



The Low Price Leader

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FRED'S SEPTEMBER COMPARABLE STORE SALES INCREASE 3.3%

MEMPHIS, Tenn. (October 8, 2009) – Fred's Inc. (NASDAQ:FRED) today reported sales for the five-week fiscal month and eight-month year-to-date period ended October 3, 2009.

Fred's total sales for the month increased 4% to \$166.6 million from \$160.5 million in September 2008. Comparable store sales for the month increased 3.3% versus an increase of 1.1% in the same period last year.

Fred's total sales for the year-to-date period decreased 1% to \$1.187 billion compared with \$1.201 billion for the same period last year. Excluding stores closed, total sales from ongoing stores increased 2% in the first eight months of 2009 versus the year-earlier period. On a comparable store basis, year-to-date sales increased 0.9% compared with 3.1% in the same period last year.

Commenting on the announcement, Bruce A. Efird, Chief Executive Officer, said, "September sales were strong, bringing third quarter-to-date sales back in line with our forecast. Across our stores, we generally saw improvements in most departments. General merchandise performed well as additional promotional activity drove positive traffic. As planned, we will continue these marketing efforts in the coming months to raise customer awareness of our brand and our improved product selection and pricing. Pharmacy department sales also were above plan as we continued to see strong gains in script counts and experienced an early onset of the flu season."

At the end of September, Fred's store development team was able to open the Company's first upgraded prototype. Fred's also opened two pharmacies and closed nine stores during the month.

Fred's Inc. operates 661 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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