

FREDS INC  
Form 4  
May 23, 2008

**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 \*  
MCGRUDER MERLE

(Last) (First) (Middle)  
4300 NEW GETWELL ROAD  
(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)  
05/23/2008

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_ 10% Owner  
 Officer (give title below) \_\_\_ Other (specify below)  
Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)  
 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)
Class A Common Stock				(A) or (D)	8,446 <sup>(1)</sup>	D	

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

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**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)	8. Amount or Number of Shares
Option on Class A Common Stock	\$ 17.67	05/23/2008 <sup>(2)</sup>		J <sup>(2)</sup>	4,320 <sup>(2)</sup>	09/11/2008 09/11/2010	Class A Common Stock	4,320
Option on Class A Common Stock	\$ 20.6	05/23/2008 <sup>(2)</sup>		J <sup>(2)</sup>	1,080 <sup>(2)</sup>	09/19/2008 09/19/2010	Class A Common Stock	1,080
Option on Class A Common Stock	\$ 14.6	05/23/2008 <sup>(2)</sup>		J <sup>(2)</sup>	1,400 <sup>(2)</sup>	09/08/2009 09/08/2011	Class A Common Stock	1,400
Option on Class A Common Stock	\$ 13.25	05/23/2008 <sup>(2)</sup>		J <sup>(2)</sup>	1,560 <sup>(2)</sup>	03/21/2011 03/21/2013	Class A Common Stock	1,560

## Reporting Owners

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

## Signatures

Anita Ryan by power of attorney  
 Date: 05/23/2008  
 \*\*Signature of Reporting Person

## 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)

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Mr. McGruder participated in the Employee Stock Purchase Plan and has 1,437 shares in that plan in addition to the 7,009 shares that he owns.

(2) Mr. McGruder left Fred's employment effective 5/23/08. All unvested shares are cancelled.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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