corporate Governance section 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

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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.

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 cash and equity-based compensation programs and practices. For a detailed discussion of the Company's efforts to manage compensation related risks, see *Compensation Related Risk Assessment*.

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, commencing in 2011, the Nominating and Corporate Governance Committee will conduct an annual evaluation of the Board and its committees.

Compensation Related Risk Assessment

We completed our initial public offering in November 2010. In connection with our initial public offering, we established a Compensation Committee composed of three members of our Board of Directors, one of whom is independent under the rules of The Nasdaq Stock Market. As described more fully under *Compensation Discussion and Analysis* below, our pre-IPO compensation plans and policies for our executive officers were administered by our pre-IPO Board of Directors. Since our initial public offering, our Compensation Committee has played a significant role in our compensation plans and policies including establishing a cash incentive compensation program that will be discussed in the Compensation Discussion and Analysis included in our 2012 proxy statement and overseeing and administering our equity incentive compensation program.

The Compensation Committee is also responsible for overseeing risks related to the Company's compensation programs and practices. We believe that the Company's executive and employee compensation plans and policies are appropriately structured so as not to create incentives for excessive risk taking that could be 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 and policies when evaluating whether our plans and policies encourage our executives and employees to take unreasonable risks:

The Company's base salary component of compensation does not encourage risk taking because it is a fixed amount.

The Company's Board of Directors reviews a corporate plan with goals that it believes are appropriate and reasonable in light of past performance and current market conditions.

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For the Company's incentive cash compensation program, a majority of the awards that may be made to executive officers with respect to our 2011 fiscal year will be based on the achievement of at least two objective performance measures, thus diversifying the risk associated with any single indicator of performance.

For the Company's incentive cash compensation program, we select performance measures that we believe are less susceptible to judgments and interpretation (for example, earnings per share) than other performance measures that we could select.

The awards that may be made under the Company's incentive cash compensation program 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.

Assuming achievement of a threshold level of performance, payouts under our incentive cash compensation program result in some compensation at levels below full target achievement, rather than an all-or-nothing approach, which could engender excessive risk taking.

The Company's Compensation Committee determines achievement levels under the Company's incentive cash compensation plan in its discretion after reviewing Company and executive performance.

We expect that a significant portion of our executive officers' annual compensation will consist of equity awards that will include time-based vesting requirements in order to align our management's interests with the long-term interests of the Company and our stockholders.

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 or nominee 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 Securities and Exchange Commission (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) | |
|--|--|-------|
| | Number | % |
| 5% Stockholders(2): | | |
| Fidelity Investments(3) | 5,335,549 | 11.1% |
| Directors and Officers: | | |
| Ray Berry(4) | 5,011,724 | 10.4% |
| Brett Berry(5) | 4,714,220 | 9.8% |
| Michael Barry(6) | 7,672,274 | 16.0% |
| David Rea(7) | 2,727 | * |
| Jeffrey Naylor(7) | 2,727 | * |
| Craig Carlock | 191,821 | * |
| Lisa Klinger | 153,484 | * |
| Sean Crane | 115,091 | * |
| Randy Kelley | 76,729 | * |
| Marc Jones | 111,570 | * |
| Executive Officers and directors as a group (11 persons) | 18,052,367 | 37.6% |

* Represents less than 1%.

- (1) The amounts in this column do not include shares of Common Stock underlying options that were granted to officers upon the consummation of the initial public offering, including 64,234 shares underlying options that were granted to Mr. Carlock and 43,679 shares underlying options that were granted to each of Messrs. Crane, Kelley and Jones and Ms. Klinger. Under the rules and regulations of the SEC the shares of Common Stock underlying such options are not beneficially owned by the holder of the option because the holder will not 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.
- (2) Beneficial owners of at least five percent (5%) of the Company's Common Stock who are also directors or officers of the Company are listed under the subheading Directors and Officers.
- (3) This information is based upon a Schedule 13G/A filed with the SEC on May 5, 2011 by Fidelity Management & Research Company (Fidelity Investments), a wholly owned subsidiary of FMR L.L.C. The address of Fidelity Investments is 82 Devonshire Street, Boston, Massachusetts 02109.
- (4) Consists of 5,011,724 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 with the SEC on February 4, 2011 indicating that they constitute a group within the meaning of Section 13(d)(3) of the Exchange Act.
- (5) Consists of 1,230,951 shares held of record by the Gibson Trust, as to which he is trustee and has sole voting and investment power, 715,414 shares held of record by the Jenner Trust, as to which he has voting and investment power as

