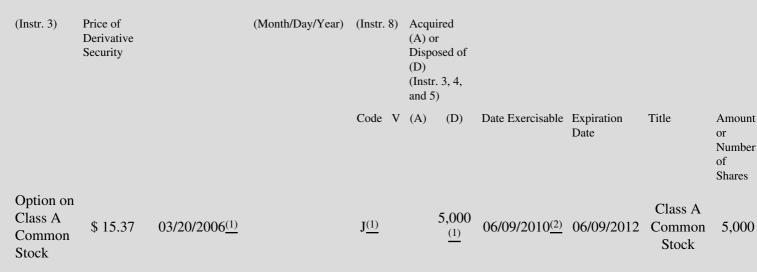
#### Edgar Filing: FREDS INC - Form 4

FREDS INC Form 4	2									
May 15, 20								OMB A	PPROVAL	
FORM	UNITED		SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549					3235-0287		
Check ti if no lor subject Section Form 4 Form 5 obligation may con <i>See</i> Inst 1(b).	nger to 16. or Filed pur ons stinue.	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							January 31, 2005 average urs per . 0.5	
(Print or Type	Responses)									
1. Name and Address of Reporting Person <u>*</u> FENNEMA JAMES R			2. Issuer Name <b>and</b> Ticker or Trading Symbol FREDS INC [FRED]				5. Relationship of Reporting Person(s) to Issuer			
(Last)	(First) (	Middle)	3. Date of Earliest Transaction				(Check all applicable)			
4300 NEW GETWELL ROAD			(Month/Day/Year) 03/20/2006			Director 10% Owner X Officer (give title Other (specify below) below) Vice President				
(Street) MEMPHIS, TN 38118			4. If Amendment, Date Original Filed(Month/Day/Year)			6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person				
(City)	(State)	(Zip)	Tab	ole I - Non-l	Derivative	Securities A	Acquired, Disposed	of, or Beneficia	lly Owned	
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	Execution any	ed Date, if	3.	4. Securiti nAcquired Disposed (Instr. 3, 4	es (A) or of (D)	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 Indirect	
Reminder: Re	port on a separate line	e for each cl	ass of sec	urities bene	Perso inform requir	ns who rest nation cont ed to resp ys a curre	or indirectly. spond to the colle tained in this form ond unless the fo ntly valid OMB co	n are not orm	SEC 1474 (9-02)	

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

1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5. Number	6. Date Exercisable and	7. Title and Amount of
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transactio	nof Derivative	Expiration Date	Underlying Securities
Security	or Exercise		any	Code	Securities	(Month/Day/Year)	(Instr. 3 and 4)

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## **Reporting Owners**

<b>Reporting Owner Name / Address</b>	Relationships					
	Director	10% Owner	Officer	Other		
FENNEMA JAMES R 4300 NEW GETWELL ROAD MEMPHIS, TN 38118			Vice President			
Cignoturoo						

#### Signatures

Anita Ryan by power of<br/>attorney05/15/2006

\*\*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) The 2005 option grant dated 6/9/2005 was performance based and cancelled due to non-performance on 3/20/2006.
- (2) The 2005 option grant dated 6/9/2005 had graded vesting of 10% per year for the first 4 grant anniversaries and 60% on the fifth anniversary.

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.