
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended May 3, 2013

Commission File Number: 001-11421

DOLLAR GENERAL CORPORATION

(Exact name of Registrant as specified in its charter)

TENNESSEE

(State or other jurisdiction of
incorporation or organization)

61-0502302

(I.R.S. Employer
Identification No.)

100 MISSION RIDGE

GOODLETTSVILLE, TN 37072

(Address of principal executive offices, zip code)

Registrant's telephone number, including area code: **(615) 855-4000**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The registrant had 327,395,122 shares of common stock outstanding on May 24, 2013.

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	May 3, 2013 (Unaudited)	February 1, 2013 (see Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 155,526	\$ 140,809
Merchandise inventories	2,414,411	2,397,175
Prepaid expenses and other current assets	154,539	139,129
Total current assets	<u>2,724,476</u>	<u>2,677,113</u>
Net property and equipment	<u>2,177,264</u>	<u>2,088,665</u>
Goodwill	4,338,589	4,338,589
Other intangible assets, net	<u>1,215,999</u>	<u>1,219,543</u>
Other assets, net	<u>37,369</u>	<u>43,772</u>
Total assets	<u>\$ 10,493,697</u>	<u>\$ 10,367,682</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term obligations	\$ 909	\$ 892
Accounts payable	1,138,395	1,261,607
Accrued expenses and other	359,038	357,438
Income taxes payable	70,540	95,387
Deferred income taxes	<u>31,520</u>	<u>23,223</u>
Total current liabilities	<u>1,600,402</u>	<u>1,738,547</u>
Long-term obligations	<u>2,835,303</u>	<u>2,771,336</u>
Deferred income taxes	<u>646,462</u>	<u>647,070</u>
Other liabilities	<u>232,631</u>	<u>225,399</u>
Commitments and contingencies		
Shareholders' equity:		
Preferred stock	—	—
Common stock	286,464	286,185
Additional paid-in capital	2,992,981	2,991,351
Retained earnings	1,911,160	1,710,732
Accumulated other comprehensive loss	<u>(11,706)</u>	<u>(2,938)</u>
Total shareholders' equity	<u>5,178,899</u>	<u>4,985,330</u>
Total liabilities and shareholders' equity	<u>\$ 10,493,697</u>	<u>\$ 10,367,682</u>

See notes to condensed consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In thousands, except per share amounts)

	For the 13 weeks ended	
	May 3, 2013	May 4, 2012
Net sales	\$ 4,233,733	\$ 3,901,205
Cost of goods sold	2,938,585	2,672,949
Gross profit	1,295,148	1,228,256
Selling, general and administrative expenses	900,148	843,932
Operating profit	395,000	384,324
Interest expense	24,516	37,074
Other (income) expense	18,871	1,671
Income before income taxes	351,613	345,579
Income tax expense	131,530	132,164
Net income	<u>\$ 220,083</u>	<u>\$ 213,415</u>
Earnings per share:		
Basic	\$ 0.67	\$ 0.64
Diluted	\$ 0.67	\$ 0.63
Weighted average shares:		
Basic	326,975	336,080
Diluted	328,132	339,490

See notes to condensed consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In thousands)

	For the 13 weeks ended	
	May 3, 2013	May 4, 2012
Net income	\$ 220,083	\$ 213,415
Unrealized net gain (loss) on hedged transactions, net of related income tax expense (benefit) of \$ (5,628) and \$ 1,621, respectively	(8,768)	2,529
Comprehensive income	\$ 211,315	\$ 215,944

See notes to condensed consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(In thousands)

	For the 13 weeks ended	
	May 3, 2013	May 4, 2012
<i>Cash flows from operating activities:</i>		
Net income	\$ 220,083	\$ 213,415
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	80,493	72,271
Deferred income taxes	7,999	(1,119)
Tax benefit of stock options	(21,633)	(18,589)
Loss on debt retirement, net	18,871	1,629
Noncash share-based compensation	5,310	4,759
Other noncash gains and losses	148	2,828
Change in operating assets and liabilities:		
Merchandise inventories	(16,411)	6,499
Prepaid expenses and other current assets	(13,162)	5,370
Accounts payable	(138,227)	(82,227)
Accrued expenses and other liabilities	7,709	(30,218)
Income taxes	(3,214)	19,306
Other	(740)	(1,285)
Net cash provided by (used in) operating activities	<u>147,226</u>	<u>192,639</u>
<i>Cash flows from investing activities:</i>		
Purchases of property and equipment	(149,652)	(145,857)
Proceeds from sales of property and equipment	75	119
Net cash provided by (used in) investing activities	<u>(149,577)</u>	<u>(145,738)</u>
<i>Cash flows from financing activities:</i>		
Issuance of long-term obligations	2,297,177	—
Repayments of long-term obligations	(2,119,316)	(202)
Borrowings under revolving credit facilities	494,900	584,900
Repayments of borrowings under revolving credit facilities	(608,800)	(321,800)
Debt issuance costs	(15,938)	(7,663)
Payments for cash flow hedge related to debt issuance	(13,217)	—
Repurchases of common stock	(20,000)	(300,000)
Other equity transactions, net of employee taxes paid	(19,371)	(14,321)
Tax benefit of stock options	21,633	18,589
Net cash provided by (used in) financing activities	<u>17,068</u>	<u>(40,497)</u>
Net increase (decrease) in cash and cash equivalents	14,717	6,404
Cash and cash equivalents, beginning of period	140,809	126,126
Cash and cash equivalents, end of period	<u>\$ 155,526</u>	<u>\$ 132,530</u>
<i>Supplemental schedule of non-cash investing and financing activities:</i>		
Purchases of property and equipment awaiting processing for payment, included in Accounts payable	\$ 54,162	\$ 39,726

See notes to condensed consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Basis of presentation

The accompanying unaudited condensed consolidated financial statements of Dollar General Corporation and its subsidiaries (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and are presented in accordance with the requirements of Form 10-Q and Rule 10-01 of Regulation S-X. Such financial statements consequently do not include all of the disclosures normally required by U.S. GAAP or those normally made in the Company's Annual Report on Form 10-K, including the condensed consolidated balance sheet as of February 1, 2013 which has been derived from the audited consolidated financial statements at that date. Accordingly, readers of this Quarterly Report on Form 10-Q should refer to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2013 for additional information.

The Company's fiscal year ends on the Friday closest to January 31. Unless the context requires otherwise, references to years contained herein pertain to the Company's fiscal year. The Company's 2013 fiscal year will be a 52-week accounting period ending on January 31, 2014 and the 2012 fiscal year was a 52-week accounting period that ended on February 1, 2013.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the Company's customary accounting practices. In management's opinion, all adjustments (which are of a normal recurring nature) necessary for a fair presentation of the consolidated financial position as of May 3, 2013 and results of operations for the 13-week accounting periods ended May 3, 2013 and May 4, 2012 have been made.

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

The Company uses the last-in, first-out (LIFO) method of valuing inventory. An actual valuation of inventory under the LIFO method is made at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels, sales for the year and the expected rate of inflation/deflation for the year. The interim LIFO calculations are subject to adjustment in the final year-end LIFO inventory valuation. The Company recorded a LIFO provision (benefit) of \$(0.5) million and \$1.6 million in the 13-week periods ended May 3, 2013 and May 4, 2012, respectively. In addition, ongoing estimates of inventory shrinkage and initial markups and markdowns are included in the interim cost of goods sold calculation. Because the Company's business is moderately seasonal, the results for interim periods are not necessarily indicative of the results to be expected for the entire year.

In February 2013, the Financial Accounting Standards Board issued an accounting standards update which requires additional disclosures with regard to an entity's balances of and amounts reclassified out of accumulated other comprehensive income in their financial statements. The Company adopted this guidance in the first quarter of 2013. All of the Company's related balances are cash flow hedges and the required disclosures are reflected in Note 6 below. The adoption of this guidance did not have a material effect on the Company's condensed consolidated financial statements.

Certain financial statement amounts relating to prior periods have been reclassified to conform to the current period presentation.

2. Earnings per share

Earnings per share is computed as follows (in thousands, except per share data):

	13 Weeks Ended May 3, 2013			13 Weeks Ended May 4, 2012		
	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
Basic earnings per share	\$ 220,083	326,975	\$ 0.67	\$ 213,415	336,080	\$ 0.64
Effect of dilutive share-based awards		1,157			3,410	
Diluted earnings per share	\$ 220,083	328,132	\$ 0.67	\$ 213,415	339,490	\$ 0.63

Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is determined based on the dilutive effect of stock options using the treasury stock method.

Options to purchase shares of common stock that were outstanding at the end of the respective periods, but were not included in the computation of diluted earnings per share because the effect of exercising such options would be antidilutive, were 1.2 million and 0.5 million in the 2013 and 2012 periods, respectively.

3. Income taxes

Under the accounting standards for income taxes, the asset and liability method is used for computing the future income tax consequences of events that have been recognized in the Company's consolidated financial statements or income tax returns.

Income tax reserves are determined using the methodology established by accounting standards for income taxes which require companies to assess each income tax position taken using a two-step approach. A determination is first made as to whether it is more likely than not that the position will be sustained, based upon the technical merits, upon examination by the taxing authorities. If the tax position is expected to meet the more likely than not criteria, the benefit recorded for the tax position equals the largest amount that is greater than 50% likely to be realized upon ultimate settlement of the respective tax position.

The Internal Revenue Service ("IRS") has previously examined the Company's 2008 and earlier federal income tax returns. As a result, the 2008 and earlier tax years are not open for

further examination by the IRS. The IRS, at its discretion, may choose to examine the Company's 2009, 2010, or 2011 fiscal year income tax filings. The Company has various state income tax examinations that are currently in progress. Generally, the Company's 2009 and later tax years remain open for examination by the various state taxing authorities.

As of May 3, 2013, the total reserves for uncertain tax benefits, interest expense related to income taxes and potential income tax penalties were \$24.7 million, \$2.6 million and \$0.4 million, respectively, for a total of \$27.7 million. Of this amount, \$2.0 million and \$25.7 million are reflected in current liabilities as Accrued expenses and other and in noncurrent Other liabilities, respectively, in the condensed consolidated balance sheet.

The Company believes it is reasonably possible that the reserve for uncertain tax positions may be reduced by approximately \$9.9 million in the coming twelve months principally as a result of the expiration of the statute of limitations. As of May 3, 2013, approximately \$24.7 million of the reserve for uncertain tax positions would impact the Company's effective income tax rate if the Company were to recognize the tax benefit for these positions.

The effective income tax rate for the 13-week period ended May 3, 2013 was 37.4% compared to a rate of 38.2% for the 13-week period ended May 4, 2012. The Company receives a significant income tax benefit related to salaries paid to certain newly hired employees that qualify for federal jobs credits (principally the Work Opportunity Tax Credit or "WOTC"). The federal law authorizing the WOTC credit was not in effect during the 13-week period ended May 4, 2012 but was retroactively re-enacted later in the Company's 2012 fiscal year and currently applies to eligible employees hired on or before December 31, 2013. The availability of these credits in the 2013 period is the principal reason for the decrease in the 2013 effective income tax rate as compared to the 2012 period when the credits were generally not available. Whether these credits will be available for employees hired after December 31, 2013 depends upon a change in the tax law that extends the expiration date of this credit provision, the certainty and timing of which are currently unclear.

4. Current and long-term obligations

Current and long-term obligations consist of the following:

(In thousands)	May 3, 2013	February 1, 2013
Senior unsecured credit facilities, maturity April 11, 2018:		
Term Facility	\$ 1,000,000	\$ —
Revolving Facility	17,000	—
Senior secured term loan facility:		
Maturity July 6, 2014	—	1,083,800
Maturity July 6, 2017	—	879,700
ABL Facility, maturity July 6, 2014	—	286,500
4 1/8% Senior Notes due July 15, 2017	500,000	500,000
1 7/8% Senior Notes due April 15, 2018 (net of discount of \$449)	399,551	—
3 1/4% Senior Notes due April 15, 2023 (net of discount of \$2,350)	897,650	—
Capital lease obligations	7,516	7,733
Tax increment financing due February 1, 2035	14,495	14,495
	<u>2,836,212</u>	<u>2,772,228</u>
Less: current portion	(909)	(892)
Long-term portion	<u>\$ 2,835,303</u>	<u>\$ 2,771,336</u>

During the first quarter of 2013, the Company consummated a refinancing, pursuant to which the Company terminated its existing credit agreements, entered into a new five-year unsecured \$1.85 billion credit agreement, and issued senior notes with a face value of \$1.3 billion, net of discount totaling \$2.8 million. The Company's new senior unsecured credit facilities (the "Facilities") consist of a \$1.0 billion senior unsecured term loan facility (the "Term Facility"), and an \$850.0 million senior unsecured revolving credit facility (the "Revolving Facility"), which provides for the issuance of letters of credit up to \$250.0 million. The Company may request, subject to agreement by one or more lenders, increased revolving commitments and/or incremental term loan facilities in an aggregate amount of up to \$150.0 million. The Company capitalized \$5.9 million of debt issuance costs associated with the Facilities.

Borrowings under the Facilities bear interest at a rate equal to an applicable margin plus, at the Company's option, either (a) LIBOR or (b) a base rate (which is usually equal to the prime rate). The applicable margin for borrowings as of May 3, 2013 was 1.275% for LIBOR borrowings and 0.275% for base-rate borrowings. The Company must also pay a facility fee, payable on any used and unused amounts of the Facilities, and letter of credit fees. The applicable margins for borrowings, the facility fees and the letter of credit fees under the Facilities are subject to adjustment each quarter based on the Company's long-term senior unsecured debt ratings. The weighted average interest rate for borrowings under the Facilities was 1.56% (without giving effect to the interest rate swaps discussed in Note 6), as of May 3, 2013.

The Term Facility will amortize in quarterly installments of \$25.0 million, with the first such payment due on August 1, 2014, and final payment at maturity on April 11, 2018. The Facilities can be prepaid in whole or in part at any time. The Facilities contain certain covenants which place limitations on the incurrence of liens; change of business; mergers or sales of all or substantially all assets; and subsidiary indebtedness, among other limitations. The Facilities also

contain financial covenants which require the maintenance of a minimum fixed charge coverage ratio and a maximum leverage ratio. As of May 3, 2013, the Company was in compliance with all such covenants. The Facilities also contain customary affirmative covenants and events of default.

As of May 3, 2013 the amount of issued letters of credit related to the Revolving Facility was \$46.3 million, and borrowing availability under the Revolving Facility was \$786.7 million.

The Company incurred a pretax loss of \$18.9 million for the write off of debt issuance costs associated with the termination of its previous credit facilities, which is reflected in Other (income) expense in the condensed consolidated statement of income for the 13-week period ended May 3, 2013.

On March 15, 2012, the Company's previous senior secured revolving credit facility ("ABL Facility") was amended to extend its maturity date and increase its total commitment. In connection with the amendment, the Company incurred \$2.7 million of debt issuance costs, the unamortized portion of which was written off when this facility was terminated during the first quarter of 2013 as disclosed above. During the 13-week period ended May 4, 2012, the Company recorded a pretax loss of \$1.6 million for the write off of a portion of existing debt issuance costs, which is reflected in Other (income) expense in the condensed consolidated statement of income for that period.

On March 30, 2012, the Company's previous term loan facility was amended to extend the maturity of a portion of such facility. The Company incurred \$5.2 million of debt issuance costs associated with this amendment, the unamortized portion of which was written off when this facility was terminated during the first quarter of 2013 as disclosed above.

On July 12, 2012, the Company issued \$500.0 million aggregate principal amount of 4.125% senior notes due 2017 (the "2017 Senior Notes") which mature on July 15, 2017. Interest on the 2017 Senior Notes is payable in cash on January 15 and July 15 of each year, and commenced on January 15, 2013.

