

January 16, 2007

Mail Stop 3561

By Facsimile and U.S. Mail

Mr. Michael J. Hayes
Chairman and Chief Executive Officer
Fred's, Inc.
4300 New Getwell Road
Memphis, Tennessee 38118

**Re: Form 10-K for the Fiscal Year Ended January 28, 2006
Filed March 31, 2006**

**Form 10-Q for the Fiscal Quarter Ended October 28, 2006
Filed December 7, 2006**

File No. 1-14565

Dear Mr. Hayes:

We have completed our review of the above filings and have no further comment at this time.

Sincerely,

Michael Moran
Accounting Branch Chief