

**Disclosure of Issue Price of New Notes Issued on December 14, 2017, in Exchange for  
Existing Notes  
Pursuant to Treas. Reg. §1.1273-2(f)(9)**

99 Cents Only Stores LLC (“**Issuer**”) is publishing this notice with respect to the issuance of its new 13% Cash/PIK notes due 2022 (“**New Notes**”) on December 14, 2017 in exchange for its existing 11% senior notes due 2019 (“**Existing Notes**”).

The Regulation, issued by the Department of the Treasury on September 12, 2012 and, effective for transactions occurring on or after November 13, 2012, requires the issuer of a debt instrument to disclose its fair market value issue price within 90 days of the issue date if the issuer determines that either the debt instrument itself or the property for which the debt instrument is being issued (including another debt instrument) is “traded on an established market” as provided by the Regulation.

Therefore, pursuant to the requirements of the Regulation, the Issuer hereby notifies the holders of the debt instruments described above as follows:

- The Issuer has determined that its New Notes are “traded on an established market” as provided by the Regulation and that its fair market value as of the issue date was 97.825 percent of par.

As provided by the Regulation, this determination is binding upon all holders unless the holder explicitly discloses, in accordance with the requirements of the Regulation, that its determination is different from the Issuer’s determination on the holder’s timely filed Federal income tax return for the taxable year that includes its acquisition date of the New Notes.

This notice is intended to fulfill the Issuer’s notification obligation under the Regulation and does not constitute tax advice. The Issuer advises each holder of the New Notes to obtain professional tax advice to determine the implications of this notification with respect to the holder’s income tax liabilities.

**Report of Organizational Actions  
 Affecting Basis of Securities**

▶ See separate instructions.

**Part I Reporting Issuer**

|   |  |   |                      |
|---|--|---|----------------------|
| 1 Issuer's name<br>Number Holdings, Inc.  |  | 2 Issuer's employer identification number (EIN)<br>80-0761463                               |                      |
| 3 Name of contact for additional information<br>Ruth Cantu  | 4 Telephone No. of contact<br>(323)980-8145 x1328          | 5 Email address of contact<br>ruth.cantu@99only.com   |                      |
| 6 Number and street (or P.O. box if mail is not delivered to street address) of contact<br>4000 East Union Pacific Avenue |  | 7 City, town, or post office, state, and Zip code of contact<br>City of Commerce, CA, 90023 |                      |
| 8 Date of action<br>December 14, 2017   | 9 Classification and description<br>Debt for Debt Exchange |   |                      |
| 10 CUSIP number<br>See attached   | 11 Serial number(s)  | 12 Ticker symbol<br>N/A   | 13 Account number(s) |

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ See attached.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ See attached.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ See attached.

**Part II** Organizational Action (continued)

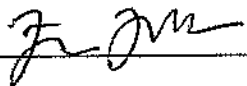
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attached.

18 Can any resulting loss be recognized? ▶ See attached.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ 1/12/18

Print your name ▶ Felicia Thornton Title ▶ Chief Financial Officer

**Paid Preparer Use Only**

|                            |                      |      |   |      |
|----------------------------|----------------------|------|---|------|
| Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN |
| Firm's name ▶              | Firm's EIN ▶         |      | Phone no.                                       |      |
| Firm's address ▶           |                      |      |   |      |

**Number Holdings, Inc.**  
**Attachment to Internal Revenue Service Form 8937**

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"). The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Code. Holders should consult their own tax advisors regarding the particular tax consequences of the Exchange (as defined below) to them, including the applicability and effect of all U.S. federal, state and local and foreign tax laws.

**Form 8937, Part I, Line 10 - CUSIP Numbers**

| Old Notes | New Notes            |
|-----------|----------------------|
| 65440KAB2 | 65440KAD8, U65408AC7 |

**Form 8937, Part II, Line 14**

On December 14, 2017 ("Issue Date"), 99 Cents Only Stores LLC ("Issuer"), an entity disregarded as separate from Number Holdings, Inc. for U.S. federal income tax purposes, issued new 13% Cash/PIK Notes due 2022 ("New Notes") in exchange ("Exchange") for its existing 11% senior notes due 2019 ("Existing Notes"). Holders consenting to this Exchange also received additional consideration in cash equal to three quarters of one percent of their Existing Notes principal amount tendered in the Exchange.

**Form 8937, Part II, Line 15**

Issuer has determined that, although the issue is not free from doubt, the Exchange may be treated as a significant modification for U.S. federal income tax purposes under Treas. Reg. §1.1001-3 to holders participating in the Exchange.