On April 11, 2013, the Company issued \$400.0 million aggregate principal amount of 1.875% senior notes due 2018 (the "2018 Senior Notes"), net of discount of \$0.5 million, which mature on April 15, 2018; and issued \$900.0 million aggregate principal amount of 3.25% senior notes due 2023 (the "2023 Senior Notes"), net of discount of \$2.4 million, which mature on April 15, 2023. Collectively, the 2017 Senior Notes, the 2018 Senior Notes and the 2023 Senior Notes comprise the "Senior Notes", each of which were issued pursuant to an indenture (the "Senior Indenture") as modified by supplemental indentures relating to each series of Senior Notes. The Company capitalized \$10.0 million of debt issuance costs associated with the 2018 Senior Notes and the 2023 Senior Notes. Interest on the 2018 Senior Notes and 2023 Senior Notes is payable in cash on April 15 and October 15 of each year, commencing on October 15, 2013.

The Company may redeem some or all of its Senior Notes at any time at redemption prices set forth in the Senior Indenture. Upon the occurrence of a change of control triggering event, which is defined in the Senior Indenture, each holder of the Senior Notes has the right to

require the Company to repurchase some or all of such holder's Senior Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date.

The Senior Indenture contains covenants limiting, among other things, the ability of the Company and its restricted subsidiaries to (subject to certain exceptions): consolidate, merge, sell or otherwise dispose of all or substantially all of the Company's assets; and to incur or guarantee indebtedness secured by liens on any shares of voting stock of significant subsidiaries.

The Senior Indenture also provides for events of default which, if any of them occurs, would permit or require the principal of and accrued interest on the Senior Notes to become or to be declared due and payable.

5. Assets and liabilities measured at fair value

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

In connection with accounting standards for fair value measurement, the Company has made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio. The Company has determined that the majority of the inputs used to value its derivative financial instruments using the income approach fall within Level 2 of the fair value hierarchy. However, the credit valuation adjustments associated with the Company's derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. As of May 3, 2013, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that such adjustments are not significant to the derivatives' valuation. As a result, the Company has classified its derivative valuations, as discussed in detail in Note 6, in Level 2 of the fair value hierarchy. The Company's long-term obligations that are classified in Level 2 of the fair value hierarchy are valued at cost. The Company does not have any fair value measurements categorized within Level 3 as of May 3, 2013.

(in thousands)	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at May 3, 2013
Assets:				
Trading securities (a)	\$ 5,558	\$ —	\$ —	\$ 5,558
Liabilities:				
Long-term obligations (b)	2,869,446	22,011	—	2,891,457
Derivative financial instruments (c)	—	6,084	—	6,084
Deferred compensation (d)	25,346	—	—	25,346

(a) Reflected at fair value in the consolidated balance sheet as Prepaid expenses and other current assets.

(b) Reflected at book value in the consolidated balance sheet as Current portion of long-term obligations of \$909 and Long-term obligations of \$2,835,303.

(c) Reflected at fair value in the consolidated balance sheet as noncurrent Other liabilities.

(d) Reflected at fair value in the consolidated balance sheet as Accrued expenses and other current liabilities of \$6,873 and noncurrent Other liabilities of \$18,473.

6. Derivatives and hedging activities

The Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge a certain portion of its risk, even though hedge accounting does not apply or the Company elects not to apply the hedge accounting standards.

Risk management objective of using derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources, and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined primarily by interest rates. The Company's derivative financial instruments are used to manage differences in the amount,

timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's borrowings.

The Company is exposed to certain risks arising from uncertainties of future market values caused by the fluctuation in the prices of commodities. From time to time the Company may enter into derivative financial instruments to protect against future price changes related to these commodity prices.

Cash flow hedges of interest rate risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate changes. To accomplish this objective, the Company uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The effective portion of changes in the fair value of interest rate swaps designated and that qualify as cash flow hedges is recorded in Accumulated other comprehensive income (loss) (also referred to as "OCI") and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During the 13-week periods ended May 3, 2013 and May 4, 2012, such interest rate swaps were used to hedge the variable cash flows associated with variable-rate debt. Any ineffective portion of the change in fair value of the interest rate swaps is recognized directly in earnings.

As of May 3, 2013, the Company had interest rate swaps with a combined notional value of \$875.0 million that were designated as cash flow hedges of interest rate risk. Amounts reported in Accumulated other comprehensive income (loss) related to these derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt.

During the 13-week period ended May 3, 2013, the Company entered into treasury locks with a combined notional amount of \$700.0 million that were designated as cash flow hedges of interest rate risk on the Company's forecasted issuance of long term debt. The issuance of the hedged long-term debt on April 11, 2013, as further discussed in Note 4, and the related settlement of the treasury locks on that date resulted in a loss of \$13.2 million, which was deferred to OCI. This amount will be amortized as an increase to interest expense over the next ten years as the Company accrues or pays interest on the hedged long-term debt. There was no ineffectiveness recognized on these designated treasury locks.

During the next 52-week period, the Company estimates that approximately \$4.7 million will be reclassified as an increase to interest expense for its interest rate swaps and treasury locks.

All of the amounts reflected in Accumulated other comprehensive income (loss) in the condensed consolidated balance sheets for the periods presented are related to cash flow hedges.

Non-designated hedges of commodity risk

Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to commodity price risk but do not meet strict hedge accounting requirements. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings. As of May 3, 2013, and May 4, 2012, the Company had no such non-designated hedges.

The tables below present the fair value of the Company's derivative financial instruments as well as their classification on the condensed consolidated balance sheets as of May 3, 2013 and February 1, 2013:

<u>(in thousands)</u>	<u>May 3, 2013</u>	<u>February 1, 2013</u>
Derivatives Designated as Hedging Instruments		
Interest rate swaps classified as noncurrent Other liabilities	\$ 6,084	\$ 4,822

The tables below present the pre-tax effect of the Company's derivative financial instruments, including the treasury locks in the current year period, on the condensed consolidated statements of comprehensive income for the 13-week periods ended May 3, 2013 and May 4, 2012:

<u>(in thousands)</u>	<u>13 Weeks Ended</u>	
	<u>May 3, 2013</u>	<u>May 4, 2012</u>
Derivatives in Cash Flow Hedging Relationships		
Loss related to effective portion of derivatives recognized in OCI	\$ 15,327	\$ 36
Loss related to effective portion of derivatives reclassified from Accumulated OCI to Interest expense	\$ 931	\$ 4,185
Loss related to ineffective portion of derivatives recognized in Other (income) expense	\$ —	\$ 42

Credit-risk-related contingent features

The Company has agreements with all of its interest rate swap counterparties that contain a provision providing that the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on such indebtedness.

As of May 3, 2013, the fair value of interest rate swaps in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk related to these agreements, was \$6.2 million. If the Company had breached any of these provisions at May 3, 2013, it could have been required to post full collateral or settle its obligations under the agreements at an estimated termination value of \$6.2 million. As of May 3, 2013, the Company had not breached any of these provisions or posted any collateral related to these agreements.

7. Commitments and contingencies

Legal proceedings

On August 7, 2006, a lawsuit entitled *Cynthia Richter, et al. v. Dolgenercorp, Inc., et al.* was filed in the United States District Court for the Northern District of Alabama (Case No. 7:06-cv-01537-LSC) (“Richter”) in which the plaintiff alleges that she and other current and former Dollar General store managers were improperly classified as exempt executive employees under the Fair Labor Standards Act (“FLSA”) and seeks to recover overtime pay, liquidated damages, and attorneys’ fees and costs. On August 15, 2006, the *Richter* plaintiff filed a motion in which she asked the court to certify a nationwide class of current and former store managers. The Company opposed the plaintiff’s motion. On March 23, 2007, the court conditionally certified a nationwide class. On December 2, 2009, notice was mailed to over 28,000 current or former Dollar General store managers. Approximately 3,950 individuals opted into the lawsuit, approximately 1,000 of whom have been dismissed for various reasons, including failure to cooperate in discovery.

On April 2, 2012, the Company moved to decertify the class. The plaintiff’s response to that motion was filed on May 9, 2012.

On October 22, 2012, the court entered a Memorandum Opinion granting the Company’s decertification motion. On December 19, 2012, the court entered an Order decertifying the matter and stating that a separate Order would be entered regarding the opt-in plaintiffs’ rights and Cynthia Richter’s individual claims. To date, the court has not entered such an Order.

The parties agreed to mediate the matter, and the court informally stayed the action pending the results of the mediation. Mediations were conducted in January and April 2013, at which times the parties were unable to reach an agreement. The parties have continued to engage in settlement discussions, but if the parties ultimately are unable to resolve the matter, plaintiff has indicated her intention to appeal the decertification to the United States Court of Appeals for the Eleventh Circuit.

The Company believes that its store managers are and have been properly classified as exempt employees under the FLSA and that the *Richter* action is not appropriate for collective action treatment. The Company has obtained summary judgment in some, although not all, of its pending individual or single-plaintiff store manager exemption cases in which it has filed such a motion.

However, at this time, it is not possible to predict whether *Richter* ultimately will be permitted to proceed collectively, and no assurances can be given that the Company will be successful in its defense of the action on the merits or otherwise. Similarly, at this time the Company cannot estimate either the size of any potential class or the value of the claims asserted in *Richter*. For these reasons, the Company is unable to estimate any potential loss or range of loss in the matter; however, if the Company is not successful in its defense efforts, the resolution of *Richter* could have a material adverse effect on the Company’s financial statements as a whole. The Company will continue to vigorously defend its position in the *Richter* matter.

On April 9, 2012, the Company was served with a lawsuit filed in the United States District Court for the Eastern District of Virginia entitled *Jonathan Marcum v. DolgenCorp. Inc.* (Civil Action No. 3:12-cv-00108-JRS) in which the plaintiffs, one of whose conditional offer of employment was rescinded, allege that certain of the Company's background check procedures violate the Fair Credit Reporting Act ("FCRA"). Plaintiff Marcum also alleges defamation. According to the complaint and subsequently filed first and second amended complaints, the plaintiffs seek to represent a putative class of applicants in connection with their FCRA claims. The Company filed its response to the original complaint in June 2012 and moved to dismiss certain allegations contained in the first amended complaint in November 2012. That motion remains pending. The plaintiffs' certification motion was due to be filed on or before April 5, 2013; however, plaintiffs asked the Court to stay all deadlines in light of the parties' ongoing settlement discussions (as more fully described below), and the Court has stayed the matter until June 26, 2013.

The parties have engaged in formal settlement discussions on two occasions, once in January 2013 with a private mediator, and again in March 2013 with a federal magistrate. Although these formal discussions did not result in a resolution of the matter, the parties have continued informally to discuss potential settlement. Another formal settlement conference with a federal magistrate is scheduled for June 26, 2013. The Company's Employment Practices Liability Insurance ("EPLI") carrier has been placed on notice of this matter and participated in both the formal and informal settlement discussions. The EPLI Policy covering this matter has a \$2 million self-insured retention.

At this time, it is not possible to predict whether the court ultimately will permit the action to proceed as a class under the FCRA. Although the Company intends to vigorously defend the action, no assurances can be given that it will be successful in the defense on the merits or otherwise. At this stage in the proceedings, the Company cannot estimate either the size of any potential class or the value of the claims raised by the plaintiff. Based on settlement discussions and given the Company's EPLI coverage, the Company believes that it is likely to expend the balance of its self-insured retention in settlement of this litigation or otherwise and, therefore, accrued \$1.8 million in the fourth quarter of 2012, an amount that is immaterial to the Company's financial statements taken as a whole.

In September 2011, the Chicago Regional Office of the United States Equal Employment Opportunity Commission ("EEOC" or "Commission") notified the Company of a cause finding related to the Company's criminal background check policy. The cause finding alleges that Dollar General's criminal background check policy, which excludes from employment individuals with certain criminal convictions for specified periods, has a disparate impact on African-American candidates and employees in violation of Title VII of the Civil Rights Act of 1964, as amended.

The Company and the EEOC engaged in the statutorily required conciliation process, and despite the Company's good faith efforts to resolve the matter, the Commission notified the Company on July 26, 2012 of its view that conciliation had failed. Based on the Commission's course of conduct, the Company believes that litigation may ensue; however, no suit has been filed to date.

The Company believes that its criminal background check process is both lawful and necessary to a safe environment for its employees and customers and the protection of its assets and shareholders' investments. The Company also does not believe that this matter would be amenable to class or similar treatment; however, because at this time the Company cannot estimate or determine the form that any ultimate litigation would take, the size of any putative class or the damages or other recoveries that would be sought, it cannot estimate the potential exposure. If the matter were to proceed successfully as a class or similar action, it could have a material impact on the Company's financial statements as a whole.

On May 20, 2011, a lawsuit entitled *Winn-Dixie Stores, Inc., et al. v. Dolgencorp, LLC* was filed in the United States District Court for the Southern District of Florida (Case No. 9:11-cv-80601-DMM) ("Winn-Dixie") in which the plaintiffs alleged that the sale of food and other items in approximately 55 of the Company's stores, each of which allegedly is or was at some time co-located in a shopping center with one of plaintiffs' stores, violates restrictive covenants that plaintiffs contend are binding on the occupants of the shopping centers. Plaintiffs sought damages and an injunction limiting the sale of food and other items in those stores. Although plaintiffs did not make a demand for any specific amount of damages, documents prepared and produced by plaintiffs during discovery suggested that plaintiffs would seek as much as \$47 million although the court limited their ability to prove such damages. The case was consolidated with similar cases against Big Lots and Dollar Tree. The court issued an order on August 10, 2012 in which it (i) dismissed all claims for damages, (ii) dismissed claims for injunctive relief for all but four stores, and (iii) directed the Company to report to the court on its compliance with restrictive covenants at the four stores for which it did not dismiss the claims for injunctive relief. The Company believes that the ruling will have no material impact on the Company's financial statements or otherwise. Plaintiffs filed a notice of appeal of the court's decision on August 28, 2012. If the court's ruling is overturned on appeal, in whole or in part, no assurances can be given that the Company will be successful in its ultimate defense of the action on the merits or otherwise. If the Company is not successful in its defense, the outcome could have a material adverse effect on the Company's financial statements as a whole.

From time to time, the Company is a party to various other legal actions involving claims incidental to the conduct of its business, including actions by employees, consumers, suppliers, government agencies, or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation, including without limitation under federal and state employment laws and wage and hour laws. The Company believes, based upon information currently available, that such other litigation and claims, both individually and in the aggregate, will be resolved without a material adverse effect on the Company's financial statements as a whole. However, litigation involves an element of uncertainty. Future developments could cause these actions or claims to have a material adverse effect on the Company's results of operations, cash flows, or financial position. In addition, certain of these lawsuits, if decided adversely to the Company or settled by the Company, may result in liability material to the Company's financial position or may negatively affect operating results if changes to the Company's business operation are required.

8. Related party transactions

From time to time the Company may conduct business with related parties including Buck Holdings, L.P., or “Buck Holdings,” Kohlberg Kravis Roberts & Co. L.P. or “KKR” and Goldman, Sachs and Co. References herein to these entities include their affiliates. KKR and Goldman, Sachs & Co. indirectly own a portion of the Company’s common stock through their investments in Buck Holdings. Two of KKR’s members and a managing director of Goldman, Sachs & Co. serve on the Company’s Board of Directors.

Goldman, Sachs & Co. served as a lender, agent and arranger under the Company’s bank loan Facilities discussed in further detail in Note 4. KKR and Goldman, Sachs & Co. served in similar capacities under the Company’s previous lending arrangements. The Company made interest payments of approximately \$12.0 million and \$16.1 million on its term loan facilities and \$1.1 million and \$1.0 million on its revolving credit facilities during the 13-week periods ended May 3, 2013 and May 4, 2012, respectively. In connection with the commencement of the bank loan Facilities in April 2013, Goldman, Sachs & Co. received fees of \$0.7 million. In connection with March 2012 amendments to the Company’s previous bank facilities, KKR received fees of \$0.4 million and Goldman, Sachs & Co. received fees of \$0.5 million.

