



The Low Price Leader

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FRED'S REPORTS MAY SALES

MEMPHIS, Tenn. (June 3, 2009) – Fred's Inc. (NASDAQ: FRED) today reported sales for the four-week fiscal month of May, which ended May 30, 2009.

Fred's total sales for the month declined 6% to \$134.7 million from \$143.4 million in May 2008, reflecting the closing of 74 underperforming stores and 23 underperforming pharmacies last year. However, excluding stores closed during 2008, total sales from ongoing stores increased 1% in May versus the same month last year. Comparable store sales for the month rose 0.2% versus an increase of 3.4% in the same period last year.

Fred's total sales for the first four months of fiscal 2009 declined 2% to \$593.1 million compared with \$607.7 million for the same period last year. Excluding stores closed in 2008, total sales from ongoing stores increased 4% in the first four months of 2009 versus the year-earlier period. On a comparable store basis, year-to-date sales increased 2.1% compared with 2.4% in the same period last year.

Commenting on the announcement, Bruce A. Efirid, Chief Executive Officer, said, "We are pleased to report that May sales stayed within our forecasted range, knowing that we were up against a tough comparison with last year. In developing our sales guidance for the current quarter, we factored that May 2008 marked the beginning of a several-month stretch that benefited from the issuance of the Treasury stimulus checks last year. Unusually wet weather across the Southeast and the lack of stimulus checks contributed to a lower average transaction amount this month, but the continued success of our sales initiatives drove higher customer traffic and pharmacy script growth."

During May, Fred's opened one new pharmacy.

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.

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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