

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION**

THEODORE J. ZALLER, Individually
and on Behalf of All Others Similarly
Situated,

Plaintiff,

v.

FRED'S INC., MICHAEL K. BLOOM,
WALGREENS BOOTS ALLIANCE,
INC., STEFANO PESSINA, and
GEORGE R. FAIRWEATHER,

Defendants.

Case No. 2:19-cv-02415-SHL-atc

Hon. Sheryl H. Lipman
Hon. Annie T. Christoff

CLASS ACTION

NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS AND ENTITIES THAT PURCHASED OR OTHERWISE ACQUIRED FRED'S, INC. COMMON STOCK BETWEEN JANUARY 31, 2017 AND JUNE 28, 2017, INCLUSIVE (THE "CLASS PERIOD"), AND WHO WERE DAMAGED THEREBY.

EXCLUDED FROM THE CLASS ARE DEFENDANT MICHAEL K. BLOOM ("BLOOM"), DEFENDANT FRED'S, INC. ("FRED'S"), FORMER AND CURRENT OFFICERS AND DIRECTORS OF FRED'S, AS WELL AS THE IMMEDIATE FAMILY MEMBERS, AFFILIATES AND LEGAL REPRESENTATIVES, HEIRS, SUCCESSORS, OR ASSIGNS OF ANY OF THE ABOVE, AND ANY ENTITY IN WHICH ANY OF THE ABOVE HAS OR HAD A CONTROLLING INTEREST.

PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED BY LEGAL PROCEEDINGS IN THIS LITIGATION. IF YOU ARE A MEMBER OF THE CLASS DESCRIBED HEREIN, YOU MAY BE ENTITLED TO RECEIVE A PAYMENT PURSUANT TO THE PROPOSED SETTLEMENT DESCRIBED BELOW.

CLASS RECOVERY: This Notice has been sent to you pursuant to an Order of the United States District Court, Western District of Tennessee (the "Court") in the above-captioned action (the "Action"). This is not a solicitation from a lawyer. One of the purposes of this Notice is to inform you of the proposed Settlement of the Action for \$7,250,000. Lead Plaintiffs ("Lead Plaintiffs" or "Plaintiffs") estimate that approximately 38.1 million shares of Fred's that traded during the Class Period may have been impacted. If all such shares were impacted, and all holders are eligible to and elect to participate in the Settlement, the average recovery per share could be \$0.19, before deduction of any fees, expenses, costs, and awards described herein. The actual amount disbursed to members of the Class who participate in the Settlement may be more or less than this figure.

POTENTIAL OUTCOME OF THE CASE: The parties vigorously disagree on both liability and damages, and do not agree what damages per share would be recoverable if Plaintiffs prevailed on each claim alleged under the Securities Act of 1934. The issues on which the parties disagree include, but are not limited to: (a) whether Bloom or Fred's made any material misrepresentations or omissions; (b) whether Bloom or Fred's acted with the requisite state of mind (*scienter*); (c) the materiality of the allegedly false and misleading statements; and (d) the effect, if any, of those statements on the price of Fred's common stock. Bloom and Fred's continue to deny that they are liable to Plaintiffs or the Class, and the Settlement is not an admission of wrongdoing or liability.

REASONS FOR SETTLEMENT: Plaintiffs believe that the proposed Settlement is fair, reasonable, adequate, and in the best interests of the Class. Plaintiffs and their counsel have reached this conclusion after investigating and considering, among other things, the strengths and weaknesses of Plaintiffs' claims against Bloom, including Bloom's contentions that the Class's claims are without merit, the uncertainties of this complex litigation, the legal and factual defenses available to Bloom, and the concrete benefits provided by the Settlement to the members of the Class. The Settlement was entered into after extended mediation proceedings. Without admitting any wrongdoing or liability whatsoever by himself or Fred's, Bloom is nevertheless willing to settle to avoid the continuing burden, expense, inconvenience, and distraction to Bloom in this Action, as well as to avoid the cost, delay, and risk of continuing the Action, provided that all of the claims of the Class are settled and compromised.

ATTORNEYS' FEES AND COSTS SOUGHT: Class Counsel has not received any payment for its services in conducting this litigation on behalf of Plaintiffs and Class Members, nor has it been reimbursed for its out-of-pocket expenditures. If the Settlement is approved by the Court, Class Counsel will apply to the Court for attorneys' fees not to exceed 33 1/3% of the Settlement Amount, and reimbursement of expenses not to exceed \$100,000.

NOTICE AND ADMINISTRATION COSTS: Subject to the Court's approval, the parties have agreed to deposit \$250,000 of the Settlement Amount into a Settlement Notice and Administration Account to cover the costs related to the publication and mailing of Notice to the Class and Administration of all claims filed by Class Members. Any amount expended in excess of \$250,000 for Settlement Administration costs must be approved by the Court.

The total average cost per share would be approximately \$0.073 if fees are awarded in the amount of 33 1/3% of the Settlement Amount, with \$100,000 in expenses, \$5,000 as a Compensatory award to each Lead Plaintiff, and \$250,000 for Settlement Administration costs.

IDENTIFICATION OF PLAINTIFF'S COUNSEL: Requests for further information regarding the Action and this Notice may be directed to Class Counsel: Joshua B. Silverman, Esq., Pomerantz LLP, 10 South LaSalle St., Suite 3505, Chicago, IL 60603, 312-377-1181, jbsilverman@pomlaw.com.

I. THE CLASS INVOLVED IN THE PROPOSED SETTLEMENT

The proposed Settlement affects the rights of Class Members. The Class consists of:

All persons and entities that purchased or otherwise acquired Fred's common stock between January 31, 2017 and June 28, 2017, inclusive, and who were damaged thereby.