KKR and Goldman, Sachs & Co. also served as underwriters for the Company’s issuance of Senior Notes in April 2013 as discussed in Note 4. KKR and Goldman, Sachs & Co. received underwriting fees totaling \$0.7 million and \$1.5 million, respectively, in connection with these transactions.

KKR and Goldman, Sachs & Co. served as underwriters in connection with the secondary offerings of the Company’s common stock held by certain existing shareholders that were completed in April 2013 and April 2012. The Company did not sell shares of common stock, receive proceeds from such shareholders’ sales of shares of common stock or pay any underwriting fees in connection with the secondary offerings. Certain members of the Company’s management exercised registration rights in connection with such offerings.

The Company repurchased common stock held by Buck Holdings during the first quarter of 2012 as further discussed in Note 10.

9. Segment reporting

The Company manages its business on the basis of one reportable segment. As of May 3, 2013, all of the Company's operations were located within the United States with the exception of a Hong Kong subsidiary, and a liaison office in India, the collective assets and revenues of which are not material. The following net sales data is presented in accordance with accounting standards related to disclosures about segments of an enterprise.

(in thousands)	13 Weeks Ended	
	May 3, 2013	May 4, 2012
Classes of similar products:		
Consumables	\$ 3,194,906	\$ 2,877,282
Seasonal	529,281	524,493
Home products	265,811	258,998
Apparel	243,735	240,432
Net sales	<u>\$ 4,233,733</u>	<u>\$ 3,901,205</u>

10. Common stock transactions

On March 19, 2013, the Company's Board of Directors authorized a \$500 million increase in its existing common stock repurchase program. The repurchase authorization has no expiration date and allows repurchases from time to time in the open market or in privately negotiated transactions. The timing and number of shares purchased depends on a variety of factors, such as price, market conditions and other factors. Repurchases under the program may be funded from available cash or borrowings under the Facilities discussed in Note 4.

During the respective 13-week periods ended May 3, 2013 and May 4, 2012, the Company repurchased approximately 0.4 million and 6.8 million shares of its common stock at costs totaling \$20.0 million and \$300.0 million. As of May 3, 2013, \$623.6 million remained available under the Board-approved repurchase program for the repurchase of shares of the Company's common stock.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Dollar General Corporation:

We have reviewed the condensed consolidated balance sheet of Dollar General Corporation and subsidiaries (the Company) as of May 3, 2013, and the related condensed consolidated statements of income, comprehensive income, and cash flows for the thirteen-week periods ended May 3, 2013 and May 4, 2012. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Dollar General Corporation and subsidiaries as of February 1, 2013 and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the fiscal year then ended (not presented herein) and in our report dated March 25, 2013, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of February 1, 2013, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

June 4, 2013
Nashville, Tennessee

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

General

This discussion and analysis is based on, should be read with, and is qualified in its entirety by, the accompanying unaudited condensed consolidated financial statements and related notes, as well as our consolidated financial statements and the related Management's Discussion and Analysis of Financial Condition and Results of Operations as contained in our Annual Report on Form 10-K for the year ended February 1, 2013. It also should be read in conjunction with the disclosure under "Cautionary Disclosure Regarding Forward-Looking Statements" in this report.

Executive Overview

We are the largest discount retailer in the United States by number of stores, with 10,662 stores located in 40 states as of May 3, 2013, primarily in the southern, southwestern, midwestern and eastern United States. We offer a broad selection of merchandise, including consumable products such as food, paper and cleaning products, health and beauty products and pet supplies, and non-consumable products such as seasonal merchandise, home decor and domestics, and basic apparel. Our merchandise includes high quality national brands from leading manufacturers, as well as comparable quality private brand selections with prices at substantial discounts to national brands. We offer our customers these national brand and private brand products at everyday low prices (typically \$10 or less) in our convenient small-box (small store) locations.

The customers we serve are value-conscious, many with low or fixed incomes, and Dollar General has always been intensely focused on helping them make the most of their spending dollars. We believe our convenient store format and broad selection of high quality products at compelling values have driven our substantial growth and financial success over the years. Like other companies, we have been operating in an environment with ongoing economic challenges and uncertainties in recent years. Consumers are facing sustained high rates of unemployment, fluctuating food, gasoline and energy costs, historically high medical costs, and a continued weakness in housing and consumer credit markets, and the timetable and strength of economic recovery remains uncertain. The longer our customers have to manage under such difficult conditions, the more difficult it is for them to stretch their spending dollars, particularly for discretionary purchases. Nonetheless, as a result of our long-term mission of and success in serving these customers, coupled with our vigorous focus on improving our operating and financial performance, we remain optimistic with regard to our ability to achieve our business goals in 2013.

We remain keenly focused on executing the following four operating priorities: 1) drive productive sales growth, 2) increase our gross margins, 3) leverage process improvements and information technology to reduce costs, and 4) strengthen and expand Dollar General's culture of serving others.

Our first priority is driving productive sales growth by increasing shopper frequency and transaction amount and maximizing sales per square foot. Specific sales growth initiatives in 2013 include: optimization of space utilization in approximately 3,000 of our more mature stores; improvement of merchandise in-stock levels; the expansion of the number of coolers for refrigerated and frozen foods in approximately 1,700 existing stores; the addition of tobacco products; further progress on our beer and wine rollout; merchandising initiatives for electronics and domestic goods; and store remodels and relocations, including select conversions to Dollar General "Plus" stores, which are slightly larger than our traditional stores with a significantly expanded frozen and refrigerated food section.

Our second priority is to increase our gross profit rate. Over the long-term, we believe we have opportunities to enhance our gross profit rate through effective category management, the expansion of private brand offerings, increased foreign sourcing, shrink reduction, distribution and transportation efficiencies and improvements to our pricing and markdown model, while staying true to our everyday low price commitment. We constantly review our pricing and work diligently to minimize product cost increases as we focus on providing our customers with quality merchandise at great values. In 2013, however, we expect this effort to be very challenging as continued economic pressures limit our customers' discretionary spending. Sales of non-consumables are expected to remain challenging, and we anticipate a continued shift to lower margin items within consumables and higher inventory shrink, all of which are projected to pressure our gross profit rate.

Our third priority is leveraging process improvements and information technology to reduce costs. We are committed as an organization to extract costs, particularly Selling, general and administrative expenses ("SG&A") that do not affect the customer experience, and plan to utilize our procurement capabilities and other initiatives to further these efforts. In addition, we continue to focus on improving our store labor costs as a percentage of sales through further utilization of our workforce management system and increased efficiencies in our store processes.

Our fourth priority is to strengthen and expand Dollar General's culture of serving others. For customers this means helping them "Save time. Save money. Every day!" by providing clean, well-stocked stores with quality products at low prices. For employees, this means creating an environment that attracts and retains key employees throughout the organization. For the public, this means giving back to our store communities through our charitable and other efforts. For shareholders, this means meeting their expectations of an efficiently and profitably run organization that operates with compassion and integrity.

Focus on these priorities has resulted in improved performance in the first quarter of 2013 over the comparable 2012 period in many of our key financial metrics. Basis points amounts referred to below are equal to 0.01% as a percentage of sales. Unless otherwise noted, the 2013 period refers to the 2013 first quarter and the 2012 period refers to the 2012 first quarter.

- Total sales increased 8.5% to \$4.23 billion. Sales in same-stores increased 2.6% driven by increases in customer traffic and average transaction amount. Average sales per square foot for all stores over the 52-week period ended May 3, 2013 were \$216.

- Gross profit, as a percentage of sales, was 30.6% in the 2013 period compared to 31.5% in the 2012 period, a decline of 89 basis points. The most significant factors affecting the gross profit rate included increased markdowns, a heavier consumables weighting within the sales mix, and a higher shrink rate.
- SG&A, as a percentage of sales, was 21.3% compared to 21.6% in the 2012 period, a decrease of 37 basis points. The improvement in SG&A, as a percentage of sales, is primarily due to decreases in incentive compensation expense and workers' compensation and general liability expenses as well as the impact of improved systems and processes related to store labor costs.
- Interest expense decreased by \$12.6 million to \$24.5 million in the 2013 period due to lower interest rates primarily resulting from refinancing efforts during the last twelve months. Total long-term obligations as of May 3, 2013 were \$2.84 billion.
- Net income was \$220.1 million, or \$0.67 per diluted share, compared to net income of \$213.4 million, or \$0.63 per diluted share, in the 2012 period. Diluted shares outstanding decreased by 11.4 million shares, reflecting the impact of share repurchases.
- Cash generated from operating activities was \$147.2 million. At May 3, 2013, we had a cash balance of \$155.5 million.
- Inventory turnover was 5.0 times on a rolling four-quarter basis. Inventories increased 14% on a per store basis over the 2012 period. Improving our in-stock levels, while improving our inventory turns, remains a high priority.
- We opened 165 new stores, remodeled or relocated 207 stores, and closed 9 stores during the 2013 period, resulting in a store count of 10,662 as of May 3, 2013.

The above discussion is a summary only. Readers should refer to the detailed discussion of our operating results below for the full analysis of our financial performance in the current year period as compared with the prior year period.

Results of Operations

Accounting Periods. We follow the convention of a 52-53 week fiscal year that ends on the Friday nearest to January 31. The following text contains references to years 2013 and 2012, which represent the 52-week fiscal years ending January 31, 2014 and February 1, 2013, respectively. References to the first quarter accounting periods for 2013 and 2012 contained herein refer to the 13-week accounting periods ended May 3, 2013 and May 4, 2012, respectively.

Seasonality. The nature of our business is seasonal to a certain extent. Primarily because of sales of holiday-related merchandise, our sales and gross profit rate in the fourth quarter have historically been higher than those achieved in each of the first three quarters of the fiscal year. Expenses and, to a greater extent, operating income, vary by quarter. Results of a period shorter

than a full year may not be indicative of results expected for the entire year. Furthermore, the seasonal nature of our business may affect comparisons between periods.

The following table contains results of operations data for the first 13 weeks of each of 2013 and 2012, and the dollar and percentage variances among those periods:

(dollars in millions, except per share amounts)	13 Weeks Ended		2013 vs. 2012	
	May 3, 2013	May 4, 2012	Amount change	% change
Net sales by category:				
Consumables	\$ 3,194.9	\$ 2,877.3	\$ 317.6	11.0%
<i>% of net sales</i>	75.46%	73.75%		
Seasonal	529.3	524.5	4.8	0.9
<i>% of net sales</i>	12.50%	13.44%		
Home products	265.8	259.0	6.8	2.6
<i>% of net sales</i>	6.28%	6.64%		
Apparel	243.7	240.4	3.3	1.4
<i>% of net sales</i>	5.76%	6.16%		
Net sales	4,233.7	3,901.2	332.5	8.5
Cost of goods sold	2,938.6	2,672.9	265.6	9.9
<i>% of net sales</i>	69.41%	68.52%		
Gross profit	1,295.1	1,228.3	66.9	5.4
<i>% of net sales</i>	30.59%	31.48%		
Selling, general and administrative expenses	900.1	843.9	56.2	6.7
<i>% of net sales</i>	21.26%	21.63%		
Operating profit	395.0	384.3	10.7	2.8
<i>% of net sales</i>	9.33%	9.85%		
Interest expense	24.5	37.1	(12.6)	(33.9)
<i>% of net sales</i>	0.58%	0.95%		
Other (income) expense	18.9	1.7	17.2	—
<i>% of net sales</i>	0.45%	0.04%		
Income before income taxes	351.6	345.6	6.0	1.7
<i>% of net sales</i>	8.31%	8.86%		
Income tax expense	131.5	132.2	(0.6)	(0.5)
<i>% of net sales</i>	3.11%	3.39%		
Net income	\$ 220.1	\$ 213.4	\$ 6.7	3.1%
<i>% of net sales</i>	5.20%	5.47%		
Diluted earnings per share	\$ 0.67	\$ 0.63	\$ 0.04	6.3%

13 WEEKS ENDED MAY 3, 2013 AND MAY 4, 2012

Net Sales. The net sales increase in the 2013 first quarter reflects a same-store sales increase of 2.6% compared to the 2012 quarter. Same-stores include stores that have been open for at least 13 months and remain open at the end of the reporting period. For the 2013 quarter, there were 9,902 same-stores which accounted for sales of \$3.96 billion. Increases in customer traffic and average transaction amount contributed to the increase in same-store sales. The remainder of the sales increase was attributable to new stores, partially offset by sales from closed stores.

We believe that the increase in sales reflects the impact of various operating and merchandising initiatives discussed in the Executive Overview, including the impact of improved

store standards, the expansion of our merchandise offerings, improved utilization of store square footage and enhanced marketing efforts.

Gross Profit. The gross profit rate as a percentage of sales was 30.6% in the first quarter of 2013 compared to 31.5% in the first quarter of 2012, a decline of 89 basis points. Higher markdowns unfavorably impacted our gross profit rate, and consumables, which generally have lower markups than non-consumables, represented a greater percentage of sales in the 2013 period than in the 2012 period. In addition, we had a higher inventory shrinkage rate and lower initial inventory markups compared to the prior year period. Partially offsetting these factors were improved transportation efficiencies due in part to a decrease in average miles per delivery enabled by our new distribution centers and other logistics initiatives as well as moderately lower fuel rates.

SG&A Expense. SG&A expense was 21.3% as a percentage of sales in the 2013 period compared to 21.6% in the 2012 period, an improvement of 37 basis points. Decreases in incentive compensation expense and workers' compensation and general liability expenses contributed to the overall decrease in SG&A as a percentage of sales. Retail labor expense increased at a rate lower than our increase in sales, partially due to ongoing benefits of our workforce management system. The above items were partially offset by costs that increased at a rate higher than our increase in sales, including advertising expense, rent expense, depreciation and amortization, and utilities expense.

Interest Expense. The decrease in interest expense in the 2013 period compared to the 2012 period is due to lower all-in interest rates primarily resulting from our refinancing efforts during the last twelve months.

Other (Income) Expense. In the 2013 period, we recorded pretax losses of \$18.9 million resulting from the termination of our senior secured credit facilities. In the 2012 period, we recorded pretax losses of \$1.6 million resulting from an amendment to our senior secured revolving credit facility.

Income Taxes. The effective income tax rate for the 2013 period was 37.4% compared to a rate of 38.2% for the 2012 period which represents a net decrease of 0.8%. We receive a significant income tax benefit related to salaries paid to certain newly hired employees that qualify for federal jobs credits (principally the Work Opportunity Tax Credit or "WOTC"). The federal law authorizing the WOTC credit was not in effect during the 13-week period ended May 4, 2012 but was retroactively re-enacted later in our 2012 fiscal year and currently applies to eligible employees hired on or before December 31, 2013. The availability of these credits in the 2013 period is the principal reason for the decrease in the 2013 effective income tax rate as compared to the 2012 period when the credits were generally not available. Whether these credits will be available for employees hired after December 31, 2013 depends upon a change in the tax law that extends the expiration date of this credit provision, the certainty and timing of which are currently unclear.

Liquidity and Capital Resources

Facilities

During the first quarter of 2013, we consummated a refinancing pursuant to which we terminated our existing credit agreements, entered into a new five year \$1.85 billion unsecured credit agreement, and issued senior notes with a face value of \$1.3 billion, net of discount totaling \$2.8 million. Our new senior unsecured credit facilities (the "Facilities") consist of a \$1.0 billion senior unsecured term loan facility (the "Term Facility"), and an \$850.0 million senior unsecured revolving credit facility (the "Revolving Facility") which provides for the issuance of letters of credit up to \$250.0 million. We may request, subject to agreement by one or more lenders, increased revolving commitments and/or incremental term loan facilities in an aggregate amount of up to \$150.0 million.