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- special holdings adviser and 2,767,855 shares held of record by the Floyd Trust, as to which he has voting and investment power as special holdings adviser. Excludes (i) 1,795,726 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) 905,494 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) 905,494 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 with the SEC on February 4, 2011 indicating that they constitute a group within the meaning of Section 13(d)(3) of the Exchange Act.
- (6) Consists of 711,869 shares held of record by the Unger Trust, as to which he has voting and investment power as special holdings adviser, 2,743,319 shares held of record by the Keigan Trust, as to which he has voting and investment power as special holdings adviser, 1,795,726 shares held of record by the Rossler Trust, as to which he has voting and investment power as special holdings adviser, 807,120 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, 807,120 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 807,120 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 with the SEC on February 4, 2011 indicating that they constitute a group within the meaning of Section 13(d)(3) of the Exchange Act.
- (7) Consists of restricted stock awards made upon the consummation of the initial public offering in November 2010. 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.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (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 on its review of the copies of such filings received by it with respect to the year ended December 31, 2010 (commencing with the Company becoming a reporting company under the Exchange Act on November 4, 2010), the Company believes that all Section 16(a) filing requirements were complied with during the year ended December 31, 2010.

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EXECUTIVE AND DIRECTOR COMPENSATION

Report of the Compensation Committee of the Board of Directors

This report is submitted by the Compensation Committee of the Board of Directors. The Compensation Committee, which was established in connection with our initial public offering in November 2010, has reviewed the Compensation Discussion and Analysis included in this Proxy Statement and discussed it with management. Based on its review of the Compensation Discussion and Analysis and its discussions with management, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

No portion of this Compensation Committee Report shall be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, through any general statement incorporating by reference in its entirety this 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 Compensation Committee,

David Rea (Chair)

Ray Berry

Brett Berry

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our Board of Directors or Compensation Committee.

Director Compensation

Our directors from January 2010 until our initial public offering in November 2010 were Messrs. Ray Berry, Brett Berry and Michael Barry. All such directors were also employees of the Company during 2010 or a portion thereof and Ray Berry was an employee during the Transition Period, and all such directors received compensation for such periods as employees in an amount that would not cause any to be a named executive officer and did not receive any compensation for their services as directors in addition to their executive compensation. Messrs. Rea and Naylor became directors upon consummation of our initial public offering.

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 Michael Barry do not receive compensation from us for their service on our Board of Directors. Our independent directors each receive:

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

\$1,000 in cash for in-person attendance at meetings and \$500 in cash for telephonic attendance at meetings, for each Board or committee meeting in excess of six Board or committee meetings per year.

We expect that the chair of the Nominating and Corporate Governance Committee will also receive a retainer in the future, although the amount of such retainer has not yet been determined.

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In lieu of these annual Board and committee chair cash retainers, directors are able to elect to receive deferred stock units (DSUs). In the event a director elects to receive DSUs, they will be distributed in shares of our common stock, with the timing of distribution to be based on director elections in accordance with Internal Revenue Code Section 409A. In addition, our independent directors receive an annual equity grant of restricted shares of our common stock in an amount approximately equal to \$60,000. The restricted shares will be granted at (1) the time of each annual meeting of stockholders, for continuing directors and (2) the time of appointment, for directors appointed to the board of directors following the annual meeting of stockholders. The restricted shares will vest at the earlier of one year from the date of grant and the next annual meeting of stockholders. The holders of the restricted shares will be entitled to the rights of a stockholder in respect of such restricted shares, including the right to vote and receive dividends.

The following table sets forth a summary of the compensation paid to our non-employee directors in 2010. The non-employee directors did not receive any compensation during the Transition Period.

Director Compensation Table for the 2010 Fiscal Year

| Name | Fees Earned or Paid in Cash (\$)(1) | Stock Awards (\$)(2) | Total (\$) |
|----------------|--|-------------------------------------|-----------------------|
| David Rea | 55,000 | 59,994 | 114,994 |
| Jeffrey Naylor | 55,000 | 59,994 | 114,994 |

- (1) These amounts represent the payment of the annual retainer fee of \$40,000 for service on the Board of Directors plus the payment of the additional annual retainer fee of \$15,000 for service as Chairman of the Compensation Committee (Mr. Rea) and Chairman of the Audit Committee (Mr. Naylor).
- (2) These amounts represent the grant date fair value of a grant of 2,727 shares of restricted stock in connection with our initial public offering. The grant date fair value of each share of restricted stock equaled the initial public offering price of \$22.00 per share.