Excluded from the Class are Bloom, Fred's, former and current officers and directors of Fred's, as well as the immediate family members, affiliates and legal representatives, heirs, successors, or assigns of any of the above, and any entity in which any of the above has or had a controlling interest.

The sending of this Notice should not be construed as any indication of the Court's view as to the merits of any claims or defenses asserted by any party to this Action.

II. THE LITIGATION

Summary

This Action was initiated on June 27, 2019, asserting that Bloom, Fred's, Walgreens Boots Alliance, Inc. ("Walgreens") and certain Walgreens' executives (the "Walgreens Defendants") misled investors in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 about regulatory communications and Fred's ability to meet United States Federal Trade Commission qualifications for serving as a divestiture buyer of stores that Walgreens and Rite Aid anticipated divesting in connection of a planned merger. Bloom was the Chief Executive Officer of Fred's throughout the Class Period.

On September 9, 2019, Fred's filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware, staying the prosecution of claims against Fred's. On November 4, 2019, Plaintiffs filed an Amended Complaint. On December 19, 2019, Bloom and Walgreens Defendants moved to dismiss the Amended Complaint. After full briefing, on March 31, 2021, the Court entered an Order granting in part and denying in part Bloom's motion to dismiss, and granting the Walgreens Defendants' motion to dismiss. With respect to claims against Bloom, the Court dismissed claims related to alleged misrepresentations and omissions prior to

January 30, 2017, and partially dismissed and partially sustained claims related to other misrepresentations beginning after the close of trading on January 30, 2017.

Plaintiffs allege that Fred's stock price was artificially inflated as a result of these misrepresentations. Bloom and Fred's deny all allegations of misconduct alleged by Plaintiffs, deny having engaged in any wrongdoing whatsoever, and have asserted numerous defenses to Plaintiffs' claims. The Court has not decided who is right.

Discovery, Investigation, and Research Conducted by Counsel

Prior to filing the Amended Complaint, Class Counsel performed an extensive investigation into the merits of the Action, including consultation with experts concerning the amount of damages suffered by the Class; interviews of confidential witnesses who previously worked at Fred's; detailed reviews of relevant public filings, SEC filings, press releases, and other public statements of Fred's, Walgreens, and Rite Aid; and research of the applicable law with respect to the claims asserted in the complaints filed in the Action, and the potential defenses thereto with. After the Court Order partially sustaining claims against Bloom, Plaintiffs exchanged initial disclosures with Bloom, served requests for production of documents, and issued many subpoenas to third parties. In all, Plaintiffs have received and reviewed more than 125,000 documents comprising approximately 430,000 pages. Plaintiffs have also reviewed and monitored the Fred's bankruptcy proceedings.

Proposed Settlement

Class Counsel and Bloom's counsel participated in protracted negotiations including a full-day mediation before Jed Melnick, Esq., an experienced mediator affiliated with JAMS ADR. During these negotiations, the parties discussed, among other things, the respective claims and defenses, damage analyses, legal analyses, the evidence to be offered by the parties at trial, the risks of collection, and other important factual and legal issues.

The mediation was initially unsuccessful, but the parties continued to negotiate thereafter with the assistance of Mr. Melnick, resulting in the Settlement as documented by the Stipulation entered into on January 27, 2022. Class Counsel believe that the claims asserted in the Action have merit and that the evidence developed to date in the action supports the claims asserted therein. Class Counsel assert and believe the Class would present supporting evidence at trial establishing liability. By entering the Settlement, Bloom does not concede the truth of any of the claims against him and continues to deny any wrongdoing.

Class Counsel, however, recognize and acknowledge the expense and length of continued proceedings, trial, and appeals, and have taken into account the uncertain outcome and the risk of any litigation, especially complex actions such as here, as well as the risks of collection. They are also mindful of the inherent problems of proof under the federal securities laws violations asserted in this Action, including the defenses asserted or that may be asserted by Bloom. In light of the foregoing, Class Counsel believe that the Settlement set forth in the Stipulation confers a meaningful benefit upon the Class. Based on their evaluation, Class Counsel have determined that the Settlement is in the best interests of the Class.

The Release

In return for the payment of the Settlement Fund, Class Members who do not file for exclusion from the Class will release, discharge, and dismiss with prejudice all Plaintiffs' Released Claims, without costs to any party except as provided herein, upon the Effective Date. Plaintiffs and all Class Members, whether or not any such Person submits a Proof of Claim and Release Form or shares in the Net Settlement Fund, on behalf of themselves and each of their predecessors, successors, parents, subsidiaries, affiliates, custodians, agents, assigns, representatives, heirs, executors, trustees and administrators, will be deemed by this Settlement on the Effective Date to release and forever discharge any and all of the Plaintiffs' Released Claims.

On the Effective Date, all Class Members, and anyone claiming through or on behalf of any of them, will be forever barred and enjoined from commencing, instituting, prosecuting, or continuing to prosecute any action or other proceedings asserting Plaintiffs' Released Claims in any court of law or equity, arbitration tribunal, or administrative forum.

III. PROPOSED PLAN OF ALLOCATION

The \$7,250,000 Settlement Amount and any interest earned thereon shall be the Settlement Fund. The Settlement Fund less taxes, approved costs, fees and expenses (the “Net Settlement Fund”) shall be distributed to members of the Class who submit valid Proof of Claim and Release Forms (“Authorized Claimants”).

The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Court may approve the Plan of Allocation with or without modifications agreed to among the parties, or another plan of allocation, without further notice to Class Members. Any orders regarding a modification of the Plan of Allocation will be posted to the Settlement website: www.fredsincsettlement.com.