Borrowings under the Facilities bear interest at a rate equal to an applicable margin plus, at our option, either (a) LIBOR or (b) a base rate (which is usually equal to the prime rate). The applicable margin for borrowings as of May 3, 2013 was 1.275% for LIBOR borrowings and 0.275% for base-rate borrowings. We must also pay a facility fee, payable on any used and unused amounts of the Facilities, and letter of credit fees. The applicable margins for borrowings, the facility fees and the letter of credit fees under the Facilities are subject to adjustment each quarter based on our long-term senior unsecured debt ratings.

The Term Facility will amortize in quarterly installments of \$25.0 million, with the first such payment due on August 1, 2014, and final payment at maturity on April 11, 2018. The Facilities can be prepaid in whole or in part at any time. The Facilities contain certain covenants which place limitations on the incurrence of liens; change of business; mergers or sales of all or substantially all assets; and subsidiary indebtedness, among other limitations. The Facilities also contain financial covenants which require the maintenance of a minimum fixed charge coverage ratio and a maximum leverage ratio. As of May 3, 2013, we were in compliance with all such covenants. The Facilities also contain customary affirmative covenants and events of default.

As of May 3, 2013, the letter of credit amounts related to the Revolving Facility were \$46.3 million and borrowing availability under the Revolving Facility was \$786.7 million. We anticipate potential borrowings under the Revolving Facility in fiscal 2013 up to a maximum of approximately \$200 million outstanding at any one time.

Senior Notes

On July 12, 2012, we issued \$500.0 million aggregate principal amount of 4.125% senior notes due 2017 (the "2017 Senior Notes") which mature on July 15, 2017. Interest on the 2017 Senior Notes is payable in cash on January 15 and July 15 of each year, and commenced on January 15, 2013.

On April 11, 2013, we issued \$400.0 million aggregate principal amount of 1.875% senior notes due 2018 (the "2018 Senior Notes"), net of discount of \$0.5 million, which mature on April 15, 2018; and issued \$900.0 million aggregate principal amount of 3.25% senior notes due 2023 (the "2023 Senior Notes"), net of discount of \$2.4 million, which mature on April 15,

2023. Collectively, the 2017 Senior Notes, the 2018 Senior Notes and the 2023 Senior Notes comprise the “Senior Notes”, each of which were issued pursuant to an indenture (the “Senior Indenture”) as modified by supplemental indentures relating to each series of Senior Notes. Interest on the 2018 Senior Notes and the 2023 Senior Notes is payable in cash on April 15 and October 15 of each year, commencing on October 15, 2013.

We may redeem some or all of the Senior Notes at any time at redemption prices set forth in the Senior Indenture. Upon the occurrence of a change of control triggering event, which is defined in the Senior Indenture, each holder of our Senior Notes has the right to require us to repurchase some or all of such holder’s Senior Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date.

The Senior Indenture contains covenants limiting, among other things, our ability and our restricted subsidiaries’ ability (subject to certain exceptions): to consolidate, merge, or sell or otherwise dispose of all or substantially all of our assets and to incur or guarantee indebtedness secured by liens on any shares of voting stock of significant subsidiaries.

The Senior Indenture also provides for events of default which, if any of them occurs, would permit or require the principal of and accrued interest on our Senior Notes to become or to be declared due and payable.

Adjusted EBITDA

EBITDA is defined as income (loss) from continuing operations before cumulative effect of change in accounting principles plus interest and other financing costs, net, provision for income taxes, and depreciation and amortization. Adjusted EBITDA is defined as EBITDA, further adjusted to give effect to adjustments noted in the table below.

EBITDA and Adjusted EBITDA are not presentations made in accordance with U.S. GAAP, are not measures of financial performance or condition, liquidity or profitability, and should not be considered as alternatives to (1) net income, operating income or any other performance measures determined in accordance with U.S. GAAP or (2) operating cash flows determined in accordance with U.S. GAAP. Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of free cash flow for management’s discretionary use, as they do not consider certain cash requirements such as interest payments, tax payments and debt service requirements and replacements of fixed assets.

Our presentation of EBITDA and Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. Because not all companies use identical calculations, these presentations of EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. Our management uses Adjusted EBITDA as a supplemental performance measure. Management believes that the presentation of EBITDA and Adjusted EBITDA is useful to investors because these measures are frequently used by securities analysts, investors and other interested parties in the evaluation of the operating performance of companies in industries similar to ours.

The following table sets forth a reconciliation of net income, the most directly comparable U.S. GAAP financial measure, to EBITDA and Adjusted EBITDA:

(in millions)	13-weeks ended		52-weeks ended	
	May 3, 2013	May 4, 2012	May 3, 2013	February 1 2013
Net income	\$ 220.1	\$ 213.4	\$ 959.4	\$ 952.7
Add (subtract):				
Interest expense	24.5	37.1	115.3	127.9
Depreciation and amortization	78.4	69.9	302.0	293.5
Income taxes	131.5	132.2	544.0	544.7
EBITDA	454.5	452.6	1,920.7	1,918.8
Adjustments:				
Loss on debt retirements	18.9	1.6	47.9	30.6
Gain on hedging instruments	—	—	(2.4)	(2.4)
Non-cash expense for share-based awards	5.3	4.8	22.2	21.7
Indirect costs related to stock offerings	0.5	0.4	1.5	1.4
Other non-cash charges (including LIFO)	0.9	3.2	8.1	10.4
Other	—	0.6	1.9	2.5
Total Adjustments	25.6	10.6	79.2	64.2
Adjusted EBITDA	\$ 480.1	\$ 463.2	\$ 1,999.9	\$ 1,983.0

Contractual Obligations

The amendments to the Facilities discussed above resulted in changes to the contractual obligations reported in our Annual Report on Form 10-K for the fiscal year ended February 1, 2013. The following table summarizes our significant contractual obligations for long-term debt obligations and related interest as of May 3, 2013 (in thousands):

Contractual obligations	Payments Due by Period				
	Total	1 year	1-3 years	3-5 years	5+ years
Long-term debt obligations	\$ 2,831,495	\$ —	\$ 200,305	\$ 1,717,770	\$ 913,420
Interest (a)	498,147	76,673	150,160	125,171	146,143

(a) Represents obligations for interest payments on long-term debt and capital lease obligations, and includes projected interest on variable rate long-term debt, using rates as of May 3, 2013. Variable rate long-term debt includes the balance of the senior unsecured term and revolving credit facility with a total outstanding balance of \$1.017 billion (net of the effect of interest rate swaps), and the balance of our tax increment financing of \$14.5 million.

Current Financial Condition / Recent Developments

At May 3, 2013, we had total outstanding debt (including the current portion of long-term obligations) of approximately \$2.84 billion. We had \$786.7 million available for borrowing under our Revolving Facility at that date. We believe our cash flow from operations and existing cash balances, combined with availability under the Facilities, will provide sufficient liquidity to

fund our current obligations, projected working capital requirements and capital spending for a period that includes the next twelve months as well as the next several years.

Our inventory balance represented approximately 49% of our total assets exclusive of goodwill and other intangible assets as of May 3, 2013. Our ability to effectively manage our inventory balances can have a significant impact on our cash flows from operations during a given fiscal year. Inventory purchases are often somewhat seasonal in nature, such as the purchase of warm-weather or Christmas-related merchandise. Efficient management of our inventory has been and continues to be an area of focus for us.

As described in Note 7 to the condensed consolidated financial statements, we are involved in a number of legal actions and claims, some of which could potentially result in material cash payments. Adverse developments in those actions could materially and adversely affect our liquidity. We also have certain income tax-related contingencies as more fully described below under “Critical Accounting Policies and Estimates” and in Note 3 to the condensed consolidated financial statements. Future negative developments could have a material adverse effect on our liquidity.

In March 2013, Moody’s upgraded our senior unsecured debt rating to Baa3 from Ba2 with a stable outlook. In April 2013, Standard & Poor’s upgraded our senior unsecured debt rating to BBB- from BB+ and reaffirmed our corporate debt rating of BBB-, both with a stable outlook. Our current credit ratings, as well as future rating agency actions, could (i) impact our ability to obtain financings to finance our operations on satisfactory terms; (ii) affect our financing costs; and (iii) affect our insurance premiums and collateral requirements necessary for our self-insured programs. There can be no assurance that we will be able to maintain or improve our current credit ratings.

Cash flows from operating activities. Cash flows from operating activities were \$147.2 million in the 2013 period, a decline of \$45.4 million compared to the 2012 period. Changes in Accounts payable had the most significant impact and were due primarily to the timing and mix of merchandise purchases, the most significant category of which were domestic purchases. A portion of the changes in Prepaid and other current assets as well as Accrued expenses and other reflect the activity associated with a previously recorded legal settlement for which cash was received and paid in the 2012 period. Changes in Accrued expenses and other were also affected by sales and other tax accruals due in part to increased sales volume. Reduced bonus payments and interest payments in the 2013 period compared to the 2012 period partially offset the items noted above. Additionally, we had higher net income and lower SG&A expenses, as a percentage of sales, in the 2013 period as described in more detail above under “Results of Operations.”

On an ongoing basis, we closely monitor and manage our inventory balances, and they may fluctuate from period to period based on new store openings, the timing of purchases, and other factors. Merchandise inventories rose slightly during the first quarter of 2013 and declined slightly in the first quarter of 2012. In the 2013 period compared to the respective 2012 period, changes in inventory balances in our four inventory categories were as follows: the consumables category increased 6% compared to a 3% increase; the seasonal category declined by 5% compared to a 2% decline; the home products category declined by 4% compared to a 1% decline; and apparel declined by 9% compared to a 10% decline.

Cash flows from investing activities. Significant components of property and equipment purchases in the 2013 period included the following approximate amounts: \$74 million for improvements, upgrades, remodels and relocations of existing stores; \$30 million related to new leased stores, primarily for leasehold improvements, fixtures and equipment; \$25 million for stores purchased or built by us; \$14 million for distribution and transportation-related capital expenditures; and \$6 million for information systems upgrades and technology-related projects. The timing of new, remodeled and relocated store openings along with other factors may affect the relationship between such openings and the related property and equipment purchases in any given period. During the 2013 period, we opened 165 new stores and remodeled or relocated 207 stores.

Significant components of property and equipment purchases in the 2012 period included the following approximate amounts: \$41 million for improvements, upgrades, remodels and relocations of existing stores; \$36 million for stores purchased or built by us; \$33 million related to new leased stores, primarily for leasehold improvements, fixtures and equipment; \$31 million for distribution and transportation-related capital expenditures; and \$4 million for information systems upgrades and technology-related projects. During the 2012 period, we opened 128 new stores and remodeled or relocated 224 stores.

Capital expenditures during 2013 are projected to be in the range of \$575 million to \$625 million. We anticipate funding 2013 capital requirements with cash flows from operations, and if necessary, we also have significant availability under our Revolving Facility. We plan to continue to invest in store growth and development of approximately 635 new stores and approximately 550 stores to be remodeled or relocated. Capital expenditures in 2013 are earmarked primarily for our ongoing growth initiatives.

Cash flows from financing activities. Proceeds from the issuance of long-term obligations include the \$1.0 billion unsecured Term Facility and the issuance of the Senior Notes totaling approximately \$1.3 billion, the proceeds from which were used to extinguish our previous secured term loan and revolving credit facilities which had balances of \$1.96 billion and \$155.6 million at the date of termination. Net repayments under our revolving credit facilities were \$113.9 million during the 2013 period compared to net borrowings of \$263.1 million during the 2012 period. We paid debt issuance costs and hedging fees totaling \$29.2 million in the 2013 period related to our refinancing. During the 2013 and 2012 periods, we repurchased 0.4 million and 6.8 million outstanding shares of our common stock at a total cost of \$20.0 million and \$300.0 million, respectively.

Share Repurchase Program

On March 19, 2013, the Company's Board of Directors authorized a \$500 million increase to our existing common stock repurchase program. At May 3, 2013, we had \$623.6 million remaining under the share repurchase authorization for our common stock. Under the authorization, purchases may be made in the open market or in privately negotiated transactions from time to time subject to market and other conditions, and has no expiration date.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

During the period from March 20 to March 27, 2013, we entered into six treasury locks with a combined notional amount of \$700.0 million and a weighted-average 10-year U.S. Treasury rate of 1.94% that were designated as cash flow hedges of interest rate risk on the planned issuance of our 10-year senior notes. The issuance of the 3 1/4% Senior Notes due 2023 occurred on April 11, 2013.

ITEM 4. CONTROLS AND PROCEDURES.

(a) *Disclosure Controls and Procedures.* Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) or 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) *Changes in Internal Control Over Financial Reporting.* There have been no changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the quarter ended May 3, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The information contained in Note 7 to the unaudited condensed consolidated financial statements under the heading “Legal proceedings” contained in Part I, Item 1 of this Form 10-Q is incorporated herein by this reference.

ITEM 1A. RISK FACTORS.

There have been no material changes to the disclosures relating to this item from those set forth in our Annual Report on Form 10-K for the fiscal year ended February 1, 2013 except that we have amended and restated below certain risk factors pertaining to our outstanding debt as a result of our debt refinancing in April 2013.

Our substantial debt could adversely affect our ability to raise additional capital to fund our operations and limit our ability to pursue our growth strategy or other opportunities or to react to changes in the economy or our industry.

At May 3, 2013, we had total outstanding debt (including the current portion of long-term obligations) of approximately \$2.8 billion, including a \$1.0 billion unsecured term loan facility which matures on April 11, 2018, \$500.0 million aggregate principal amount of 4.125% senior

notes due 2017, \$400.0 million aggregate principal amount of 1.875% senior notes due 2018 and \$900.0 million aggregate principal amount of 3.25% senior notes due 2023. We also had an additional \$786.7 million available for borrowing under our unsecured revolving credit facility which is scheduled to mature on April 11, 2018. This level of debt could have important negative consequences to our business, including:

- increasing our vulnerability to general economic and industry conditions because our debt payment obligations may limit our ability to use our cash to respond to or defend against changes in the industry or the economy;
- requiring a substantial portion of our cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities or repurchase shares of our common stock;
- limiting our ability to pursue our growth strategy;
- placing us at a disadvantage compared to our competitors who are less leveraged and may be better able to use their cash flow to fund competitive responses to changing industry, market or economic conditions;
- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; and
- increasing the difficulty of our ability to make payments on our outstanding debt.

Our variable rate debt exposes us to interest rate risk which could adversely affect our cash flow.

The borrowings under our term loan facility and revolving credit facility bear interest at variable rates. Other debt we incur also could be variable rate debt. If market interest rates increase, variable rate debt will create higher debt service requirements, which could adversely affect our cash flow. While we have entered and may in the future enter into agreements limiting our exposure to higher interest rates, any such agreements may not offer complete protection from this risk.

Our debt agreements contain restrictions that could limit our flexibility in operating our business.

Our credit facilities and the indenture governing our notes contain various covenants that could limit our ability to engage in specified types of transactions. These covenants limit our and our subsidiaries' ability to, among other things:

- incur indebtedness of subsidiaries;
- create certain liens or encumbrances;
- merge, consolidate, sell or otherwise dispose of all or substantially all of our assets; and

- make any material change in the nature of our business.

We are also subject to specified financial ratio covenants under our credit facilities. Our ability to meet these financial ratios can be affected by events beyond our control, and we cannot assure you that we will meet these ratios and other covenants. A breach of any of these covenants could result in a default under the agreement governing such indebtedness and inability to borrow additional amounts under our revolving credit facility. Upon our failure to maintain compliance with these covenants, the lenders could elect to declare all amounts outstanding thereunder to be immediately due and payable and terminate all commitments to extend further credit thereunder. If the lenders under such indebtedness accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay those borrowings, as well as our other indebtedness, including our outstanding notes.

