

FREDS INC
Form 4
May 11, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
CARTER JOHN

(Last) (First) (Middle)
4300 NEW GETWELL
(Street)

MEMPHIS, TN 38118

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
FREDS INC [FRED]

3. Date of Earliest Transaction
(Month/Day/Year)
10/06/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___ 10% Owner
X Officer (give title below) ___ Other (specify below)
Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
X Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Class A Common Stock	10/06/2005 ⁽¹⁾		J ⁽¹⁾⁽⁴⁾		6,000	D ⁽¹⁾	\$ 0
					9,665		

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares
Option on Class A Common Stock	\$ 17.67	10/06/2005 ⁽¹⁾		J ⁽¹⁾	7,200	08/20/2008 ⁽²⁾ 08/20/2010	Class A Common Stock	7,200
Option on Class A Common Stock	\$ 20.6	10/06/2005 ⁽¹⁾		J ⁽¹⁾	1,800	08/20/2008 ⁽²⁾ 08/20/2010	Class A Common Stock	1,800
Option on Class A Common Stock	\$ 14.6	10/06/2005 ⁽¹⁾		J ⁽¹⁾	2,000	09/08/2009 ⁽³⁾ 09/08/2011	Class A Common Stock	2,000
Option on Class A Common Stock	\$ 15.37	10/06/2005 ⁽¹⁾		J ⁽¹⁾	1,500 ⁽¹⁾	06/09/2010 ⁽³⁾ 06/09/2012	Class A Common Stock	1,500

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CARTER JOHN 4300 NEW GETWELL MEMPHIS, TN 38118			Vice President	

Signatures

Anita Ryan by power of attorney
05/11/2006
**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Mr. Carter left the employ of Fred's Inc. as of 10/6/2005

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- (2) This option had graded vesting of 10% for the first four years beginning-August 20, 2004 and 60% on the August 20, 2008.
- (3) This option had graded vesting of 10% per year for the first 4 grant anniversaries and 60% on the fifth anniversary.
- (4) Mr. Carter had 6,000 shares of restricted stock that had cliff vesting on 1/18/2015.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.