The Claims Administrator shall determine each Authorized Claimant’s pro rata share of the Net Settlement Fund based upon each Authorized Claimant’s “Recognized Loss.” The Recognized Loss formula is not intended to be an estimate of the amount of what a Class Member lost or might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss formula is simply the basis upon which the Net Settlement Fund will be proportionately allocated to Authorized Claimants. To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant’s Recognized Loss and subject to the provisions in the preceding paragraph. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Loss of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant’s Recognized Loss bears to the total Recognized Losses of all Authorized Claimants and subject to the provisions in the preceding paragraph.

If any funds remain in the Net Settlement Fund by reason of uncashed checks, or otherwise, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, then any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be used: (i) first, to pay any amounts mistakenly omitted from the initial distribution to Authorized Claimants; (ii) second, to pay any additional Notice and Administration Costs incurred in administering the Settlement; and (iii) finally, to make a second distribution to Authorized Claimants who cashed their checks from the initial distribution and who would receive at least \$20.00 from such second distribution, after payment of the estimated costs or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible.

The Plan of Allocation takes into consideration the limitation on damages provision of the Private Securities Litigation Reform Act (“PSLRA”), 15 U.S.C. § 78u-4(e) which incorporates a 90-day lookback period, the advice of Plaintiffs’ experts, and the principles of economic loss articulated by the Supreme Court in *Dura Pharmaceuticals, Inc. v. Broudo*, 544 U.S. 336 (2005). For purposes of this Settlement, the Recognized Loss shall be calculated as follows:

THE BASIS FOR CALCULATING YOUR RECOGNIZED LOSS:

- (I) **Recognized Loss for the Company’s Common Stock Purchased or Otherwise Acquired During the Class Period will be calculated as follows:**
- (A) For shares purchased or otherwise acquired during the Class Period and sold during the Class Period, the Recognized Loss per share will be the *lesser* of: (1) the inflation per share upon purchase (as set forth in Inflation Table A below) less the inflation per share upon sale (as set forth in Inflation Table A below); or (2) the purchase price per share minus the sales price per share.
 - (B) For shares purchased or otherwise acquired during the Class Period and sold during the period June 29, 2017 through September 25, 2017, inclusive, the Recognized Loss will be the *lesser* of: (1) the inflation per share upon purchase (as set forth in Inflation Table A below); or (2) the difference between the purchase price per share and the average common stock closing price as of date of sale provided in Table B below.

- (C) For shares purchased during the Class Period and retained as of the close of trading on September 25, 2017, the Recognized Loss will be the *lesser* of: (1) the inflation per share upon purchase (as set forth in Inflation Table A below); or (2) the purchase price per share minus \$6.66¹ per share.

INFLATION TABLE A	
Common Stock Purchased During the Class Period	
<u>Period</u>	<u>Inflation</u>
January 31, 2017 to March 2, 2017, inclusive	\$7.36 per share
March 3, 2017 to April 18, 2017, inclusive	\$5.45 per share
April 19, 2017 to June 5, 2017, inclusive	\$4.14 per share
June 6, 2017 to June 28, 2017, inclusive	\$2.62 per share

TABLE B								
<u>Date</u>	<u>Closing Price</u>	<u>Average Closing Price</u>	<u>Date</u>	<u>Closing Price</u>	<u>Average Closing Price</u>	<u>Date</u>	<u>Closing Price</u>	<u>Average Closing Price</u>
6/29/2017	\$9.51	\$9.51	7/28/2017	\$6.83	\$6.97	8/28/2017	\$6.18	\$6.66
6/30/2017	\$9.19	\$9.35	7/31/2017	\$6.79	\$6.96	8/29/2017	\$6.21	\$6.65
7/3/2017	\$7.75	\$8.82	8/1/2017	\$6.89	\$6.96	8/30/2017	\$6.03	\$6.64
7/4/2017	\$7.75	\$8.55	8/2/2017	\$6.80	\$6.95	8/31/2017	\$5.92	\$6.62
7/5/2017	\$7.37	\$8.31	8/3/2017	\$6.55	\$6.93	9/1/2017	\$6.07	\$6.61
7/6/2017	\$6.40	\$7.99	8/4/2017	\$6.51	\$6.92	9/4/2017	\$6.07	\$6.60
7/7/2017	\$6.83	\$7.83	8/7/2017	\$6.57	\$6.91	9/5/2017	\$5.76	\$6.58
7/10/2017	\$6.72	\$7.69	8/8/2017	\$6.53	\$6.89	9/6/2017	\$6.74	\$6.58
7/11/2017	\$6.35	\$7.54	8/9/2017	\$6.59	\$6.88	9/7/2017	\$6.70	\$6.59
7/12/2017	\$6.35	\$7.42	8/10/2017	\$6.35	\$6.87	9/8/2017	\$6.95	\$6.59
7/13/2017	\$6.55	\$7.34	8/11/2017	\$6.36	\$6.85	9/11/2017	\$6.80	\$6.60
7/14/2017	\$6.40	\$7.26	8/14/2017	\$6.45	\$6.84	9/12/2017	\$6.85	\$6.60
7/17/2017	\$6.53	\$7.21	8/15/2017	\$6.13	\$6.82	9/13/2017	\$7.06	\$6.61
7/18/2017	\$6.64	\$7.17	8/16/2017	\$6.08	\$6.80	9/14/2017	\$6.79	\$6.61
7/19/2017	\$6.73	\$7.14	8/17/2017	\$6.00	\$6.77	9/15/2017	\$7.40	\$6.63
7/20/2017	\$6.70	\$7.11	8/18/2017	\$6.04	\$6.75	9/18/2017	\$7.06	\$6.63
7/21/2017	\$6.67	\$7.08	8/21/2017	\$6.00	\$6.73	9/19/2017	\$7.14	\$6.64
7/24/2017	\$6.53	\$7.05	8/22/2017	\$6.05	\$6.72	9/20/2017	\$7.15	\$6.65
7/25/2017	\$6.54	\$7.03	8/23/2017	\$6.02	\$6.70	9/21/2017	\$6.86	\$6.65
7/26/2017	\$6.38	\$6.99	8/24/2017	\$6.12	\$6.69	9/22/2017	\$6.81	\$6.66
7/27/2017	\$6.55	\$6.97	8/25/2017	\$6.10	\$6.67	9/25/2017	\$6.74	\$6.66

¹ Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995, “in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated.” \$6.66 per share was the mean (average) daily closing trading price of the Company’s common stock during the 90-day period beginning on June 29, 2017 through and including September 25, 2017.