A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital.

Our debt securities currently have an investment grade rating. Any future lowering of our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing. In addition, the interest rate on our credit facilities is tied to a ratings grid. If our ratings decline, it could expose us to higher debt service requirements, which could adversely affect our cash flow.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

The following table contains information regarding purchases of our common stock made during the quarter ended May 3, 2013 by or on behalf of Dollar General or any “affiliated purchaser,” as defined by Rule 10b-18(a)(3) of the Securities Exchange Act of 1934:

Period	Total Number of Shares Purchased	Average Price Paid per Share (\$)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(a)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(a) (\$)
02/02/13-02/28/13	—	—	—	143,565,000
03/01/13-03/31/13	—	—	—	643,565,000
04/01/13-05/03/13	394,413	50.71	394,413	623,565,000
Total	394,413	50.71	394,413	623,565,000

(a) On March 19, 2013, our Board of Directors increased the authorization under our existing share repurchase program by \$500 million. The share repurchase program was publicly announced on September 5, 2012, and the increase in the authorization under such program was announced on March 25, 2013. Under the authorization, purchases may be made in the open market or in privately negotiated transactions from time to time subject to market conditions. This repurchase authorization has no expiration date.

ITEM 6. EXHIBITS.

See the Exhibit Index immediately following the signature page hereto, which Exhibit Index is incorporated by reference as if fully set forth herein.

CAUTIONARY DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

We include “forward-looking statements” within the meaning of the federal securities laws throughout this report, particularly under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Note 7. Commitments and Contingencies.” You can identify these statements because they are not limited to historical fact or they use words such as “may,” “will,” “should,” “expect,” “believe,” “anticipate,” “project,” “plan,” “estimate,” “objective,” “intend,” or “could,” and similar expressions that concern our strategy, plans, intentions or beliefs about future occurrences or results. For example, statements relating to estimated and projected expenditures, cash flows, results of operations, financial condition and liquidity; plans and objectives for future operations, growth or initiatives; and the expected outcome or effect of pending or threatened litigation or audits are forward-looking statements.

Forward-looking statements are subject to risks and uncertainties that may change at any time, so our actual results may differ materially from those that we expected. We derive many of these statements from our operating budgets and forecasts, which are based on many detailed assumptions that we believe are reasonable. However, it is very difficult to predict the effect of known factors, and we cannot anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from the expectations expressed in our forward-looking statements include, without limitation:

- failure to successfully execute our growth strategy, including delays in store growth, difficulties executing sales and operating profit margin initiatives and inventory shrinkage reduction;
- the failure of our new store base to achieve sales and operating levels consistent with our expectations;
- risks and challenges in connection with sourcing merchandise from domestic and foreign vendors, as well as trade restrictions;
- our level of success in gaining and maintaining broad market acceptance of our private brands and in achieving our other initiatives;
- unfavorable publicity or consumer perception of our products;
- our debt levels and restrictions in our debt agreements;
- economic conditions, including their effect on the financial and capital markets, our suppliers and business partners, employment levels, consumer demand, disposable income, credit availability and spending patterns, inflation, and the cost of goods;
- increases in commodity prices (including, without limitation, cotton, wheat, corn, sugar, oil, paper, nuts and resin);
- levels of inventory shrinkage;
- seasonality of our business;
- increases in costs of fuel or other energy, transportation or utilities costs and in the costs of labor, employment and health care;

- the impact of changes in or noncompliance with governmental laws and regulations (including, but not limited to, product safety, healthcare and unionization) and developments in or outcomes of legal proceedings, investigations or audits;
- disruptions, unanticipated expenses or operational failures in our supply chain including, without limitation, a decrease in transportation capacity for overseas shipments or work stoppages or other labor disruptions that could impede the receipt of merchandise;
- delays or unanticipated expenses in constructing or opening new distribution centers;
- damage or interruption to our information systems;
- changes in our competitive environment and the markets where we operate;
- natural disasters, unusual weather conditions, pandemic outbreaks, boycotts, war and geo-political events;
- incurrence of material uninsured losses, excessive insurance costs, or accident costs;
- our failure to protect our brand name;
- our loss of key personnel or our inability to hire additional qualified personnel;
- interest rate and currency exchange fluctuations;
- a data security breach;
- our failure to maintain effective internal controls;
- changes to income tax expense due to changes in or interpretation of tax laws or as a result of federal or state income tax examinations;
- changes to or new accounting guidance, such as changes to lease accounting guidance or a requirement to convert to international financial reporting standards;
- factors disclosed under “Risk Factors” in Part I, Item 1A of our Form 10-K for the fiscal year ended February 1, 2013; and
- factors disclosed elsewhere in this document (including, without limitation, in conjunction with the forward-looking statements themselves) and other factors.

All forward-looking statements are qualified in their entirety by these and other cautionary statements that we make from time to time in our other SEC filings and public communications. You should evaluate forward-looking statements in the context of these risks and uncertainties. These factors may not contain all of the material factors that are important to you. We cannot assure you that we will realize the results or developments we anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements in this report are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, both on behalf of the Registrant and in his capacity as principal financial and accounting officer of the Registrant.

DOLLAR GENERAL CORPORATION

Date: June 4, 2013

By: /s/ David M. Tehle
David M. Tehle
Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

3.1	Amended and Restated Charter of Dollar General Corporation (complete copy as amended for SEC filing purposes only)
4.1	Credit Agreement, dated as of April 11, 2013, among Dollar General Corporation, as borrower, Citibank, N.A. as administrative agent, and the other credit parties and lenders party thereto (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K dated April 8, 2013 and filed with the SEC on April 11, 2013 (file no. 001-11421)).
4.2	Third Supplemental Indenture, dated as of April 11, 2013, between Dollar General Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated April 8, 2013 and filed with the SEC on April 11, 2013 (file no. 001-11421)).
4.3	Fourth Supplemental Indenture, dated as of April 11, 2013, between Dollar General Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated April 8, 2013 and filed with the SEC on April 11, 2013 (file no. 001-11421)).
10.1	Dollar General Corporation 2013 Teamshare Bonus Program for Named Executive Officers
10.2	Employment Agreement effective March 24, 2013, by and between Dollar General Corporation and John Flanigan
10.3	Employment Agreement effective March 24, 2013, by and between Dollar General Corporation and Robert Ravener
10.4	Summary of Non-Employee Director Compensation effective April 1, 2013
15	Letter re unaudited interim financial information
31	Certifications of CEO and CFO under Exchange Act Rule 13a-14(a)
32	Certifications of CEO and CFO under 18 U.S.C. 1350
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

[Complete copy as amended for SEC filing purposes only]

**AMENDED AND RESTATED CHARTER
OF
DOLLAR GENERAL CORPORATION**

1. The name of the corporation shall be Dollar General Corporation.
 2. The corporation is for profit.
 3. The duration of the corporation is perpetual.
 4. The street address and ZIP code of the corporation's principal office in Tennessee will be:

100 Mission Ridge
Goodlettsville, Tennessee 37072
County of Davidson
 5. (a) The name of the registered agent is Corporation Service Company.

(b) The street address, ZIP code and county of the corporation's registered office and registered agent in Tennessee shall be:

Corporation Service Company
2908 Poston Avenue
Nashville, Tennessee 37203
County of Davidson
 6. The corporation is organized to do any and all things and to exercise any and all powers, rights, and privileges that a corporation may now or hereafter be organized to do or to exercise under the Tennessee Business Corporation Act, as amended from time to time.
 7. The maximum number of shares of stock the corporation is authorized to issue is:
 - (a) 1,000,000,000 shares of common stock, \$0.875 par value per share, which shall be entitled to one vote per share and, upon dissolution of the corporation, shall be entitled to receive the net assets of the corporation.
 - (b) 1,000,000 shares of Preferred Stock. Pursuant to TCA §§ 48-16-101 and 102, the preferences, limitations and relative rights of the Preferred Stock shall be determined by the Board of Directors.
 8. The shareholders of the corporation shall not have preemptive rights.
 9. The business and affairs of the corporation shall be managed by a Board of Directors. The number of Directors and their terms shall be established in accordance with the Bylaws of the corporation. A director shall hold office until the annual meeting of shareholders for the year in which his or her term expires and until his or her successor shall be elected and shall qualify; subject, however, to prior death, resignation, retirement, disqualification, or removal from office. Any vacancy on the Board of Directors, including a vacancy that results from an increase in the number of directors or a vacancy that results from the removal of a director with cause, may be filled only by the Board of Directors.

Subject to the rights of any voting group established either in the corporation's Bylaws or by any applicable shareholders' agreement, any director may be removed from office but only for cause and only by (a) the affirmative vote of the holders of a majority of the voting power of the shares entitled to vote in the election of directors,
-

considered for this purpose as one class, or (b) the affirmative vote of a majority of the entire Board of Directors then in office.

Notwithstanding any other provision of this Charter, the affirmative vote of holders of eighty percent (80%) of the voting power of the shares entitled to vote at an election of directors, voting together as a single class, shall be required to amend or repeal this Article 9 of this Charter, or to amend, alter, change or repeal, or to adopt any provisions of this Charter or of the corporation's Bylaws in a manner that is inconsistent with the purpose and intent of this Article 9.

10. Except as provided in Article 9 or in the case of a contested election, a nominee for director shall be elected by the affirmative vote of a majority of the votes cast in favor of or against the election of such nominee by holders of shares entitled to vote in the election at a meeting for the election of directors at which a quorum is present. For purposes of this Article 10, "affirmative vote of a majority of the votes cast" shall mean that the number of votes cast in favor of the election of such nominee exceeds the number of votes cast against the election of such nominee; abstentions and broker non-votes shall not be deemed to be votes cast for purposes of tabulating the vote. In a contested election, a nominee for director shall be elected by a plurality of the votes cast by holders of shares entitled to vote in the election at a meeting for the election of directors at which a quorum is present. An election shall be considered "contested" if there are more nominees for election than positions on the Board of Directors to be filled by election at the meeting. The determination of the number of nominees for purposes of this Article 10 shall be made as of (i) the expiration of the time fixed by the Amended and Restated Bylaws of the corporation, as the same may be amended from time to time, for advance notice by a shareholder of an intention to nominate directors, or (ii) absent such a provision, at a time publicly announced by the Board of Directors which is not more than 14 days before notice is given of the meeting at which the election is to occur.

11. The corporation expressly elects not be governed by TCA §§48-103-205 and 48-103-206.

12. A director of the corporation shall have no liability to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director provided that this Section 12 shall not eliminate or limit liability of a director for (i) any breach of the director's duty of loyalty to the Corporation or its shareholders; (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) unlawful distributions under Section 48-18-304 of the Tennessee Business Corporation Act. If the Tennessee Business Corporation Act or any successor statute is amended or other Tennessee law is enacted after adoption of this provision to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Tennessee Business Corporation Act, as so amended from time to time, or such successor statute or other Tennessee law. Any repeal or modification of this Article 12 or subsequent amendment of the Tennessee Business Corporation Act or enactment of other applicable Tennessee law shall not affect adversely any right or protection of a director of the corporation existing at the time of such repeal, modification, amendment or enactment or with respect to events occurring prior to such time.

13. The corporation shall indemnify every person who is or was a party or is or was threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was a director or officer or is or was serving at the request of the corporation as a director, officer, employee, agent, or trustee of another corporation or of a partnership, joint venture, trust, employee benefit plan, or other enterprise, including service on a committee formed for any purpose (and, in each case, his or her heirs, executors, and administrators), against all expense, liability, and loss (including counsel fees, judgments, fines, ERISA excise taxes, penalties, and amounts paid in settlement) actually and reasonably incurred or suffered in connection with such action, suit, or proceeding, to the fullest extent permitted by applicable law, as in effect on the date hereof and as hereafter amended. Such indemnification may include advancement of expenses in advance of final disposition of such action, suit, or proceeding, subject to the provision of any applicable statute.

The indemnification and advancement of expenses provisions of this Article 13 shall not be exclusive of any other right that any person (and his or her heirs, executors, and administrators) may have or hereafter acquire under any statute, this Charter, the corporation's Bylaws, resolution adopted by the shareholders, resolution adopted by the Board of Directors, agreement, or insurance, purchased by the corporation or otherwise, both as to action in his or her official capacity and as to action in another capacity. The corporation is hereby authorized to provide for

indemnification and advancement of expenses through its Bylaws, resolution of shareholders, resolution of the Board of Directors, or agreement, in addition to that provided by this Charter.

14. Special meetings of shareholders may be called at any time, but only by the Chairman of the Board of Directors, the Chief Executive Officer of the corporation, or upon a resolution by or affirmative vote of the Board of Directors, and not by the shareholders.

Notwithstanding any other provision of this Charter, the affirmative vote of holders of eighty percent (80%) of the voting power of the shares entitled to vote at an election of directors, voting together as a single class, shall be required to amend or repeal this Article 14 of this Charter, or to amend, alter, change or repeal, or to adopt any provisions of this Charter or of the corporation's Bylaws in a manner that is inconsistent with the purpose and intent of this Article 14.

15. The name and address of the Incorporator is:

Howard H. Lamar III
2700 AmSouth Center
Nashville, Tennessee 37238-2700



2013 Teamshare Incentive Program

I. Definitions

As used in this document:

“*AIP*” shall mean the Amended and Restated Dollar General Corporation Annual Incentive Plan, as amended from time to time.

“*Applicable Base Pay*” shall mean the eligible employee’s annual salary (or hours, where applicable) plus shift differential, subject to adjustment based on all other eligibility requirements and administrative rules.

“*Committee*” shall mean the Compensation, Nominating & Governance Committee of the Board (or any successor committee with oversight of executive compensation) or any subcommittee thereof which meets the requirements of Section 162(m).

“*Covered Employees*” shall mean those officers who could, in respect of the Company’s 2013 fiscal year, be “covered employees” under Section 162(m).

“*Dollar General*” or “*the Company*” means Dollar General Corporation.

“*Eligible Employee*” shall have the meaning set forth in Section V below.

“*Management*” refers to an individual Teamshare participant’s direct supervisor and/or the Company’s executive officers up to and including the Chief Executive Officer.

“*Merit Effective Date*” shall mean April 1 of the applicable performance period or, if later, the applicable date of the annual merit increase (e.g., for the 2013 Teamshare program, the Merit Effective Date for salaried employees is April 1, 2013).

“*Section 162(m)*” refers to Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended, and the regulations and guidance issued thereunder from time to time.

“*Teamshare*” shall mean this 2013 Teamshare Incentive Program.

II. Teamshare Overview

The Committee has established the terms of Teamshare, which provides each Eligible Employee with an opportunity to receive a cash bonus payment equal to a certain percentage of his or her Applicable Base Pay based upon Dollar General’s achievement of one or more pre-established financial performance measures for a specified performance period (typically, our fiscal year). When more than one financial performance measure is selected, the Committee determines the applicable weight to be assigned to each of the selected measures.

March 18, 2013

Threshold and target performance levels are established for the selected performance measure. No Teamshare payout may be made unless the threshold performance level is achieved. The amount payable to each Eligible Employee if the Company reaches the target performance level(s) is equal to a specified percentage of the Eligible Employee's Applicable Base Pay, subject to adjustment for performance discussed under Section IV below (except in the case of Covered Employees). Teamshare payments for financial performance below or above the applicable target levels are prorated on a graduated scale commensurate with performance.

III. 2013 Teamshare Program

For the 2013 Teamshare program, the Committee selected a financial performance measure based upon earnings before interest and taxes, as adjusted for certain items ("Adjusted EBIT"). In determining the level of performance the Company has achieved for this performance measure at year end, certain categories of items previously identified by the Committee may be excluded from the calculation. Threshold performance results for Adjusted EBIT coincide with potential Teamshare payout levels equal to 50% of individual payout targets (as a percentage of the Eligible Employee's Applicable Base Pay).

