



**Fred's, Inc.**

**FRED NASDAQ**

**Retail - Discount Stores**

Market Capitalization USD:

**\$410.87 mm**

**CONCERN LEVEL: LOW**

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less.
- 8 Unvested equity lapses when the CEO's employment is terminated.
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

**CEO: Bruce A. Efird**

**Age: 52**

**CEO Since: 2009**

	2009	2010	2011
<b>Base Salary</b>	\$650,000	\$650,000	\$650,000
<b>Discretionary Bonus</b>	\$0	\$0	\$0
<b>Annual Cash Incentive</b>	\$0	\$354,250	\$227,500
<b>Benefits and Perquisites</b>	\$9,288	\$13,742	\$14,483
<b>TOTAL ANNUAL COMPENSATION</b>	<b>\$659,288</b>	<b>\$1,017,992</b>	<b>\$891,983</b>
<b>Increase in Post-Retirement Benefits</b>	\$0	\$0	\$0
<b>Stock Option Awards</b>	\$578,101	\$0	\$106,500
<b>Stock Awards</b>	\$0	\$318,138	\$340,379
<b>TOTAL COMPENSATION</b>	<b>\$1,237,389</b>	<b>\$1,336,130</b>	<b>\$1,338,862</b>
<b>Median of Other Named Executive Officers Total Compensation</b>	\$247,233	\$438,240	\$423,909
<b>Value Realized on Exercise of Stock Option</b>	\$0	\$0	\$0
<b>Value Realized on Vesting of Stock</b>	\$0	\$0	\$0
<b>TOTAL REALIZED EQUITY COMPENSATION</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Proxy Date:** 27 Jun 2012

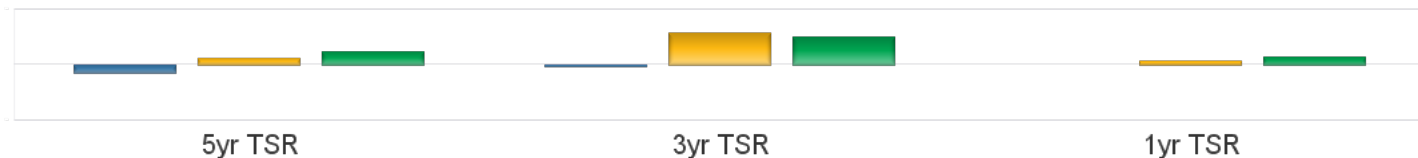
**Annual Meeting Date:** 26 Jul 2012

**Equity Reserves:** 9.60%

**Stock Option Run Rate:** 0.51%

### Performance Comparison

■ S&P500    ■ Industry    ■ FRED



### Peer Comparisons (TRBC) = Cyclical Consumer Goods / Services

#### Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
<b>FRED</b>	<b>Fred's, Inc.</b>	<b>\$1,237,389</b>	<b>\$1,336,130</b>	<b>\$1,338,862</b>	<b>\$410,872,878</b>
NPK	National Presto Industries, Inc.	\$441,188	\$631,372	\$557,180	\$597,247,953
NYT	New York Times Company (The)	\$6,262,755	\$5,279,209	\$11,252,720	\$851,896,083
ODP	Office Depot, Inc.	\$3,394,551	\$15,268,483	\$6,816,935	\$571,796,439
OXM	Oxford Industries, Inc.	\$537,279	\$1,288,922	\$1,242,710	\$565,568,858
LHO	LaSalle Hotel Properties	\$459,223	\$2,784,937	\$2,728,465	\$1,633,620,825
HZO	MarineMax, Inc.	\$1,963,145	\$1,154,422	\$973,027	\$150,576,051

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

#### Pay Peer Group

NA

#### Performance Peer Group

NA

### COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
B. Marv McNabb	Chairman	63	Female	7	Outside
Michael T. McMillan	Member	52	Male	5	Outside
Roger T. Knox	Member	74	Male	20	Outside Related