General Provisions:

1. There shall be no Recognized Loss attributed to any Fred's securities other than common stock.
2. The date of a purchase, acquisition, or sale of Fred's common stock is the "trade" date, and not the "settlement" date.
3. The first-in, first-out basis ("FIFO") will be applied to both purchases and sales.
4. The date of covering a "short sale" is deemed to be the date of purchase of Fred's common stock; and the date of a "short sale" is deemed to be the date of sale. Shares originally sold short will have a Recognized Loss of zero.
5. Exercise of option contracts into Fred's common stock will be considered to be purchases or sales of Fred's common stock as of the date of the exercise.
6. No cash payment will be made on a claim where the potential distribution amount is less than \$20.00 (Twenty Dollars and Zero Cents). Please be advised that if you did not incur a Recognized Loss as defined in the Plan of Allocation you will not receive a cash distribution from the Net Settlement Fund, but you will be bound by all determinations and judgments of the Court in connection with the Settlement, including being barred from asserting any of the Plaintiffs' Released Claims.
7. The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Class Member on equitable grounds.
8. No Person shall have any claim against Class Counsel, the Claims Administrator or other agent designated by Class Counsel, Bloom, Bloom's counsel, Fred's or Fred's counsel based on the distribution made substantially in accordance with the Stipulation and this Plan of Allocation, or further orders of the Court.
9. Class Members who do not submit valid Proof of Claim and Release Forms will not share in the Settlement Proceeds. Class Members who do not either submit a request for exclusion or submit a valid Proof of Claim and Release Form will nevertheless be bound by the Settlement and the Order and Final Judgment of the Court dismissing this Action.

IV. REQUESTING EXCLUSION FROM THE CLASS

IF YOU ARE A MEMBER OF THE CLASS, YOU MAY BE ELIGIBLE TO SHARE IN THE BENEFITS OF THIS SETTLEMENT AND WILL BE BOUND BY ITS TERMS UNLESS YOU EXCLUDE YOURSELF FROM THE CLASS.

Each member of the Class shall be bound by all determinations and judgments of the Court in connection with the Settlement, whether favorable or unfavorable, unless such Class Member shall mail, by first-class mail, sufficient postage prepaid, a written request for exclusion from the Class, received no later than June 14, 2022, addressed to the Claims Administrator at:

Fred's Inc. Securities Litigation
c/o Strategic Claims Services
600 N. Jackson St., Ste. 205
P.O. Box 230
Media, PA 19063

Such request for exclusion shall be in a form that sufficiently identifies (1) the name and address, phone number, and email contact information (if any) of the person(s) or entity seeking exclusion, (2) a list of all transaction(s) involving Fred's common stock during the period from January 31, 2017 through June 28, 2017, including the number of shares, principal amount and trade date of each purchase and sale; and (3) specifically state that the person(s) "requests to be excluded from the Settlement and Class in *Zaller v. Fred's, Inc., et al.*, Case No. 2:19-cv-02415-SHL-atc (W.D. Tenn.)." A request for exclusion shall not be effective unless submitted within the time and in the form and manner provided for herein. **You cannot exclude yourself by telephone, email, or fax.**

In order to be valid, such request for exclusion must be submitted with documentary proof: (i) of each purchase or acquisition and, if applicable, sale of Fred's common stock during the Class Period; and (ii) demonstrating the person's status as a beneficial owner of the Fred's common stock. Any such request for exclusion must be signed and submitted by the beneficial owner under penalty of perjury.

If a person or entity who is a member of the Class duly and timely requests to be excluded from the Class, such person or entity will not be bound by any orders or judgments entered in respect of the Settlement and shall not be entitled to receive any benefits provided by the Settlement in the event it is finally approved by the Court.

If a judgment approving the Settlement provided for in the Stipulation is finally entered, all members of the Class who have not requested exclusion shall conclusively be deemed to have released and shall thereafter be barred from asserting any of the Plaintiffs' Released Claims.

V. STATEMENT OF ATTORNEYS' FEES AND COSTS SOUGHT

If the proposed Settlement is approved, Class Counsel intend to apply to the Court for an award of attorneys' fees and reimbursement of expenses from the Settlement Fund. Class Counsel will seek no more than 33 1/3% of the Settlement Fund as fees, plus reimbursement for the litigation expenses and costs actually incurred in prosecuting the action not to exceed \$100,000. Class Counsel believe their intended fee request to be fair and reasonable. Class Counsel have litigated this Action on a wholly contingent basis and have received no compensation during the period the Action has been pending, while expending considerable time and funds during the Action. Had the Action not been successful, Class Counsel would have sustained a considerable financial loss.

In addition, Class Counsel intend to apply to the Court on behalf of the three Court-appointed Lead Plaintiffs for reimbursement from the Settlement Fund for and of their reasonable time, costs, and expenses directly relating to their representation of the Class, not to exceed \$5,000 each.