For purposes of the 2013 Teamshare program, the Adjusted EBIT performance target shall be the Company's Operating Profit as calculated in accordance with United States general accepted accounting principles, but shall exclude:

- (1) the impact of (a) all consulting, accounting, legal, valuation, banking, filing, disclosure and similar costs, fees and expenses directly related to the consideration, negotiation, approval and consummation of the proposed acquisition and related financing of the Company by affiliates of Kohlberg Kravis Roberts & Co. (including without limitation any costs, fees and expenses relating to the filing and maintenance of a market maker registration statement or to any refinancings) and any litigation or settlement of any litigation related thereto; (b) any costs, fees and expenses directly related to the consideration, negotiation, preparation, or consummation of any asset sale, merger or other transaction that results in a Change in Control (within the meaning of the Amended and Restated 2007 Dollar General Corporation Stock Incentive Plan) of the Company or any primary or secondary offering of Company common stock or other security; (c) any gain or loss recognized as a result of derivative instrument transactions or other hedging activities; (d) any gains or losses associated with the early retirement of debt obligations; (e) charges resulting from significant natural disasters; and (f) any significant gains or losses associated with the Company's LIFO computation; and
- (2) unless the Committee disallows any such item, (a) non-cash asset impairments; (b) any significant loss as a result of an individual litigation, judgment or lawsuit settlement (including a collective or class action lawsuit and security holder lawsuit, among others); (c) charges for business restructurings; (d) losses due to

new or modified tax or other legislation or accounting changes enacted after the beginning of the 2012 fiscal year; (e) significant tax settlements; and (f) any significant unplanned items of a non-recurring or extraordinary nature

IV. Determination of Bonuses

- (a) If the Company achieves at least the threshold financial performance levels, each Eligible Employee who participates in Teamshare will become eligible to receive a Teamshare payout if he or she receives at least a satisfactory individual performance review.
- (b) In the case of senior vice presidents (SVPs), executive vice president (EVPs) and the chief executive officer (CEO) (including Covered Employees), the Committee, and in the case of all other employees, Management, will determine whether a participant in Teamshare has received at least a satisfactory individual performance review.
- (c) Bonuses for executive officers of the Company and hourly employees are paid 100% based on Company financial performance. Bonuses for all other employees are calculated 100% on Company financial performance, with 20% subject to reduction based on individual performance; provided, however, that Management may adjust upward or downward, or entirely eliminate, the Teamshare payout otherwise due to any Eligible Employee (excluding Covered Employees) based upon personal performance of any such Eligible Employee, provided the total funded amount of the Teamshare pool is not exceeded.
- (d) Bonus payouts to Covered Employees may be subject to reduction or elimination, but not upward adjustment, pursuant to the terms of the AIP.
- (e) Bonuses that are not allocated out of the Teamshare pool are subject to distribution at the discretion of the Chief Executive Officer of the Company, except that no such unallocated bonus amounts may be allocated to any Covered Employee.

V. Individual Eligibility

- (a) To be eligible for a Teamshare payout, an employee must be an "Eligible Employee", which for purposes of Teamshare means an employee must:
 - 1. Be an active regular, full-time or part-time store support center (SSC), Dollar General Global Sourcing (DGGS) or distribution center (DC) employee during the performance period (for Teamshare program, the Company's 2013 fiscal year).
 - 2. Be hired by January 15 of the performance period.
 - 3. Be employed with the Company through the end of the performance period and on the date on which the Teamshare payment is made (unless otherwise required by law).

4. Have received a year-end performance rating of “Needs Improvement” or better (for SVPs, EVPs and the CEO, any Teamshare payment is in the Committee’s discretion if the officer receives a “Needs Improvement” performance rating). Employees rated “Unsatisfactory” are ineligible for a bonus under Teamshare.
- (b) Bonuses for the estates of Eligible Employees will be eligible to receive the Teamshare payment if the employee’s death occurs on or after the end of the performance period.

VI. Administrative Rules

- (a) Except as provided in (c) below, bonuses for Eligible Employees classified as exempt or salaried non-exempt are calculated based on the Company financial performance and subject to adjustment by Management based on individual performance. At year-end, Management will use the following guidelines in determining an adjustment:

<u>Performance Rating</u>	<u>Total Bonus Opportunity</u>
O	105% - 115%
VG	100% - 110%
G	90% - 100%
NI	40% - 80%
U	0%

- (b) At year-end, the guidelines above will also be provided to Management for adjusting any Teamshare payouts for eligible hourly employees rated “Needs Improvement”.
- (c) Any adjustments to Teamshare payouts for SVPs, EVPs or the CEO are determined by the Committee within the parameters of Section IV. Notwithstanding anything in this Teamshare plan document to the contrary, the determination of the Adjusted EBIT performance measure and all other relevant actions applicable to the determination of bonus payout amounts to Covered Employees under Teamshare shall be pursuant to the terms of the AIP.
- (d) Each Eligible Employee’s Teamshare payout is computed as a percentage of the Applicable Base Pay plus any shift differential.
- (e) Teamshare payouts will be prorated for changes to an Eligible Employee’s position, pay, individual target, shift differential or, status that occur during the performance period based on the number of days the applicable element applies. The Applicable Base Pay used for Teamshare from the beginning of the performance period to the Merit Effective Date will be the eligible employee’s base pay as of the Merit Effective Date.

- (f) Teamshare payouts are prorated to exclude leaves of absence during the performance period (unless otherwise required by law).
- (g) Teamshare payouts will be made no later than April 15 of the year following the fiscal year in which financial performance is measured (e.g., for the 2013 Teamshare program, payouts, if any, will be made no later than April 15, 2013).
- (h) Teamshare information is proprietary and confidential. Employees are reminded that they may not disclose Teamshare information relating to the Company's financial goals or performance. Such disclosure may result in disciplinary action, up to and including termination. The Company reserves the right to adjust, amend or suspend Teamshare at any time for any reason, including, but not limited to, unforeseen events.
- (i) Solely for purposes of Covered Employees, the provisions and payouts under this 2013 Teamshare program shall be pursuant to and subject to the terms of the AIP, and in the event of any conflict between the provisions of this Teamshare program and the AIP, the terms of the AIP shall govern.

VII. Tax and Other Withholding Information

The IRS considers incentive payments as supplemental wages. In accordance with IRS guidelines, Dollar General will withhold federal income taxes at the supplemental rate (currently established at 25%). In addition, this payment will be subject to applicable social security, Medicare, state and local taxes. Voluntary deductions (e.g. health insurance, 401k, etc.) will not be deducted from this amount. Where required by law, specific garnishments (e.g., child support) may be deducted, as appropriate, from this amount. Certain state laws require incentive payments be held for up to 30 days after the check date pending review of applicable child support garnishments. After the Company receives notification from the state child support agencies regarding whether part or all of the impacted employee's incentive payment should be paid toward child support, the Company will pay any remaining incentive funds with the next regular payroll.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”), effective March 24, 2013 (“Effective Date”), is made and entered into by and between **DOLLAR GENERAL CORPORATION** (the “Company”), and **John W. Flanigan** (“Employee”).

WITNESSETH:

WHEREAS, Company desires to employ Employee upon the terms and subject to the conditions hereinafter set forth, and Employee desires to accept such employment;

NOW, THEREFORE, for and in consideration of the premises, the mutual promises, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Employment. Subject to the terms and conditions of this Agreement, the Company agrees to employ Employee as Executive Vice President, Global Supply Chain of the Company.

2. Term. The term of this Agreement shall be until March 31, 2015 (“Term”), unless otherwise terminated pursuant to Sections 7, 8, 9, 10 or 11 hereof. The Term shall be automatically extended from month to month, for up to six (6) months, unless the Company gives written notice to Employee at least one month prior to the expiration of the original or any extended Term that no extension or further extension, as applicable, will occur or unless the Company replaces this Agreement with a new agreement or, in writing, extends or renews the Term of this Agreement for a period that is longer than six months from the expiration of the original Term. Unless otherwise noted, all references to the “Term” shall be deemed to refer to the original Term and any extension or renewal thereof.

3. Position, Duties and Administrative Support.

a. Position. Employee shall perform the duties of the position noted in Section 1 above and shall perform such other duties and responsibilities as Employee’s supervisor or the Company’s CEO may reasonably direct.

b. Full-Time Efforts. Employee shall perform and discharge faithfully and diligently such duties and responsibilities and shall devote Employee’s full-time efforts to the business and affairs of Company. Employee agrees to promote the best interests of the Company and to take no action that is likely to damage the public image or reputation of the Company, its subsidiaries or its affiliates.

c. **Administrative Support.** Employee shall be provided with office space and administrative support.

d. **No Interference With Duties.** Employee shall not devote time to other activities which would inhibit or otherwise interfere with the proper performance of Employee's duties and shall not be directly or indirectly concerned or interested in any other business occupation, activity or interest other than by reason of holding a non-controlling interest as a shareholder, securities holder or debenture holder in a corporation quoted on a nationally recognized exchange (subject to any limitations in the Company's Code of Business Conduct and Ethics). Employee may not serve as a member of a board of directors of a for-profit company, other than the Company or any of its subsidiaries or affiliates, without the express approval of the CEO and the Board (or an authorized Board committee). Under no circumstances may Employee serve on more than one other board of a for-profit company.

4. **Work Standard.** Employee agrees to comply with all terms and conditions set forth in this Agreement, as well as all applicable Company work policies, procedures and rules. Employee also agrees to comply with all federal, state and local statutes, regulations and public ordinances governing Employee's performance hereunder.

5. **Compensation.**

a. **Base Salary.** Subject to the terms and conditions set forth in this Agreement, the Company shall pay Employee, and Employee shall accept, an annual base salary ("Base Salary") of no less than Four Hundred Forty-Two Thousand Five Hundred Fifty-Seven Dollars (\$442,557.00). The Base Salary shall be paid in accordance with Company's normal payroll practices (but no less frequently than monthly) and may be increased from time to time at the sole discretion of the Company.

b. **Incentive Bonus.** Employee's incentive compensation for the Term of this Agreement shall be determined under the Company's annual bonus program for officers at Employee's grade level, as it may be amended from time to time. The actual bonus paid pursuant to this Section 5(b), if any, shall be based on criteria established by the Board, its Compensation Committee and/or the CEO, as applicable, in accordance with the terms and conditions of the annual bonus program for officers. Any bonus payments due hereunder shall be payable to the Employee no later than 2 1/2 months after the end of the Company's taxable year or the calendar year, whichever is later, in which Employee is first vested in

such bonus payments for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code").

c. **Vacation.** Employee shall be entitled to three weeks paid vacation time within the first year of employment. After five years of employment, Employee shall be entitled to four weeks paid vacation. Vacation time is granted on the anniversary of Employee's hire date each year. Any available but unused vacation as of the annual anniversary of employment date or at Employee's termination date shall be forfeited.

d. **Business Expenses.** Employee shall be reimbursed for all reasonable business expenses incurred in carrying out the work hereunder. Employee shall adhere to the Company's expense reimbursement policies and procedures. In no event will any such reimbursement be made later than the last day of Employee's taxable year following Employee's taxable year in which Employee incurs the reimbursable expense.

e. **Perquisites.** Employee shall be entitled to receive such other executive perquisites, fringe and other benefits as are provided to officers at the same grade level under any of the Company's plans and/or programs in effect from time to time.

6. **Benefits.** During the Term, Employee (and, where applicable, Employee's eligible dependents) shall be eligible to participate in those various Company welfare benefit plans, practices and policies in place during the Term (including, without limitation, medical, pharmacy, dental, vision, disability, employee life, accidental death and travel accident insurance plans and other programs, if any) to the extent allowed under and in accordance with the terms of those plans. In addition, Employee shall be eligible to participate, pursuant to their terms, in any other benefit plans offered by the Company to similarly-situated officers or other employees from time to time during the Term (excluding plans applicable solely to certain officers of the Company in accordance with the express terms of such plans). Collectively the plans and arrangements described in this Section 6, as they may be amended or modified in accordance with their terms, are hereinafter referred to as the "Benefits Plans." Notwithstanding the above, Employee understands and acknowledges that Employee is not eligible for benefits under any other severance plan, program, or policy maintained by the Company, if any exists, and that the only severance benefits Employee is entitled to are set forth in this Agreement.

7. **Termination for Cause.** This Agreement is not intended to change the at-will nature of Employee's employment with Company, and it may be terminated at any time by either party, with or without cause. If this Agreement and Employee's employment are terminated by Company

for "Cause" (Termination for Cause) as that term is defined below, it will be without any liability owing to Employee or Employee's dependents and beneficiaries under this Agreement, (recognizing, however, that benefits covered by or owed under any other plan or agreement covering Employee shall be governed by the terms of such plan or agreement). Any one of the following conditions or Employee conduct shall constitute "Cause":

- a. Any act involving fraud or dishonesty, or any material act of misconduct relating to Employee's performance of his or her duties hereunder;
- b. Any material breach of any SEC or other law or regulation or any Company policy governing trading or dealing with stocks, securities, public debt instruments, bonds, or investments and the like or with inappropriate disclosure or "tipping" relating to any stock, security, public debt instrument, bond or investment;
- c. Any material violation of the Company's Code of Business Conduct and Ethics (or the equivalent code in place at the time);
- d. Other than as required by law, the carrying out of any activity or the making of any public statement which prejudices or reduces the good name and standing of Company or any of its affiliates or would bring any one of these into public contempt or ridicule;
- e. Attendance at work in a state of intoxication or being found with any drug or substance possession of which would amount to a criminal offense;
- f. Assault or other act of violence;
- g. Conviction of or plea of guilty or nolo contendere to any felony whatsoever or any misdemeanor that would preclude employment under the Company's hiring policy; or
- h. Willful or repeated refusal or failure substantially to perform Employee's material obligations and duties hereunder or those reasonably directed by Employee's supervisor, the CEO and/or the Board (except in connection with a Disability).

A termination for Cause shall be effective when the Company has given Employee written notice of its intention to terminate for Cause, describing those acts or omissions that are believed to constitute Cause, and has given Employee ten days to respond.

8. Termination upon Death. Notwithstanding anything herein to the contrary, this Agreement shall terminate immediately upon Employee's death, and the Company shall have no further liability to Employee or Employee's dependents and beneficiaries under this Agreement,

except for those benefits owed under any other plan or agreement covering Employee which shall be governed by the terms of such plan or agreement.

9. Disability. If a Disability (as defined below) of Employee occurs during the Term, unless otherwise prohibited by law, the Company may notify Employee of the Company's intention to terminate Employee's employment. In that event, employment shall terminate effective on the termination date provided in such notice of termination (the "Disability Effective Date"), and this Agreement shall terminate without further liability to Employee, Employee's dependents and beneficiaries, except for those benefits owed under any other plan or agreement covering Employee which shall be governed by the terms of such plan or agreement. In this Agreement, "Disability" means:

a. A long-term disability, as defined in the Company's applicable long-term disability plan as then in effect, if any; or

b. Employee's inability to perform the duties under this Agreement in accordance with the Company's expectations because of a medically determinable physical or mental impairment that (i) can reasonably be expected to result in death or (ii) has lasted or can reasonably be expected to last longer than ninety (90) consecutive days. Under this Section 9(b), unless otherwise required by law, the existence of a Disability shall be determined by the Company, only upon receipt of a written medical opinion from a qualified physician selected by or acceptable to the Company. In this circumstance, to the extent permitted by law, Employee shall, if reasonably requested by the Company, submit to a physical examination by that qualified physician. Nothing in this Section 9(b) is intended to nor shall it be deemed to broaden or modify the definition of "disability" in the Company's long-term disability plan.