Table of Contents**Compensation Discussion and Analysis**

This Compensation Discussion and Analysis explains the material elements of the compensation of the named executive officers in 2010 and January 2011 (the Transition Period), who are set forth in the table below:

| Name | Title |
|---------------|--|
| Craig Carlock | President and Chief Executive Officer |
| Lisa Klinger | Executive Vice President and Chief Financial Officer |
| Sean Crane | Senior Vice President Store Operations |
| Marc Jones | Senior Vice President Merchandising and Marketing |
| Randy Kelley | Senior Vice President Real Estate and Development |

How have compensation decisions historically been made?

Prior to our initial public offering in November 2010, we were privately held by the Berry family. Accordingly, we were not subject to stock exchange listing or SEC rules, including those requiring that a majority of our Board of Directors be independent or regarding the formation and functioning of Board committees, such as the Compensation Committee. All of our prior compensation policies and determinations pertaining to the named executive officers, including those made for 2010 through the completion of the initial public offering, but excluding the equity grants made in connection with our initial public offering that are described below, were the product of negotiations between the named executive officers and our Board of Directors. Accordingly, analyses, negotiations and determinations pertaining to executive officer compensation prior to our initial public offering were conducted and made by our then Board of Directors.

In connection with our initial public offering, our Board of Directors engaged the outside consulting firm Frederic W. Cook & Co., Inc. (FW Cook) to help develop compensation policies that are appropriate for a public company. Our Board of Directors' initial analysis included evaluating various compensation data, including comparable company and other data gathered by FW Cook. Our Board of Directors, in connection with these efforts, noted the variety of compensation practices and mechanics that were employed by comparable companies and determined not to make significant changes to our compensation practices prior to the initial public offering in light of our status as a then private company. Our Board of Directors elected to share its perspective pertaining to the data gathered and our historical compensation practices with our compensation committee after completing the initial public offering in light of our Board of Directors' interaction with, and knowledge of, our management team and its experience with our business and our historical compensation practices.

How is the compensation program likely to continue to evolve after the completion of our initial public offering in November 2010?

In connection with our initial public offering in November 2010, we established a Compensation Committee of our Board of Directors. Our Compensation Committee is chaired by an independent director. As of May 2011, we no longer qualified for the controlled company exception under the rules of The Nasdaq Stock Market. As a result, we will add additional independent directors to, and remove non-independent directors from, the committee, consistent with the requirement that within one year of losing controlled company status, the committee be comprised of only independent directors, as described in this proxy statement. Our Compensation Committee now plays a significant role in our compensation practices and policies, including our compensation practices and policies for the named executive officers. Accordingly, compensation determinations with respect to the named executive officers made after the completion of our initial public offering are first made by our Compensation Committee. At this time, once a determination is made by our Compensation Committee, it is then subject to approval by our full Board of Directors. The Compensation Committee has not delegated any authority with respect to determination of director or executive compensation.

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We expect that our compensation programs for the named executive officers, as developed and implemented by our Compensation Committee, will vary from our historical private company practices. The initial determinations made in 2011 with respect to bonuses payable for 2010 followed our historical practice of considering our financial performance for 2010 and then making discretionary, as compared to formulaic, determinations for these bonuses given that we operated as a private company for most of 2010 and had not put in place a formulaic or other non-discretionary bonus program with respect to 2010. We expect that our Compensation Committee will meet several times per year to establish and, from time to time, refine our compensation philosophy and practices as a public company. Our Compensation Committee will also determine the components and levels of compensation and the appropriate performance metrics for our executive officers that may be used in determining awards under any formulaic program that we may establish, as well as the goals and objectives that may be considered when awarding any discretionary component of bonuses for our executive officers. In determining the components of our compensation programs and establishing the levels of compensation thereunder, we expect that our Compensation Committee will consider compensation data, including data collected from or provided by compensation consultants and other third-party sources, while also considering our historical compensation practices.

In connection with our initial public offering, we implemented an omnibus incentive compensation plan that enables us to grant a range of cash- and equity-based incentive awards, the vesting criteria of which may be performance- or time-based. In addition, during 2010 we implemented a non-qualified deferred compensation plan in which the named executive officers are eligible to participate. See Compensation Programs and Practices in 2010 and the Transition Period Did we offer the named executive officers the opportunity to participate in a nonqualified deferred compensation plan? .

Compensation Programs and Practices in 2010 and the Transition Period

What were the objectives and principles of the named executive officers' compensation?

The following description explains th