Mueller David B Form 4 December 12, 2008

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB APPROVAL OMB

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if no longer subject to Section 16. Form 4 or

Check this box

Form 5 obligations may continue. See Instruction

(Middle)

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(b).

(Last)

1. Name and Address of Reporting Person * Mueller David B

(First)

(Street)

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to Issuer

FREDS INC [FRED]

3. Date of Earliest Transaction

(Month/Day/Year) 10/27/2008

Director 10% Owner Other (specify

(Check all applicable)

X_ Officer (give title below) below) Senior VP

4300 NEW GETWELL ROAD

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

MEMPHIS, TN 38118

(City) (State) (Zip) Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned 1.Title of 2. Transaction Date 2A. Deemed

(Month/Day/Year) Execution Date, if

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 3, 4 and 5) (Instr. 8)

5. Amount of 6. Ownership 7. Nature of Securities Form: Direct Indirect Beneficially (D) or Beneficial Indirect (I) Ownership Owned Following (Instr. 4) (Instr. 4)

Reported Transaction(s) (Instr. 3 and 4)

or Code V Amount (D) Price

(A)

Class A Common

Stock

Security

(Instr. 3)

10/27/2008(1)

6,000 Α (1)

\$0 6,000

D

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

(Month/Day/Year)

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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. Transacti Code (Instr. 8)	5. Number on 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)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option on Class A Common Stock	\$ 9.58	10/27/2008		A(1)	5,000	10/27/2013	10/27/2015	Class A Common Stock	5,000

Reporting Owners

Reporting Owner Name / Address	Relationships					
·L. · · · · · · · · · · · · · · · · · ·	Director	10% Owner	Officer	Other		
Mueller David B						
4300 NEW GETWELL ROAD			Senior VP			
MEMPHIS, TN 38118						

Signatures

Anita Ryan by power of attorney

12/12/2008

**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. Mueller was granted 6000 restricted shares and 5000 options.

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.

Reporting Owners 2