10. Employee's Termination of Employment.

a. Notwithstanding anything herein to the contrary, Employee may terminate employment and this Agreement at any time, for no reason, with thirty (30) days written notice to Company (and in the event that Employee is providing notice of termination for Good Reason, Employee must provide such notice within 30 days after the event purported to give rise to Employee's claim for Good Reason first occurs). In such event, Employee shall not be entitled to those payments and benefits listed in Sections 11 or 12 below unless Employee terminates employment for Good Reason, as defined below, or unless Section 11(a)(iii) applies.

b. Upon any termination of employment, Employee shall be entitled to any earned but unpaid Base Salary through the date of termination and such other vested benefits under any other plan or agreement covering Employee which shall be governed by the terms of such plan or agreement. Notwithstanding anything to the contrary herein, such unpaid Base Salary shall be paid to Employee as soon as practicable after the effective date of termination in accordance with the Company's usual payroll practices (not less frequently than monthly); provided, however, that if payment at such time would result in a prohibited acceleration under Section 409A of the Internal Revenue Code, then such amount shall be paid at the time the amount would otherwise have been paid absent such prohibited acceleration.

c. Good Reason shall mean any of the following actions taken by the Company:

(i) A reduction by the Company in Employee's Base Salary or target bonus level;

(ii) The Company shall fail to continue in effect any significant Company-sponsored compensation plan or benefit (without replacing it with a similar plan or with a compensation equivalent), unless such action is in connection with across-the-board plan changes or terminations similarly affecting at least 95 percent of all officers of the Company or 100 percent of officers at the same grade level;

(iii) The Company's principal executive offices shall be moved to a location outside the middle-Tennessee area, or Employee is required (absent mutual agreement) to be based anywhere other than the Company's principal executive offices;

(iv) Without Employee's written consent, the assignment to Employee by the Company of duties inconsistent with, or the significant reduction of the title, powers and functions associated with, Employee's position, title or office as described in Section 3 above, unless such action is the result of a restructuring or realignment of duties and responsibilities by the Company, for business reasons, that leaves Employee at the same rate of Base Salary, annual target bonus opportunity, and officer level (i.e., Executive Vice President, etc.) and with a similar level of responsibility, or unless such action is the result of Employee's failure to meet pre-established and objective performance criteria;

(v) Any material breach by the Company of this Agreement; or

(vi) The failure of any successor (whether direct or indirect, by purchase, merger, assignment, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

Good Reason shall not include Employee's death, Disability or Termination for Cause or Employee's termination for *any* reason other than Good Reason as defined above.

d. Prior to Employee being entitled to the payments or benefits described in Sections 11 or 12 below, the Company shall have the opportunity to cure any claimed event of Good Reason within thirty (30) days after receiving written notice from Employee specifying the same.

11. Termination without Cause or by Employee for Good Reason.

a. The continuation of Base Salary and other payments and benefits described in Section 11(b) shall be triggered *only* upon one or more of the following circumstances:

(i) The Company terminates Employee (as it may do at any time) without Cause; it being understood that termination by death or Disability does not constitute termination without Cause;

(ii) Employee terminates for Good Reason;

(iii) The Company fails to offer to renew, extend or replace this Agreement before, at, or within six (6) months after, the end of its original three-year Term (or any term provided for in a written renewal or extension of the original Term), and Employee resigns from employment with the Company within sixty (60) days after such failure, unless such failure is accompanied by a mutually agreeable severance arrangement between the Company and Employee or is the result of Employee's retirement or other termination from the Company other than for Good Reason notwithstanding the Company's offer to renew, extend or replace this Agreement.

b. In the event of one of the triggers referenced in Sections 11(a)(i) through (iii) above, then, on the sixtieth (60th) day after Employee's termination of employment, but contingent upon the execution and effectiveness of the Release attached hereto and made a part hereof, and subject to Section 22(n) below, Employee shall be entitled to the following:

(i) Continuation of Employee's Base Salary as of the date immediately preceding the termination (or, if the termination of employment is for Good Reason due to the reduction of Employee's Base Salary, then such rate of Base Salary as in effect immediately prior to such reduction) for 24 months, payable in accordance with the Company's normal payroll cycle and procedures (but not less frequently than monthly) with a lump sum payment on the sixtieth (60th) day after Employee's termination of employment of the amounts Employee would otherwise have received during the sixty (60) days after Employee's termination had the payments begun immediately after Employee's termination of employment. Notwithstanding anything to the contrary in this Agreement, the amount of any payment or entitlement to payment of the aforesaid Base Salary continuation shall be forfeited or, if paid, subject to recovery by the Company in the event and to the extent of any base salary earned by the Employee as a result of subsequent employment during the 24 months after Employee's termination of employment. In no event shall Employee be obligated to seek other employment or take any other action by way of mitigation of such amounts payable to Employee and, except as provided in the preceding sentence, such amounts shall not be reduced whether or not the Employee obtains other employment.

(ii) A lump sum payment of two times the amount of the average percentage of target bonus paid or to be paid to employees at the same job grade level of Employee (if any) under the annual bonus programs for officers in respect of the Company's two fiscal years immediately preceding the fiscal year in which the termination date occurs.

(iii) A lump sum payment in an amount equal to two times the annual contribution that would have been made by the Company in respect of the plan year in which such termination of employment occurs for Employee's participation in the Company's medical, pharmacy, dental and vision benefits programs.

(iv) Reasonable outplacement services, as determined and provided by the Company, for one year or until other employment is secured, whichever comes first.

All payments and benefits otherwise provided to Employee pursuant to this Section 11 shall be forfeited if a copy of the Release attached hereto executed by Employee is not provided to the Company within twenty-one (21) days after Employee's termination date (unless

otherwise required by law) or if the Release is revoked; and no payment or benefit hereunder shall be provided to Employee prior to the Company's receipt of the Release and the expiration of the period of revocation provided in the Release. For the avoidance of doubt, this Section 11(b) shall not permit the Company to delay the provision of any payments or benefits beyond the 60th day after Employee's termination date, and consistent with applicable law, the only deferral thereof may be made pursuant to Section 22(n) below in a manner that is compliant with applicable law.

c. In the event that there is a material breach by Employee of any continuing obligations under this Agreement or the Release after termination of employment, any unpaid amounts under this Section 11 shall be forfeited and Company shall retain any other rights available to it under law or equity. Any payments or reimbursements under this Section 11 shall not be deemed the continuation of Employee's employment for any purpose. Except as specifically enumerated in the Release, the Company's payment obligations under this Section 11 will not negate or reduce (i) any amounts otherwise due but not yet paid to Employee by the Company, or (ii) any other amounts payable to Employee outside this Agreement, or (iii) those benefits owed under any other plan or agreement covering Employee which shall be governed by the terms of such plan or agreement. The Company may, at any time and in its sole discretion, make a lump-sum payment of any or all amounts, or any or all remaining amounts, due to Employee under this Section 11 if, or to the extent, the payment is not subject to Section 409A of the Internal Revenue Code.

12. Effect of 280G.

a. Subject to Section 22(n) and contingent upon Employee's timely execution and the effectiveness of the Release attached hereto and made a part hereof as provided in Section 11 hereof, if, prior to, or on March 31, 2015, any payments and benefits become payable by the Company to or for the benefit of Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 12 (such payments and benefits, the "Payments") and such Payments constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code ("Code Section 280G") so that Employee would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code or any interest or penalties with respect to such tax (collectively referred to as the "Excise Tax"), then Employee shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that, after Employee pays all taxes (including any

interest or penalties imposed with respect to such taxes), including, without limitation, any Excise Tax, income tax or other tax (and any interest and penalties imposed with respect thereto), Employee retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing, if the Net After-tax Benefit to Employee resulting from receiving the Gross-Up Payment is less than \$50,000 greater than the Net After-tax Benefit to Employee resulting from having the Payments reduced to the Reduced Amount, then no Gross-Up Payment shall be made and the Payments shall be reduced to the Reduced Amount. Unless Employee and the Company shall otherwise agree (provided such agreement does not cause any payment or benefit hereunder which is deferred compensation covered by Section 409A of the Internal Revenue Code to be in non-compliance with Section 409A of the Internal Revenue Code), in the event the Payments are to be reduced, the Company shall reduce or eliminate the payments or benefits to Employee by first reducing or eliminating those payments or benefits which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the date of the “change in ownership or control” (within the meaning of Code Section 280G) (a “Change in Control”). Any reduction pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing Employee’s rights and entitlements to any benefits or compensation. For purposes hereof:

(i) “Net After-tax Benefit” shall mean the Present Value of a Payment net of all taxes (including any Excise Tax imposed on Employee) with respect thereto, determined by applying the highest marginal rate(s) applicable to an individual for Employee’s taxable year in which the Change in Control occurs.

(ii) “Present Value” shall mean such value determined in accordance with Section 280G(d)(4) of the Internal Revenue Code.

(iii) “Reduced Amount” shall be an amount expressed as a Present Value which maximizes the aggregate Present Value of Payments without causing any Payment to be subject to excise tax under Section 4999 of the Internal Revenue Code or the deduction limitation of Section 280G of the Internal Revenue Code.

b. All determinations required to be made under this Section 12, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be used in arriving at such determination, shall be made by

the tax department of an independent public accounting firm (the "Accounting Firm") or, at Company's discretion, by a recognized compensation consulting firm (the "Consulting Firm") which shall be engaged by the Company prior to the time of the first Payment to Employee. The Accounting Firm or Consulting Firm selected shall not be serving as accountant or auditor for the individual, entity or group effecting the Change in Control. The Accounting Firm or Consulting Firm shall prepare and provide detailed supporting calculations both to the Company and Employee within fifteen (15) business days of the later of (i) the Accounting Firm's or Consulting Firm's engagement to make the required calculations or (ii) the date the Accounting Firm or Consulting Firm obtains all information needed to make the required calculation. Any determination by the Accounting Firm or Consulting Firm shall be binding upon the Company and Employee. All fees and expenses of the Accounting Firm or Consulting Firm shall be borne solely by the Company.

c. Any Gross-Up Payment, as determined pursuant to this Section 12, shall be paid by the Company to Employee within five (5) days of the receipt of the Accounting Firm's or Consulting Firm's determination if the Gross-Up Payment is then required to satisfy an assessment or other current demand for payment made of Employee by federal or state taxing authorities. Gross-Up Payments due at a later date shall be paid to Employee no later than fourteen (14) days prior to the date that Employee's federal or state payment is due. If required by law, the Company shall treat all or any portion of the Gross-Up Payment as being subject to income tax withholding for federal or state tax purposes. Amounts determined by the Company to be subject to federal or state tax withholding will not be paid directly to Employee but shall be timely paid to the respective taxing authority.

d. As a result of the uncertainty in the application of Section 4999 of the Internal Revenue Code at the time of the initial determination by the Accounting Firm or Consulting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that Employee hereafter is required to make a payment of any Excise Tax, the Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company (or any successor or assign) to or for the benefit of Employee. Conversely, if it is later determined that the actual required Gross-Up Payment was less than the amount paid to Employee, Employee shall refund the excess portion to the Company but only to the extent that Employee has not yet paid the excess amount to the taxing authorities or is able to obtain a

refund from the respective taxing authorities of amounts previously paid. The Company may pursue at its own expense the refund on behalf of Employee, and, if requested by the Company, Employee shall reasonably cooperate in such refund effort.

e. All Gross-Up Payments to be made under this Section 12 (other than the Underpayment described in Section 12(d)) must be made no later than the end of the Employee's taxable year next following the Employee's taxable year in which the applicable related taxes are remitted. Any right to reimbursement incurred due to a tax audit or litigation addressing the existence or amount of a tax liability must be made no later than the end of the Employee's taxable year following the Employee's taxable year in which the taxes that are the subject of the audit or litigation are remitted to the taxing authorities or, where no such taxes are remitted, the end of the Employee's taxable year following the year in which the audit is completed or there is a final and non-appealable settlement or the resolution of the litigation.

f. If, during any Term of this Agreement which extends beyond March 31, 2015, any Payments constituting "parachute payments", within the meaning of Code Section 280G, become payable to Employee, no Gross-Up Payment shall be made to Employee and such Payments shall instead be limited to the Capped Amount. The "Capped Amount" shall be the amount otherwise payable, reduced in such amount and to such extent so that no amount of the Payments would constitute an "excess parachute payment" under Code Section 280G. Notwithstanding the preceding sentence but contingent upon Employee's timely execution and the effectiveness of the Release attached hereto and made a part hereof as provided in Section 11 hereof, the Employee's Payments shall not be limited to the Capped Amount if it is determined that Employee would receive at least \$50,000 in greater after-tax proceeds if no such reduction is made. The calculation of the Capped Amount and all other determinations relating to the applicability of Code Section 280G (and the rules and regulations promulgated thereunder) to the payments contemplated by this Agreement shall be made by the tax department of an independent public accounting firm, or, at Company's discretion, by a compensation consulting firm, and such determinations shall be binding upon Employee and the Company. Unless Employee and the Company shall otherwise agree (provided such agreement does not cause any payment or benefit hereunder which is deferred compensation covered by Code Section 409A to be in non-compliance with Code Section 409A), in the event the Payments are to be reduced, the Company shall reduce or eliminate the payments or benefits to Employee by first reducing or eliminating those payments or benefits which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with

payments or benefits which are to be paid the farthest in time from the date of the Change in Control. Any reduction pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing Employee's rights and entitlements to any benefits or compensation.

13. Publicity; No Disparaging Statement. Except as otherwise provided in Section 14 hereof, Employee and the Company covenant and agree that they shall not engage in any communications to persons outside the Company which shall disparage one another or interfere with their existing or prospective business relationships.

14. Confidentiality and Legal Process. Employee agrees to keep the proprietary terms, of this Agreement confidential and to refrain from disclosing any information concerning this Agreement to anyone other than Employee's immediate family and personal agents or advisors. Notwithstanding the foregoing, nothing in this Agreement is intended to prohibit Employee or the Company from performing any duty or obligation that shall arise as a matter of law. Specifically, Employee and the Company shall continue to be under a duty to truthfully respond to any legal and valid subpoena or other legal process. This Agreement is not intended in any way to proscribe Employee's or the Company's right and ability to provide information to any federal, state or local agency in response or adherence to the lawful exercise of such agency's authority.

15. Business Protection Provision Definitions.

a. Preamble. As a material inducement to the Company to enter into this Agreement, and in recognition of the valuable experience, knowledge and proprietary information Employee has gained or will gain while employed, Employee agrees to abide by and adhere to the business protection provisions in Sections 15, 16, 17, 18 and 19 herein.

b. Definitions. For purposes of Sections 15, 16, 17, 18, 19 and 20 herein:

(i) "Competitive Position" shall mean any employment, consulting, advisory, directorship, agency, promotional or independent contractor arrangement between Employee and (x) any person or Entity engaged wholly or in material part in the business in which the Company is engaged (i.e., the discount consumable basic or general merchandise retail business), including but not limited to such other similar businesses as Wal-Mart, Sam's, Target, Costco, K-Mart, Big Lots, BJs Wholesale, Walgreen's, Rite-Aid, CVS, Family Dollar Stores, Fred's, the 99 Cents Stores, Casey's General Stores, Inc., Circle K, 7-11 Stores, Pantry, Inc. and Dollar Tree Stores, or (y) any person or Entity then attempting or planning to enter the discount

consumable basics retail business, whereby Employee is required to perform services on behalf of or for the benefit of such person or Entity which are substantially similar to the services Employee provided or directed at any time while employed by the Company or any of its affiliates.

(ii) "Confidential Information" shall mean the proprietary or confidential data, information, documents or materials (whether oral, written, electronic or otherwise) belonging to or pertaining to the Company, other than "Trade Secrets" (as defined below), which is of tangible or intangible value to the Company and the details of which are not generally known to the competitors of the Company. Confidential Information shall also include any items marked "CONFIDENTIAL" or some similar designation or which are otherwise identified as being confidential.