VI. THE SETTLEMENT HEARING

The Settlement Hearing shall be held before Honorable Sheryl H. Lipman, on July 5, 2022, at 2 p.m., in Courtroom 1, 11th Floor of the United States District Court for the Western District of Tennessee, Clifford Davis and Odell Horton Federal Building, 167 North Main Street, Memphis, TN 38103 or via Microsoft Teams or some other video platform to determine: (1) whether a Class should be certified for purposes of the Settlement and whether Plaintiffs and Class Counsel have adequately represented the Class Members; (2) whether the proposed Settlement of the Class's claims against Bloom for \$7,250,000 should be approved as fair, reasonable, and adequate; (3) whether the proposed Plan of Allocation is fair, just, reasonable, and adequate; (4) whether the Court should permanently enjoin the assertion of any claims that arise from or relate to the subject matter of the Action; (5) whether the Action should be dismissed with prejudice against Bloom, as set forth in the Stipulation filed with the Court; (6) whether the application by Class Counsel for an award of attorneys' fees and expenses should be approved; and (7) whether Lead Plaintiffs' application for reimbursement of costs and expenses should be granted.

The Settlement Hearing may be adjourned or continued from time to time by the Court without further notice to the Class other than an announcement at such Settlement Hearing or at any adjournment or continuance thereof.

Any Class Member who does not timely and validly request exclusion from the Class and who objects to the Settlement, the adequacy of the representation, the proposed Plan of Allocation of the Net Settlement Fund, the Final Order and Judgment contemplated by the Stipulation, the application for attorneys' fees and reimbursement of expenses, and/or the application for reimbursement of the reasonable time, costs, and expenses of Lead Plaintiffs, or who otherwise wishes to be heard with respect to any of the foregoing, may appear in person or by attorney (or via any video platform designated by the Court) at the Settlement Hearing, at his or her own expense, and present any evidence or argument that may be proper and relevant. However, no person shall be heard, and no papers, briefs, pleadings, or other documents submitted by any such person shall be considered by the Court unless, **no later than June 14, 2022**, (1) a notice of the person's intention to appear, (2) a statement of such person's objections to any matter before the Court, including a statement specifying whether the objection applies to the objector, to a specific subset of the Class, or to the entire Class, and (3) the grounds for such objections or the reason for such person's request to appear and to be heard, as well as the information requested in Section IV herein and all other documents and writings which such person desires the Court to consider, shall be filed by such person with the Clerk of the Court, and, on or before such filing, shall be delivered by hand, overnight mail or by certified mail, return-receipt requested, sufficient postage prepaid, upon each of the following counsel of record:

To Plaintiffs:	To Bloom:
Joshua B. Silverman POMERANTZ LLP 10 South LaSalle Street Suite 3505 Chicago, IL 60603 jbsilverman@pomlaw.com	M. Scott Barnard Akin Gump Strauss Hauer & Feld, LLP 2300 N. Field Street Suite 1800 Dallas, TX 75201 sbarnard@akingump.com

Any person or entity who fails to object in the manner prescribed in the paragraph immediately above shall be deemed to have waived any objections that person or entity may have and shall be barred from raising such objections in this Action or any other action or proceeding. Objections directed solely to the proposed Plan of Allocation, attorneys' fees and expenses, or awards to Lead Plaintiffs will not affect the finality of either the Settlement or the Judgment to be entered pursuant thereto, if the Settlement is approved by the Court.

All members of the Class who do not request exclusion therefrom, in the manner provided herein, will be represented by Class Counsel in connection with the Settlement, but may, if they so desire, also enter an appearance through counsel of their own choice and at their own expense.

VII. PROOF OF CLAIM AND RELEASE FORM

To be eligible to receive a cash distribution from the Settlement Fund, you must timely complete, sign, and file a Proof of Claim and Release Form (“Proof of Claim”). A Proof of Claim is attached to this Notice. You may receive more than one copy of this Notice and the Proof of Claim, but you should **submit only one Proof of Claim** for each differently named account or ownership, such as an individual account, an IRA account, a joint account, a custodial account, etc.

The Proof of Claim (1) **must** be completed in accordance with the Instructions on the Proof of Claim, (2) **must** enclose all documentation required by the Instructions, and (3) **must be postmarked on or June 5, 2022** and addressed to:

Fred’s Inc. Securities Litigation
 c/o Strategic Claims Services
 600 N. Jackson St., Ste. 205
 P.O. Box 230
 Media, PA 19063
 Fax: 610-565-7985
 info@strategicclaims.net

A Proof of Claim will be deemed filed when mailed via first-class mail, sufficient postage prepaid. Members of the Class who do not exclude themselves from the Class and who fail to submit a valid and timely Proof of Claim will nevertheless be bound by the Settlement if finally approved, and all orders and judgments entered by the Court in connection therewith.

By Order of the Court, the Proof of Claim provides for and requires a release of all Plaintiffs’ Released Claims as described in Section II, above, by all members of the Class who file Proofs of Claim. The release will become effective on the Effective Date of the Settlement.

Each person or entity submitting a Proof of Claim thereby submits to the jurisdiction of the Court for purposes of the Action, the Settlement and any proceedings relating to such Proof of Claim, and agrees that such a filed Proof of Claim will be subject to review and further inquiry as to such person’s or entity’s status as a member of the Class and the allowable amount of the claim.

If you would like acknowledgment of the receipt of your Proof of Claim by June 5, 2022 please send it by certified mail, return requested, or its equivalent. No other formal acknowledgment will be provided.

VIII. SPECIAL NOTICE TO BROKERS AND OTHER NOMINEES

Brokerage firms, banks, financial institutions and other nominees (“Nominees”) who, during the Class Period, purchased, acquired, or sold Fred’s common stock in the name of the Nominees on behalf

of beneficial owners who may be members of the Class, **must** within ten (10) days after you receive this Notice, either: (1) send a copy of this Notice by First-Class Mail to all such Persons; or (2) provide a list of the names, email addresses, and physical addresses of such Persons to:

Fred's Inc. Securities Litigation
c/o Strategic Claims Services
600 N. Jackson St., Ste. 205
P.O. Box 230
Media, PA 19063
Fax: 610-565-7985
info@strategicclaims.net

The Claims Administrator will then cause the Notice and the Proof of Claim to be mailed or email the Notice and Claim Link electronically promptly to such beneficial owners.

