

Twigg Matthew  
Form 3  
May 24, 2010

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0104  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

**INITIAL STATEMENT OF 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)

<p>1. Name and Address of Reporting Person *</p> <p>^ Twigg Matthew</p> <p>(Last) (First) (Middle)</p> <p>4300 NEW GETWELL ROAD</p> <p>(Street)</p> <p>MEMPHIS, TN ^ 38118</p> <p>(City) (State) (Zip)</p>	<p>2. Date of Event Requiring Statement</p> <p>(Month/Day/Year)</p> <p>05/03/2010</p>	<p>3. Issuer Name and Ticker or Trading Symbol</p> <p>FREDS INC [FRED]</p>	<p>4. Relationship of Reporting Person(s) to Issuer</p> <p>(Check all applicable)</p> <p><input type="checkbox"/> Director <input type="checkbox"/> 10% Owner</p> <p><input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other</p> <p>(give title below) (specify below)</p> <p>Vice President</p>	<p>5. If Amendment, Date Original Filed(Month/Day/Year)</p>	<p>6. Individual or Joint/Group Filing(Check Applicable Line)</p> <p><input checked="" type="checkbox"/> Form filed by One Reporting Person</p> <p><input type="checkbox"/> Form filed by More than One Reporting Person</p>
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**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Class A Common Stock	1,457 <sup>(1)</sup>	D	^

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

SEC 1473 (7-02)

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of	

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				Shares		(I) (Instr. 5)	
Option on Class A Common Stock	03/11/2008 <sup>(2)</sup>	09/11/2010 <sup>(2)</sup>	Class A Common Stock	3,000	\$ 17.67	D	Â
Otpion on Class A Common Stock	05/19/2008 <sup>(3)</sup>	09/19/2010 <sup>(3)</sup>	Class A Common Stock	750	\$ 20.6	D	Â
Option on Class A Common stock	09/08/2009 <sup>(4)</sup>	09/08/2011 <sup>(4)</sup>	Class A Common Stock	1,000	\$ 14.6	D	Â
Option on Class A Common Stock	03/21/2011 <sup>(5)</sup>	03/21/2013 <sup>(5)</sup>	Class A Common Stock	1,800	\$ 13.25	D	Â

## Reporting Owners

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

## Signatures

Anita Ryan by Power of Attorney 05/24/2010

\_\_Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 5(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) Employee received shares on 5/3/2010 with a restricion that will lapse 1/4 per year based on achievement of current year EPS and achievement of progressive increases in each subsequent year.
- (2) Options granted 3/11/2003 are fully vested and expire 9/11/2010.
- (3) Options granted 5/19/2003 are fully vested and expire 9/19/2010.
- (4) Options granted 9/8/2004 are fully vested and expire 9/08/2011.
- (5) Options granted 3/21/2006 are partially vested and the last amount will vest 3/21/2011 and will expire 3/21/2013.

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### Remarks:

EmployeeÂ hasÂ beenÂ determinedÂ byÂ mangementÂ toÂ requireÂ sectionÂ 16Â status.

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.