Although the issue is not free from doubt, the Issuer intends to take the position that the Old Notes and New Notes may qualify as "securities" for U.S. federal income tax purposes, and that the Exchange may qualify as a recapitalization. If the Exchange is treated as a recapitalization, then a U.S. holder generally should not recognize gain or loss with respect to the Exchange, subject to certain exceptions. Under the rules applicable to recapitalizations, a holder recognizes gain equal to the lesser of (i) the gain realized by the holder in the Exchange and (ii) the cash amount received (not including any amounts attributable to accrued and unpaid interest on the Old Notes) plus the fair market value of any excess of (a) the principal amount of the New Notes over (b) the principal amount of the Old Notes exchanged therefor (such amount, the "excess principal amount"). In general, a U.S. holder would obtain a tax basis (i) for

the portion of its New Notes received that corresponds to any excess principal amount received, equal to the fair market value of any such notes and (ii) for the remainder of the New Notes received equal to its adjusted tax basis in the Old Notes surrendered, increased by any gain recognized on the Exchange and decreased by the fair market value of any excess principal amount (excluding any amounts attributable to accrued and unpaid interest on the Old Notes). In addition, any accrued market discount on such Old Notes that was not previously included in income will generally carry over to the New Notes, as applicable, and as such the New Notes would also be treated as acquired at a market discount if the issue price of the New Notes, as applicable, exceeds the U.S. holder's initial tax basis for such notes by more than a de minimis amount.

If the Exchange fails to qualify as a recapitalization, a U.S. holder will generally recognize gain or loss equal to the difference, if any, between the amount realized on the Exchange and the U.S. holder's adjusted tax basis in the Old Notes. The amount realized will be equal to the issue price of the New Notes plus fair market value of any additional consideration issued in exchange for the Old Notes. For these purposes, the amount realized does not include any amount attributable to accrued interest on the Old Notes that has not previously been included in income.

Holders should consult their own tax advisers regarding the particular tax consequences of the Exchange to them.

#### **Form 8937, Part II, Line 16**

As discussed in Line 15, for the New Notes received in the Exchange treated as a recapitalization, a holder's initial tax basis in the portion of the New Notes that is not treated as "boot" (i.e., the cash amount received (not including any amounts attributable to accrued and unpaid interest on the Old Notes) plus the fair market value of any excess principal amount) will be the same as the holder's tax basis in the Old Notes allocated thereto, increased by any amount of gain recognized by the holder in the Exchange, if any, and decreased by any amount of "boot" that is received by the holder. The portion of the New Notes treated as "boot" will have an initial tax basis in a holder's hands equal to the fair market value of those New Notes.

The following simplified examples illustrate a hypothetical U.S. holder's calculation of its adjusted tax basis in the New Notes received on the Issue Date. The examples below use simplified numbers and assumptions, are for illustrative purposes only, and do not purport to fully describe the actual facts or tax consequences that may apply to a particular holder. Holders should consult their own tax advisers regarding the particular tax consequences of the Exchange to them.

Example for Exchange:

Investor A exchanged \$1,000 principal amount of Old Notes for New Notes with a principal amount of \$1,000 plus \$7.50 cash payment. Investor A had a tax basis in the Old Notes equal to the principal amount of the Old Notes immediately before the Exchange.

The New Notes were issued at an issue price of 97.825% of face, or \$978.25 per face amount of \$1,000.

| Old Notes Principal Amount (par): \$1,000<br>Assumed Old Notes Tax Basis (tb): \$1,000<br>Excess Principal (ep): 0 |                         |                    |                    |                             |                      |   |  |   |
|--|-------------------------|--------------------|--------------------|-----------------------------|----------------------|---|--|---|
| Exchanged For  | Exchange Terms          |                    |                    | Gain on the Exchange        |                      |   | New Notes Received                               |   |
|  | Principal Amount<br>(A) | Issue Price<br>(B) | Cash Amount<br>(C) | Boot<br>(D)=(C)+FMV of (ep) | Gain Realized<br>(E) | Gain Recognized<br>(F)=Lesser of (D) or (E) | Tax Basis (portion not boot)<br>(G)=(tb)+(F)-(D) | Tax Basis (boot portion)<br>(H)=FMV of (ep) |
| New Notes of \$1,000   | \$1,000                 | \$978.25           | \$7.5              | \$7.5                       | 0                    | 0   | \$992.5  | \$0   |

**Form 8937, Part II, Line 17**

Sections 354, 358, 368, 1001, and 1012 of the Code.

**Form 8937, Part II, Line 18**

The Exchange generally should not result in a recognized loss to holders to the extent the Exchange is a recapitalization. If the Exchange does not qualify as a recapitalization for U.S. federal income tax purposes, the Exchange may result in loss recognition to a holder if such holder's tax basis in the Old Notes exceeds the issue price of the New Notes.

**Form 8937, Part II, Line 19**

The Issuer has determined that its New Notes are "traded on an established market" and their fair market value as of the Issue Date was 97.825 percent of par.

The reportable tax year is 2017 with respect to calendar year taxpayers.