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing. Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement from the Settlement Fund of your reasonable out-of-pocket expenses actually incurred in connection with the foregoing a maximum of \$0.05 for providing names, addresses, and email addresses to the Claims Administrator; up to a maximum of \$0.05 per Notice mailed by you, plus postage at the rate used by the Claims Administrator; or \$0.05 per Notice and Claim Link electronically sent by email. Those expenses will be paid upon request and submission of appropriate supporting documentation.

IX. FURTHER INFORMATION

This Notice merely provides a brief summary of the Action and the proposed Settlement, and is qualified by and subject in all respects to the full terms and conditions in the Stipulation. For a more detailed statement of the matters involved in the Action, you should refer to the pleadings, the Stipulation, and the orders entered by the Court and to the other papers filed in the Action. You may examine and/or copy the records in the Action, subject to customary copying fees, at the Clerk of the Court, United States District Court for the Western District of Tennessee, Clifford Davis and Odell Horton Federal Building, 167 North Main Street, Memphis, TN 38103, at any time it is open to the general public. In addition, all of the Settlement documents, including the Stipulation, this Notice, the Proof of Claim, and proposed Judgments may be obtained by viewing the website at www.fredsincsettlement.com, or contacting Strategic Claims Services at:

Fred's Inc. Securities Litigation
c/o Strategic Claims Services
600 N. Jackson St., Ste. 205
P.O. Box 230
Media, PA 19063
Fax: 610-565-7985
info@strategicclaims.net

In addition, you may contact Joshua B. Silverman, Esq., Pomerantz LLP, 10 South LaSalle Street, Suite 3505, Chicago, IL 60603, (312) 377-1181, jbsilverman@pomlaw.com if you have any questions about the Action or the Settlement.

INQUIRIES SHOULD NOT BE DIRECTED TO THE COURT, THE CLERK'S OFFICE, BLOOM, OR BLOOM'S COUNSEL

Dated: MARCH 14, 2022

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TENNESSEE

PROOF OF CLAIM AND RELEASE FORM

Deadline for Submission: June 5, 2022

IF YOU PURCHASED OR OTHERWISE ACQUIRED FRED'S, INC. ("FRED'S") COMMON STOCK DURING THE PERIOD FROM JANUARY 31, 2017 THROUGH JUNE 28, 2017, BOTH DATES INCLUSIVE ("CLASS PERIOD"), AND WERE DAMAGED THEREBY, YOU ARE A "CLASS MEMBER" AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT PROCEEDS. EXCLUDED FROM THE CLASS ARE DEFENDANT MICHAEL K. BLOOM, FRED'S, FORMER AND CURRENT OFFICERS AND DIRECTORS OF FRED'S, AS WELL AS THE IMMEDIATE FAMILY MEMBERS, AFFILIATES AND LEGAL REPRESENTATIVES, HEIRS, SUCCESSORS, OR ASSIGNS OF ANY OF THE ABOVE, AND ANY ENTITY IN WHICH ANY OF THE ABOVE HAS OR HAD A CONTROLLING INTEREST.

IF YOU ARE A CLASS MEMBER, YOU MUST COMPLETE AND SUBMIT THIS PROOF OF CLAIM AND RELEASE FORM ("PROOF OF CLAIM") IN ORDER TO BE ELIGIBLE FOR ANY SETTLEMENT BENEFITS.

YOU MUST COMPLETE AND SIGN THIS PROOF OF CLAIM AND MAIL IT BY FIRST CLASS MAIL, POSTMARKED NO LATER THAN JUNE 5, 2022 TO THE CLAIMS ADMINISTRATOR, AT THE FOLLOWING ADDRESS:

Fred's, Inc. Securities Litigation
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson St., Ste. 205
Media, PA 19063
Tel.: 866-274-4004
Fax: 610-565-7985
info@strategicclaims.net

YOUR FAILURE TO SUBMIT THIS PROOF OF CLAIM BY JUNE 5, 2022 WILL SUBJECT YOUR CLAIM TO REJECTION AND PRECLUDE YOU FROM RECEIVING ANY MONEY IN CONNECTION WITH THE SETTLEMENT OF THIS ACTION. DO NOT MAIL OR DELIVER YOUR CLAIM TO THE COURT OR TO ANY OF THE PARTIES OR THEIR COUNSEL AS ANY SUCH CLAIM WILL BE DEEMED NOT TO HAVE BEEN SUBMITTED. SUBMIT YOUR CLAIM ONLY TO THE CLAIMS ADMINISTRATOR AT THE ADDRESS ABOVE. IF YOU ARE A CLASS MEMBER AND DO NOT SUBMIT A PROPER PROOF OF CLAIM, YOU WILL NOT SHARE IN THE SETTLEMENT BUT YOU NEVERTHELESS WILL BE BOUND BY THE ORDER AND FINAL JUDGMENT OF THE COURT UNLESS YOU EXCLUDE YOURSELF.

SUBMISSION OF A PROOF OF CLAIM DOES NOT ASSURE THAT YOU WILL SHARE IN THE PROCEEDS OF THE SETTLEMENT.

