



**Low Price Leader**

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### **FRED'S COMPARABLE STORE SALES FOR FEBRUARY INCREASE 1.8%**

MEMPHIS, Tenn. (March 5, 2009) – Fred's Inc. (NASDAQ:FRED) today reported sales for the four-week fiscal month of February, the first month of fiscal 2009, which ended February 28, 2009.

Fred's total sales for the month declined 2% to \$146.4 million from \$149.2 million in February 2008, reflecting the Company's closing of 74 underperforming stores and 22 underperforming pharmacies last year. Excluding stores closed during 2008, total sales from ongoing stores increased 3% in January versus the same month last year. Comparable store sales for the month rose 1.8% versus an increase of 1.1% in the same period last year.

Commenting on the announcement, Bruce A. Efirm, Chief Executive Officer, said, "We are pleased to begin our new fiscal year with comparable store sales at the upper end of the plan for February. This sales growth reflected a continuation of improved customer traffic, reinforcing the impact of our initiatives to make a more pleasurable shopping trip for Fred's customers. Additionally, our pharmacy department sales were bolstered by a year-over-year increase in prescriptions filled. As we approach the spring season, we have positioned ourselves to capitalize on the consumers' drive to shop in the value marketplace, as our stores are well stocked, with merchandise priced to meet the value customers' needs."

During February, Fred's opened three new stores and two new pharmacies.

Fred's Inc. operates 666 discount general merchandise stores, including 24 franchised Fred's stores in the southeastern United States. For more information about the Company, visit Fred's Website at [www.fredsinc.com](http://www.fredsinc.com).

*Comments in this news release that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. These risks and uncertainties include, but are not limited to, general economic trends, changes in consumer demand or purchase patterns, delays or interruptions in the flow of merchandise between the Company's distribution centers and its stores or between the Company's suppliers and same, a disruption in the Company's data processing services, costs and delays in acquiring or developing new store sites, and other contingencies discussed in the Company's Securities and Exchange Commission filings. Fred's undertakes no obligation to release revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unforeseen events, except as required to be reported under the rules and regulations of the Securities and Exchange Commission.*

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