Form **8937**
(December 2011)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

▶ See separate Instructions.

OMB No. 1545-2224

Part I Reporting Issuer

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

10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
See attached		N/A	

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.

Sign Here

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.

Signature ▶ [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 ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

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

Existing Notes	**New Preferred Stock**
65440KAB2	N/A

Form 8937, Part II, Line 14

On December 14, 2017 ("**Issue Date**"), Number Holdings, Inc. ("**Parent**"), the direct parent of 99 Cents Only Stores LLC ("**Issuer**"), which is an entity disregarded as separate from the Parent for U.S. federal income tax purposes, issued new paid-in-kind series A-1 participating preferred stock ("**Preferred Stock**") in exchange ("**Exchange**") for Issuer's existing 11% senior notes due 2019 ("**Existing Notes**") held by certain affiliated holders. Holders consenting to this exchange also received additional consideration in the form of a Preferred Stock liquidation preference 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 results in an exchange under Section 1001 of the Code, on which taxable gain or loss may be realized.

Although the issue is not free from doubt, the Issuer intends to take the position that the Existing Notes and the Preferred Stock 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 Existing Notes) plus the fair market value of the excess of (a) the initial liquidation preference of the Preferred Stock over (b) the principal amount of the Existing 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 Preferred Stock received that corresponds to the excess principal amount received, equal to the fair market value of such stock and (ii) for the remainder of the Preferred Stock received equal to its adjusted tax basis in the Existing Notes surrendered, increased by any gain recognized on the Exchange and decreased by the fair market value of the excess principal amount (excluding any amounts attributable to accrued and unpaid interest on the Existing Notes).

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 Existing Notes. The amount realized will be equal to the fair market value of the Preferred Stock plus fair market value of any additional consideration issued in exchange for the Existing Notes. For these purposes, the amount realized does not include any amount attributable to accrued interest on the Existing 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 Preferred Stock received in the Exchange treated as a recapitalization, a holder's initial tax basis in the portion of the Preferred Stock that is not treated as "boot" (i.e., the cash amount received (not including any amounts attributable to accrued and unpaid interest on the Existing Notes) plus the fair market value of the excess principal amount) will be the same as the holder's tax basis in the Existing Notes allocated thereto, increased by the amount of gain recognized by the holder in the Exchange, if any, and decreased by the amount of "boot" that is received by the holder. The portion of the Preferred Stock treated as "boot" will have an initial tax basis in a holder's hands equal to the fair market value of those Preferred Stock.

The following simplified examples illustrate a hypothetical U.S. holder's calculation of its adjusted tax basis in the Preferred Stock 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 Existing Notes for Preferred Stock with an initial liquidation preference of $1,007.50 providing that $7.50 of the liquidation preference represents additional consideration. Investor A had a tax basis in the Existing Notes equal to the principal amount of the Existing Notes immediately before the Exchange.

The Preferred Stock had a fair market value of $1,007.50 including the $7.50 liquidation preference representing additional consideration.

Existing Notes Principal Amount (par): $1,000
Assumed Existing Notes Tax Basis (tb):$1,000
Excess Principal (ep):$7.5

Exchanged For	Exchange Terms		Gain on the Exchange			Preferred Stock Received	
	FMV of Preferred Stock (A)	Cash Amount (B)	Boot (C)=(B)+FMV of (ep)	Gain Realized (D)	Gain Recognized (E)=Lesser of (C) or (D)	Tax Basis (portion not boot) (F)=(tb)+(E)-(C)	Tax Basis (boot portion) (G)=FMV of (ep)
Preferred Stock	$1,007 5	$0	$7 5	$7 5	$7.5	$1,000	$7.5

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 Existing Notes exceeds the fair market value of the Preferred Stock.

Form 8937, Part II, Line 19

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