CLAIMANT'S STATEMENT

1. I (we) acquired Fred's common stock from January 31, 2017, through June 28, 2017, both dates inclusive. (Do not submit this Proof of Claim and Release Form if you did not acquire Fred's common stock during the Class Period.)
2. By submitting this Proof of Claim, I (we) state that I (we) believe in good faith that I am (we are) a Class Member(s) as defined above and in the Notice of Pendency and Settlement of Class Action (the "Notice"), or am (are) acting for such person(s); that I am (we are) not a Defendant in the Action or anyone excluded from the Settlement Class; that I (we) have read and understand the Notice; that I (we) believe that I am (we are) entitled to receive a share of the Net Settlement Fund, as defined in the Notice; that I (we) elect to participate in the proposed Settlement described in the Notice; and that I (we) have not filed a request for exclusion. (If you are acting in a representative capacity on behalf of a Class Member [e.g., as an executor, administrator, trustee, or other representative], you must submit evidence of your current authority to act on behalf of that Class Member. Such evidence would include, for example, letters testamentary, letters of administration, or a copy of the trust documents.)
3. I (we) consent to the jurisdiction of the Court with respect to all questions concerning the validity of this Proof of Claim. I (we) understand and agree that my (our) claim may be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to my (our) status as a Class Member(s) and the validity and amount of my (our) claim. No discovery shall be allowed on the merits of the Action or Settlement in connection with the processing of the Proof of Claim.
4. I (we) have set forth where requested below all relevant information with respect to each acquisition of Fred's common stock during the Class Period, and each sale, if any, of such common stock. I (we) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so.
5. I (we) have enclosed photocopies of the stockbroker's confirmation slips, stockbroker's statements, or other documents evidencing each acquisition and sale of Fred's common stock listed below between January 31, 2017, and September 25, 2017, inclusive, in support of my (our) claim. It is necessary to provide purchase and sale information through September 25, 2017, even though this is beyond the Class Period, because the federal common stock laws require such information in calculating losses. (IF ANY SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN A COPY OR EQUIVALENT DOCUMENTS FROM YOUR BROKER OR TAX ADVISOR BECAUSE THESE DOCUMENTS ARE NECESSARY TO PROVE AND PROCESS YOUR CLAIM.)
6. I (we) understand that the information contained in this Proof of Claim is subject to such verification as the Claims Administrator may request or as the Court may direct, and I (we) agree to cooperate in any such verification. (The information requested herein is designed to provide the minimum amount of information necessary to process most simple claims. The Claims Administrator may request additional information as required to efficiently and reliably calculate your Recognized Loss. In some cases, the Claims Administrator may condition acceptance of the claim based upon the production of additional information, including, where applicable, information concerning transactions in any derivatives common stock such as options.)
7. Upon the occurrence of the Court's approval of the Settlement, as detailed in the Notice, I (we) agree and acknowledge that my (our) signature(s) hereto shall effect and constitute a full and complete release, remise and discharge by me (us) and my (our) heirs, joint tenants, tenants in common, beneficiaries, executors, administrators, predecessors, successors, attorneys, insurers and assigns (or, if I am (we are) submitting this Proof of Claim on behalf of a corporation, a partnership, estate or one or more other persons, by it, him, her or them, and by its, his, her or their heirs, executors, administrators, predecessors, successors, and assigns) of each of the "Released Parties" of all "Released Claims," as those terms are defined in the Stipulation of Settlement (the "Stipulation").
8. Upon the occurrence of the Court's approval of the Settlement, as detailed in the Notice, I (we) agree and acknowledge that my (our) signature(s) hereto shall effect and constitute a covenant by me (us) and my (our) heirs, joint tenants, tenants in common, beneficiaries, executors, administrators, predecessors, successors, attorneys, insurers and assigns (or, if I am (we are) submitting this Proof of Claim on behalf of a corporation, a partnership, estate or one or more other persons, by it, him, her or them, and by its, his, her or their heirs, executors, administrators, predecessors, successors, and

assigns) to permanently refrain from prosecuting or attempting to prosecute any Released Claims against any of the Released Parties.

9. “Released Parties” has the meaning laid out in the Stipulation.
10. “Released Claims” has the meaning laid out in the Stipulation.
11. “Unknown Claims” has the meaning laid out in the Stipulation.
12. I (We) acknowledge that the inclusion of “Unknown Claims” in the definition of claims released pursuant to the Stipulation was separately bargained for and is a material element of the Settlement of which this release is a part.
13. NOTICE REGARDING INSTITUTIONAL FILERS: Representatives with the authority to file on behalf of (a) accounts of multiple Persons and/or (b) institutional accounts with large numbers of transactions (“Representative Filers”) must submit information regarding their clients’ transactions in the approved electronic spreadsheet format, which is available by request to the Claims Administrator at efile@strategicclaims.net or by visiting the website www.strategicclaims.net/institutional-filers/. One spreadsheet may contain the information for multiple Persons and institutional accounts who constitute distinct legal entities (“Legal Entities”), but all Representative Filers MUST also submit a manually signed Proof of Claim, as well as proof of authority to file (see Item 2 of the Claimant’s Statement) along with the electronic spreadsheet. The transactions and holdings in Fred’s common stock should be reported in the electronic file so that each resulting Claim corresponds to a single Legal Entity, regardless of the number of individually managed accounts the Legal Entity has, as only one Claim will be processed per Legal Entity (e.g., a Representative Filer reporting the transactions for a fund with multiple sub-accounts should report one total holding at the start of the Settlement Class Period, one total holding at the end of the Class Period, and a single set of transactions that includes all transactions made by the Legal Entity across their sub-accounts; this would constitute and be processed a single Claim). The Claims Administrator reserves the right to combine a Legal Entity’s accounts into a single Claim prior to processing in the event that a Legal Entity’s accounts are divided across multiple Claims when submitted by a Representative Filer. The Claims Administrator also reserves the right to request additional documentary proof regarding a Legal Entity’s transactions and holdings in Fred’s common stock to prove and accurately process the Claim.
14. NOTICE REGARDING ONLINE FILING: Claimants who are not Representative Filers may submit their claims online using the electronic version of the Proof of Claim hosted at www.fredsincsettlement.com. If you are not acting as a Representative Filer, you do not need to contact the Claims Administrator prior to filing; you will receive an automated e-mail confirming receipt once your Proof of Claim has been submitted. If you are unsure if you should submit your claim as a Representative Filer, please contact the Claims Administrator at info@strategicclaims.net or (866) 274-4004. If you are not a Representative Filer, but your claim contains a large number of transactions, the Claims Administrator may request that you also submit an electronic spreadsheet showing your transactions to accompany your Proof of Claim.

