



The Low Price Leader

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FRED'S REPORTS NOVEMBER SALES

MEMPHIS, Tenn. (December 3, 2009) – Fred's Inc. (NASDAQ:FRED) today reported sales for the four-week fiscal month and 10-month year-to-date period ended November 28, 2009.

Fred's total sales for the month declined 2% to \$138.3 million from \$141.8 million in November 2008. Comparable store sales for the month were down 3.3% versus a decline of 1.8% in the same period last year.

Fred's total sales for the year-to-date period decreased 1% to \$1.453 billion compared with \$1.471 billion for the same period last year. Excluding closed stores, total sales from ongoing stores increased 1% in the first 10 months of 2009 versus the year-earlier period. On a comparable store basis, year-to-date sales increased 0.5% compared with 2.4% in the same period last year.

Commenting on the announcement, Bruce A. Efird, Chief Executive Officer, said, "During November, we saw a continuation of trends, both positive and negative, that have shaped our sales results for several months. Our pharmacy department turned in another solid performance based on strong script growth and member gains in our Prescription Plus Program. Countering this, consumers remained very cautious in their spending because of economic and employment concerns, and utilized layaways to a much greater extent than last year, deferring recognition of those sales until December. Also, the competitive environment continues to be intense, and we were disappointed to see that our promotional efforts did not drive November sales to the extent we expected. The net effect of these mixed trends was ongoing pressure on our comparable store sales for the month.

"More than in past years, consumers seem to be delaying purchase decisions until later into the season," Efird continued. "As Christmas nears, our stores are well stocked and shoppers will find great values and selection to complete their holiday gift lists and meet their needs for affordable everyday purchases."

During November, Fred's opened one store and two pharmacies.

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Fred's Inc. operates 667 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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