



Low Price Leader

4300 New Getwell Road, Memphis, Tennessee 38118

Contact: Jerry A. Shore
Executive Vice President and
Chief Financial Officer
(901) 362-3733, Ext. 2217

FRED'S REPORTS NOVEMBER SALES

MEMPHIS, Tenn. (December 4, 2008) – Fred's Inc. (NASDAQ:FRED) today reported sales for the four-week and 10-month periods ended November 29, 2008.

Fred's total sales for the month were \$141.7 million, down 6% from \$151.1 million in November 2007, reflecting the Company's previously announced program to close 75 underperforming stores and 22 underperforming pharmacies this year. Excluding stores closed during 2008, total sales from ongoing stores were flat in November versus the same month last year. Comparable store sales for the month declined 1.8% versus a 4.5% decline in comparable store sales for November 2007.

Total sales for the year-to-date period increased 2% to \$1.471 billion compared with \$1.438 billion in the year-earlier period. On a comparable store basis, sales increased 2.4% through the first 10 months of fiscal 2008 versus a 0.6% gain in the year-earlier period.

Commenting on the announcement, Michael J. Hayes, Chief Executive Officer, said, "November sales were on plan until the after-Thanksgiving sales promotional period. The calendar shift, which reduced the number of post-Thanksgiving shopping days in the fiscal month, coupled with the end of the monthly pay cycle and consumer reluctance to buy discretionary items, all affected "Black Friday" sales and accounted for the miss on comparable store sales. Once again, customer traffic performed better than expected, but customers generally remained very cautious in their spending, directing most of their purchases toward promotional items and opportunistic buys.

"Clearly, economic uncertainties continue to weigh on consumers everywhere," Hayes continued. "With the extremely heavy promotional activity of the last five days of November now behind us, and considering the last-minute shopping history of our customers, we remain comfortable with our guidance range for the quarter."

Fred's opened five new pharmacy express stores in November.

Fred's Inc. operates 663 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.

-MORE-

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.

-END-