I. CLAIMANT INFORMATION

Beneficial Owner Name		
Address		
City	State	ZIP
Foreign Province	Foreign Country	
Day Phone	Evening Phone	
Email		
Social Security Number (for individuals):	Taxpayer Identification Number (for estates, trusts, corporations, etc.):	

II. SCHEDULE OF TRANSACTIONS IN FRED'S COMMON STOCK

Beginning Holdings:

A. State the total number of shares of Fred's common stock held at the close of trading on January 30, 2017 (*must be documented*).
If none, write "zero" or "0."

--

Purchases/Acquisitions:

B. Separately list each and every purchase or acquisition of Fred's common stock between January 31, 2017, and September 25, 2017, both dates inclusive, and provide the following information (*must be documented*):

Trade Date (List Chronologically) (Month/Day/Year)	Number of Shares Purchased	Price per Share	Total Cost (Excluding Commissions, Taxes, and Fees)

Sales:

C. Separately list each and every sale of Fred's common stock between January 31, 2017, and September 25, 2017, both dates inclusive, and provide the following information (*must be documented*):

Trade Date (List Chronologically) (Month/Day/Year)	Number of Shares Sold	Price per Share	Amount Received (Excluding Commissions, Taxes, and Fees)

Ending Holdings:

D. State the total number of shares of Fred's common stock held at the close of trading on September 25, 2017 (*must be documented*).

If additional space is needed, attach separate, numbered sheets, giving all required information, substantially in the same format, and print your name and Social Security or Taxpayer Identification number at the top of each sheet.

III. SUBSTITUTE FORM W-9

Request for Taxpayer Identification Number:

Enter taxpayer identification number below for the Beneficial Owner(s). For most individuals, this is your Social Security Number. The Internal Revenue Service ("I.R.S.") requires such taxpayer identification number. If you fail to provide this information, your claim may be rejected.

Social Security Number (for individuals)	or	Taxpayer Identification Number (for estates, trusts, corporations, etc.)

IV. CERTIFICATION

I (We) submit this Proof of Claim under the terms of the Stipulation described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the Western District of Tennessee, Western Division, with respect to my (our) claim as a Class Member(s) and for purposes of enforcing the release and covenant not to sue set forth herein. I (We) further acknowledge that I am (we are) bound by and subject to the terms of any judgment that may be entered in this Action. I (We) have not submitted any other claim covering the same purchases, acquisitions, or sales of Fred's common stock during the Class Period and know of no other Person having done so on my (our) behalf.

I (We) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406(a)(1)(c) of the Internal Revenue Code because: (a) I am (We are) exempt from backup withholding; or (b) I (We) have not been notified by the I.R.S. that I am (we are) subject to backup withholding as a

result of a failure to report all interest or dividends; or (c) the I.R.S. has notified me (us) that I am (we are) no longer subject to backup withholding.

NOTE: If you have been notified by the I.R.S. that you are subject to backup withholding, please strike out the language that you are not subject to backup withholding in the certification above.

UNDER THE PENALTIES OF PERJURY UNDER THE LAWS OF THE UNITED STATES, I (WE) CERTIFY THAT ALL OF THE INFORMATION I (WE) PROVIDED ON THIS PROOF OF CLAIM AND RELEASE FORM IS TRUE, CORRECT, AND COMPLETE.

Signature of Claimant (If this claim is being made on behalf of Joint Claimants, then each must sign):

(Signature)

(Signature)

(Capacity of person(s) signing, e.g. beneficial purchaser(s), executor, administrator, trustee, etc.)

Check here if proof of authority to file is enclosed.
(See Item 2 under Claimant's Statement)

Date: _____

THIS PROOF OF CLAIM AND RELEASE FORM MUST BE SUBMITTED NO LATER THAN JUNE 5, 2022, AND MUST BE MAILED TO:

Fred's, Inc. Securities Litigation
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson St., Ste. 205
Media, PA 19063
Tel.: 866-274-4004
Fax: 610-565-7985
info@strategicclaims.net

A Proof of Claim received by the Claims Administrator shall be deemed to have been submitted when postmarked, if mailed by June 5, 2022, and if a postmark is indicated on the envelope, it is mailed first class, and it is addressed in accordance with the above instructions. In all other cases, a Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator.

You should be aware that it will take a significant amount of time to process fully all of the Proof of Claim and to administer the Settlement. This work will be completed as promptly as time permits, given the need to investigate and tabulate each Proof of Claim. Please notify the Claims Administrator of any change of address.

Fred's, Inc. Securities Litigation
c/o Strategic Claims Services
600 N. Jackson Street, Suite 205
Media, PA 19063

IMPORTANT LEGAL NOTICE – PLEASE FORWARD

REMINDER CHECKLIST

- Please be sure to sign this Proof of Claim on page 15. If this Proof of Claim is submitted on behalf of joint claimants, then each claimant must sign.
- Please remember to attach supporting documents. Do NOT send any stock certificates. Keep copies of everything you submit.
- Do NOT use highlighter on the Proof of Claim or any supporting documents.
- If you move or change your address, telephone number or email address, please submit the new information to the Claims Administrator, as well as any other information that will assist us in contacting you. NOTE: Failure to submit updated information to the Claims Administrator may result in the Claims Administrator's inability to contact you regarding issues with your claim or to deliver payment to you.