



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 COMPARABLE STORE SALES FOR FEBRUARY INCREASE 2.0%

MEMPHIS, Tenn. (March 4, 2010) – Fred's Inc. (NASDAQ:FRED) today reported sales for the four-week fiscal month of February, the first month of fiscal 2010, which ended February 27, 2010.

Fred's total sales for the month increased 3% to \$150.7 million from \$146.3 million in February 2009. Comparable store sales for the month rose 2.0% versus an increase of 1.8% in the same period last year.

Commenting on the announcement, Bruce A. Efirid, Chief Executive Officer, said, "We are pleased to begin our new fiscal year by reporting stronger sales. In the month, our advertising circulars performed at the high-end of plan by attracting customers to key and timely promoted items. The store operation team's aggressive commitment to upgrading our store presentations also continues to gain momentum and contributed to our success in February. Although we remain cautious about the economic pressures on our customers, we continue to be optimistic about our new sales and profit-driving initiatives for 2010 that we will be rolling out during the year."

Fred's Inc. operates 669 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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