



4300 New Getwell Road, Memphis, Tennessee 38118

Contact: Jerry A. Shore
Executive Vice President and
Chief Financial Officer
(901) 362-3733, Ext. 2217

FRED'S REPORTS HIGHER FEBRUARY SALES

MEMPHIS, Tenn. (March 6, 2008) – Fred's Inc. (NASDAQ:FRED) today reported sales for the four-week fiscal month of February, the first month of fiscal 2008, which ended March 1, 2008.

Fred's total sales for the month increased 3% to \$148.5 million from \$143.8 million in February 2007. Comparable store sales for the month rose 1.1% versus an increase of 3.9% in the same period last year.

Commenting on the announcement, Michael J. Hayes, Chief Executive Officer, said, "In February we enjoyed the positive effects of our recently announced short-term initiatives to improve in-stock positions on most popular items and enhance operational execution at our best performing stores and pharmacies. Largely as a result of these efforts, traffic increased 1% for the month despite the fact that sales slowed significantly in the last week of February. This slowdown demonstrated the economic challenges our customers are facing as well as the leap year effect, which moved two ad days into March. We expect the traffic momentum from our programs to extend through March as we continue the implementation of our strategic plan."

During February, Fred's opened five new stores and closed two stores. Pursuant to its recently announced strategic plan aimed at improving Company performance, Fred's expects to open 18 stores and 15 pharmacies in 2008 and close 75 underperforming stores during the year.

Fred's Inc. operates 719 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.

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, those associated with the Company's announced strategic plan, lease buyouts and the underlying assumptions and projections upon which they are based, as well as risks that intended results may not be achieved or may not occur as quickly as expected; 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.

-END-