



The Low Price Leader

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FRED'S REPORTS JUNE SALES

MEMPHIS, Tenn. (July 9, 2009) – Fred's Inc. (NASDAQ: FRED) today reported sales for the five-week fiscal month of June, which ended July 4, 2009.

Fred's total sales for the month increased 1% to \$174.9 million from \$174.0 million in June 2008. Comparable store sales for the month rose 0.2% versus an increase of 6.5% in the same period last year.

Fred's total sales for the first five months of fiscal 2009 declined 2% to \$768.1 million compared with \$781.7 million for the same period last year. Excluding stores closed in 2008, total sales from ongoing stores increased 3% in the first five months of 2009 versus the year-earlier period. On a comparable store basis, year-to-date sales increased 1.7% compared with 3.2% in the same period last year.

Commenting on the announcement, Bruce A. Efirid, Chief Executive Officer, said, "We are pleased to report that comparable store sales for June were in the range of our guidance. As noted last month, we anticipated that June would provide the toughest sales comparison of the year for us, recognizing how the year-earlier month was buoyed by spending driven by economic stimulus checks. Importantly, over the past two years we have experienced an average increase in comparable store sales of 3.4%, as our performance initiatives continue to translate into increased traffic, pharmacy growth, and market share expansion. We know our customers and communities face rising unemployment and the tough economic environment, which makes Fred's value-shopping solution all the more relevant to consumers in these challenging times."

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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