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**FRED'S REPORTS APRIL SALES UP 8%
AS COMPARABLE STORE SALES FOR THE MONTH INCREASE 4.3%**

MEMPHIS, Tenn. (May 8, 2008) – Fred's Inc. (NASDAQ:FRED) today reported sales for the four-week fiscal month of April, which ended May 3, 2008.

Fred's total sales for the month rose 8% to \$137.5 million from \$126.8 million in April 2007. Comparable store sales for the month increased 4.3% excluding the impact of 67 stores that have been or will be closed under the Company's previously announced strategic plan. Last year comparable store sales declined 2.5% in the same period.

Fred's total sales for the first quarter of fiscal 2008 increased 5% to \$464.3 million compared with \$442.3 million for the same period last year. On a comparable store basis, year-to-date sales increased 2.1% compared with 1.9% in the year-earlier period. Excluding stores that have been or will be closed under the Company's previously announced strategic plan, comparable store sales for the quarter would have been 2.5%.

Commenting on the announcement, Michael J. Hayes, Chief Executive Officer, said, "We are pleased with April's ongoing sales momentum, as comparable store sales and customer traffic exceeded our forecast. Comparable store sales have continued to grow during the first quarter, reaching their highest level in more than a year, representing an important validation of the general merchandise initiatives and other short- and long-term growth strategies we have implemented. This performance underscored an active month in our stores led by our consumables departments, with their increased volume offsetting the margin pressures experienced as customers limited their spending on discretionary items. With so many pieces moving in this quarter, our merchandising division did an outstanding job of bringing inventory in on budget."

Hayes noted that the Company has accelerated its program of closing 75 underperforming stores and 22 underperforming pharmacies during the year. To date, the Company has closed 17 stores and 21 pharmacies. Additionally, Fred's initiated the store closing process at 50 of the remaining underperforming stores in April. The effect of going-out-of-business sales at these stores, now recorded in total sales, amounted to \$2.8 million or 2% of the total sales increase in April.

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During the first quarter, Fred's opened 8 new stores and one pharmacy. The Company expects to open a total of 18 stores and 15 pharmacies in 2008.

Fred's Inc. operates 707 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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