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FRED'S REPORTS HIGHER MARCH SALES

MEMPHIS, Tenn. (April 10, 2008) – Fred's Inc. (NASDAQ:FRED) today reported sales for the five-week fiscal month of March, which ended April 5, 2008.

Fred's total sales for the month rose 4% to \$178.3 million from \$171.6 million in March 2007. Comparable store sales for the month increased 1.2% versus 4.4% in the same period last year. Excluding the 75 stores and 22 pharmacies that have been or will be closed under the Company's previously announced strategic plan to improve Company performance, comparable store sales for the month would have been 1.7%.

Fred's total sales for the first two months of fiscal 2008 increased 4% to \$326.8 million compared with \$315.4 million for the same period last year. On a comparable store basis, year-to-date sales increased 1.1% compared with 4.1% in the year-earlier period. Again, excluding stores and pharmacies that have been or will be closed, comparable store sales for the month would have been 1.5%.

Commenting on the announcement, Michael J. Hayes, Chief Executive Officer, said, "We are pleased that Fred's sales momentum continued in March, translating into positive customer traffic and comparable store sales that were in line with our expectations. This progress reflects the ongoing benefit of our announced strategic plan, which focuses on improving merchandise in-stock levels and elevating performance in our top stores and pharmacies. With implementation of the longer-term aspects of the plan now underway, we began closing our underperforming stores and pharmacies this month. While the retail and economic environment remains skittish, putting pressure on our gross margin in the short term, our earnings outlook for the first quarter has not changed and we remain confident about the long-term benefits of our strategic plan."

During March, Fred's opened two new stores and one new pharmacy. The Company expects to open a total of 18 stores and 15 pharmacies in 2008. Fred's also closed eight stores and seven pharmacies during March. The Company expects to close a total of 75 underperforming stores and 22 underperforming pharmacies during the year.

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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.

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