(iii) "Entity" or "Entities" shall mean any business, individual, partnership, joint venture, agency, governmental agency, body or subdivision, association, firm, corporation, limited liability company or other entity of any kind.

(iv) "Restricted Period" shall mean two (2) years following Employee's termination date.

(v) "Territory" shall include individually and as a total area those states in the United States in which the Company maintains stores at Employee's termination date or those states in which the Company has specific and demonstrable plans to open stores within six months of Employee's termination date.

(vi) "Trade Secrets" shall mean information or data of or about the Company, including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans or lists of actual or potential customers or suppliers that: (A) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; (B) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy; and (C) any other information which is defined as a "trade secret" under applicable law.

(vii) "Work Product" shall mean all tangible work product, property, data, documentation, "know-how," concepts or plans, inventions, improvements,

techniques and processes relating to the Company that were conceived, discovered, created, written, revised or developed by Employee while employed by the Company.

16. Nondisclosure: Ownership of Proprietary Property.

a. In recognition of the Company's need to protect its legitimate business interests, Employee hereby covenants and agrees that, for the Term and thereafter (as described below), Employee shall regard and treat Trade Secrets and Confidential Information as strictly confidential and wholly-owned by the Company and shall not, for any reason, in any fashion, either directly or indirectly, use, sell, lend, lease, distribute, license, give, transfer, assign, show, disclose, disseminate, reproduce, copy, misappropriate or otherwise communicate any Trade Secrets or Confidential Information to any person or Entity for any purpose other than in accordance with Employee's duties under this Agreement or as required by applicable law. This provision shall apply to each item constituting a Trade Secret at all times it remains a "trade secret" under applicable law and shall apply to any Confidential Information, during employment and for the Restricted Period thereafter.

b. Employee shall exercise best efforts to ensure the continued confidentiality of all Trade Secrets and Confidential Information and shall immediately notify the Company of any unauthorized disclosure or use of any Trade Secrets or Confidential Information of which Employee becomes aware. Employee shall assist the Company, to the extent reasonably requested, in the protection or procurement of any intellectual property protection or other rights in any of the Trade Secrets or Confidential Information.

c. All Work Product shall be owned exclusively by the Company. To the greatest extent possible, any Work Product shall be deemed to be "work made for hire" (as defined in the Copyright Act, 17 U.S.C.A. § 101 et seq., as amended), and Employee hereby unconditionally and irrevocably transfers and assigns to the Company all right, title and interest Employee currently has or may have by operation of law or otherwise in or to any Work Product, including, without limitation, all patents, copyrights, trademarks (and the goodwill associated therewith), trade secrets, service marks (and the goodwill associated therewith) and other intellectual property rights. Employee agrees to execute and deliver to the Company any transfers, assignments, documents or other instruments which the Company may deem necessary or appropriate, from time to time, to protect the rights granted

herein or to vest complete title and ownership of any and all Work Product, and all associated intellectual property and other rights therein, exclusively in the Company.

17. Non-Interference with Employees. Through employment and thereafter through the Restricted Period, Employee will not, either directly or indirectly, alone or in conjunction with any other person or Entity: actively recruit, solicit, attempt to solicit, induce or attempt to induce any person who is an exempt employee of the Company or any of its subsidiaries or affiliates (or has been within the last 6 months) to leave or cease such employment for any reason whatsoever;

18. Non-Interference with Business Relationships.

a. Employee acknowledges that, in the course of employment, Employee will learn about Company's business, services, materials, programs and products and the manner in which they are developed, marketed, serviced and provided. Employee knows and acknowledges that the Company has invested considerable time and money in developing its product sales and real estate development programs and relationships, vendor and other service provider relationships and agreements, store layouts and fixtures, and marketing techniques and that those things are unique and original. Employee further acknowledges that the Company has a strong business reason to keep secret information relating to Company's business concepts, ideas, programs, plans and processes, so as not to aid Company's competitors. Accordingly, Employee acknowledges and agrees that the protection outlined in (b) below is necessary and reasonable.

b. During the Restricted Period, Employee will not, on Employee's own behalf or on behalf of any other person or Entity, solicit, contact, call upon, or communicate with any person or entity or any representative of any person or entity who has a business relationship with Company and with whom Employee had contact while employed, if such contact or communication would likely interfere with Company's business relationships or result in an unfair competitive advantage over Company.

19. Agreement Not to Work in Competitive Position. Employee covenants and agrees not to accept, obtain or work in a Competitive Position for a company or entity that operates anywhere within the Territory for the Restricted Period.

20. Acknowledgements Regarding Sections 15 — 19.

a. Employee and Company expressly covenant and agree that the scope, territorial, time and other restrictions contained in Sections 15 through 19 of this Agreement

constitute the most reasonable and equitable restrictions possible to protect the business interests of the Company given: (i) the business of the Company; (ii) the competitive nature of the Company's industry; and (iii) that Employee's skills are such that Employee could easily find alternative, commensurate employment or consulting work in Employee's field which would not violate any of the provisions of this Agreement.

b. Employee acknowledges that the compensation and benefits described in Sections 5, 11 and 12 are also in consideration of his/her covenants and agreements contained in Sections 15 through 19 hereof and that a breach by Employee of the obligations contained in Sections 15 through 19 hereof shall forfeit Employee's right to such compensation and benefits.

c. Employee acknowledges and agrees that a breach by Employee of the obligations set forth in Sections 15 through 19 will likely cause Company irreparable injury and that, in such event, the Company shall be entitled to injunctive relief in addition to such other and further relief as may be proper.

d. The parties agree that if, at any time, a court of competent jurisdiction determines that any of the provisions of Section 15 through 19 are unreasonable under Tennessee law as to time or area or both, the Company shall be entitled to enforce this Agreement for such period of time or within such area as may be determined reasonable by such court.

21. Return of Materials. Upon Employee's termination, Employee shall return to the Company all written, electronic, recorded or graphic materials of any kind belonging or relating to the Company or its affiliates, including any originals, copies and abstracts in Employee's possession or control.

22. General Provisions.

a. Amendment. This Agreement may be amended or modified only by a writing signed by both of the parties hereto.

b. Binding Agreement. This Agreement shall inure to the benefit of and be binding upon Employee, his/her heirs and personal representatives, and the Company and its successors and assigns.

c. Waiver Of Breach: Specific Performance. The waiver of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other breach.

Each of the parties to this Agreement will be entitled to enforce this Agreement, specifically, to recover damages by reason of any breach of this Agreement, and to exercise all other rights existing in that party's favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any party may apply to any court of law or equity of competent jurisdiction for specific performance or injunctive relief to enforce or prevent any violations of the provisions of this Agreement.

d. Unsecured General Creditor. The Company shall neither reserve nor specifically set aside funds for the payment of its obligations under this Agreement, and such obligations shall be paid solely from the general assets of the Company.

e. No Effect On Other Arrangements. It is expressly understood and agreed that the payments made in accordance with this Agreement are in addition to any other benefits or compensation to which Employee may be entitled or for which Employee may be eligible.

f. Tax Withholding. There shall be deducted from each payment under this Agreement the amount of any tax required by any governmental authority to be withheld and paid over by the Company to such governmental authority for the account of Employee.

g. Notices.

(i) All notices and all other communications provided for herein shall be in writing and delivered personally to the other designated party, or mailed by certified or registered mail, return receipt requested, or delivered by a recognized national overnight courier service, or sent by facsimile, as follows:

If to Company to: Dollar General Corporation
 Attn: General Counsel
 100 Mission Ridge
 Goodlettsville, TN 37072-2171
 Facsimile: (615) 855-5517

If to Employee to: (Last address of Employee known to Company unless otherwise directed in writing by Employee)

(ii) All notices sent under this Agreement shall be deemed given twenty-four (24) hours after sent by facsimile or courier, seventy-two (72) hours after sent by certified or registered mail and when delivered if by personal delivery.

(iii) Either party hereto may change the address to which notice is to be sent hereunder by written notice to the other party in accordance with the provisions of this Section.

h. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee (without giving effect to conflict of laws).

i. Entire Agreement. This Agreement contains the full and complete understanding of the parties hereto with respect to the subject matter contained herein and, unless specifically provided herein, this Agreement supersedes and replaces any prior agreement, either oral or written, which Employee may have with Company that relates generally to the same subject matter.

j. Assignment. This Agreement may not be assigned by Employee, and any attempted assignment shall be null and void and of no force or effect.

k. Severability. If any one or more of the terms, provisions, covenants or restrictions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, void or unenforceable, then the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect, and to that end the provisions hereof shall be deemed severable.

l. Section Headings. The Section headings set forth herein are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement whatsoever.

m. Voluntary Agreement. Employee and Company represent and agree that each has reviewed all aspects of this Agreement, has carefully read and fully understands all provisions of this Agreement, and is voluntarily entering into this Agreement. Each party represents and agrees that such party has had the opportunity to review any and all aspects of this Agreement with legal, tax or other adviser(s) of such party's choice before executing this Agreement.

n. Deferred Compensation Omnibus Provision. It is intended that any payment or benefit which is provided pursuant to or in connection with this Agreement which is considered to be deferred compensation subject to Section 409A of the Internal Revenue Code ("Code Section 409A") shall be paid and provided in a manner, and at such time, including without limitation payment and provision of benefits only in connection with the

occurrence of a permissible payment event contained in Code Section 409A (e.g. death, disability, separation from service from the Company and its affiliates as defined for purposes of Code Section 409A), and in such form, as complies with the applicable requirements of Code Section 409A to avoid the unfavorable tax consequences provided therein for non-compliance. In connection with effecting such compliance with Code Section 409A, the following shall apply:

(i) Notwithstanding any other provision of this Agreement, the Company is authorized to amend this Agreement, to void or amend any election made by Employee under this Agreement and/or to delay the payment of any monies and/or provision of any benefits in such manner as may be determined by it to be necessary or appropriate to comply, or to evidence or further evidence required compliance, with Code Section 409A (including any transition or grandfather rules thereunder).

(ii) Neither Employee nor the Company shall take any action to accelerate or delay the payment of any monies and/or provision of any benefits in any manner which would not be in compliance with Code Section 409A (including any transition or grandfather rules thereunder).

(iii) If Employee is a specified employee for purposes of Code Section 409A(a)(2)(B)(i), any payment or provision of benefits in connection with a separation from service payment event (as determined for purposes of Code Section 409A) shall not be made until six months after Employee's separation from service (the "409A Deferral Period"). In the event such payments are otherwise due to be made in installments or periodically during the 409A Deferral Period, the payments which would otherwise have been made in the 409A Deferral Period shall be accumulated and paid in a lump sum as soon as the 409A Deferral Period ends, and the balance of the payments shall be made as otherwise scheduled. In the event benefits are required to be deferred, any such benefit may be provided during the 409A Deferral Period at Employee's expense, with Employee having a right to reimbursement from the Company once the 409A Deferral Period ends, and the balance of the benefits shall be provided as otherwise scheduled.

(iv) If a Change in Control occurs but the Change in Control does not constitute a change in control event within the meaning of Code Section 409A (a "409A Change in Control"), then payment of any amount or provision of any benefit

under this Agreement which is considered to be deferred compensation subject to Code Section 409A shall be deferred until another permissible payment event contained in Code Section 409A occurs (e.g., death, disability, separation from service from the Company and its affiliated companies as defined for purposes of Code Section 409A), including any deferral of payment or provision of benefits for the 409A Deferral Period as provided above.

(v) For purposes of this Agreement, all rights to payments and benefits hereunder shall be treated as rights to receive a series of separate payments and benefits to the fullest extent allowed by Code Section 409A. If under this Agreement, an amount is to be paid in two or more installments, for purposes of Code Section 409A, each installment shall be treated as a separate payment. In the event any payment payable upon termination of employment would be exempt from Code Section 409A under Treas. Reg. § 1.409A-1(b)(9)(iii) but for the amount of such payment, the determination of the payments to Employee that are exempt under such provision shall be made by applying the exemption to payments based on chronological order beginning with the payments paid closest in time on or after such termination of employment.

(vi) For purposes of determining time of (but not entitlement to) payment or provision of deferred compensation under this Agreement under Code Section 409A in connection with a termination of employment, termination of employment will be read to mean a “separation from service” within the meaning of Code Section 409A where it is reasonably anticipated that no further services would be performed after that date or that the level of bona fide services Employee would perform after that date (whether as an employee or independent contractor) would permanently decrease to less than 50% of the average level of bona fide services performed over the immediately preceding thirty-six (36) month period.

(vii) For purposes of this Agreement, a key employee for purposes of Code Section 409A(a)(2)(B)(i) shall be determined on the basis of the applicable 12—month period ending on the specified employee identification date designated by the Company consistently for purposes of this Agreement and similar agreements or, if no such designation is made, based on the default rules and regulations under Code Section 409A(a)(2)(B)(i).

(viii) Notwithstanding any other provision of this Agreement, the Company shall not be liable to Employee if any payment or benefit which is to be provided pursuant to this Agreement and which is considered deferred compensation subject to Code Section 409A otherwise fails to comply with, or be exempt from, the requirements of Code Section 409A.

(ix) With regard to any provision herein that provides for reimbursement of expenses or in-kind benefits that are subject to Code Section 409A, except as permitted by Code Section 409A, (x) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit, and (y) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year of Employee shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year of Employee, provided that the foregoing clause (y) shall not be violated with regard to expenses reimbursed under any arrangement covered by Code Section 105(b) solely because such expenses are subject to a limit related to the period the arrangement is in effect. All reimbursements shall be reimbursed in accordance with the Company's reimbursement policies but in no event later than Employee's taxable year following Employee's taxable year in which the related expense is incurred.

(x) When, if ever, a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within ten (10) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

IN WITNESS WHEREOF, the parties hereto have executed, or caused their duly authorized representative to execute this Agreement to be effective as of the Effective Date.

Date: 3-21-13

DOLLAR GENERAL CORPORATION

By: /s/ S. Lanigan

Name: Susan Lanigan

Title: EVP, GC

“EMPLOYEE”

/s/ John W. Flanigan

John W. Flanigan

Date: 3-20-13

Witnessed By:

/s/ Kelly Degnan

Name of Witness

Addendum to Employment Agreement with John W. Flanigan

RELEASE AGREEMENT

THIS RELEASE ("Release") is made and entered into by and between John W. Flanigan ("Employee") and **DOLLAR GENERAL CORPORATION**, and its successor or assigns ("Company").

WHEREAS, Employee and Company have agreed that Employee's employment with Dollar General Corporation shall terminate on ;

WHEREAS, Employee and the Company have previously entered into that certain Employment Agreement, effective ("Agreement"), in which the form of this Release is incorporated by reference;

WHEREAS, Employee and Company desire to delineate their respective rights, duties and obligations attendant to such termination and desire to reach an accord and satisfaction of all claims arising from Employee's employment, and termination of employment, with appropriate releases, in accordance with the Agreement;

WHEREAS, the Company desires to compensate Employee in accordance with the Agreement for service Employee has provided and/or will provide for the Company;

NOW, THEREFORE, in consideration of the premises and the agreements of the parties set forth in this Release, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby covenant and agree as follows:

1. Claims Released Under This Agreement.

In exchange for receiving the payments and benefits described in Section 11 and 12 of the Agreement, Employee hereby voluntarily and irrevocably waives, releases, dismisses with prejudice, and withdraws all claims, complaints, suits or demands of any kind whatsoever (whether known or unknown) which Employee ever had, may have, or now has against Company and other current or former subsidiaries or affiliates of the Company and their past, present and future officers, directors, employees, agents, insurers and attorneys (collectively, the "Releasees"), arising from or relating to (directly or indirectly) Employee's employment or the termination of employment or other events that have occurred as of the date of execution of this Agreement, including but not limited to:

a. claims for violations of Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Fair Labor Standards Act, the Civil Rights Act of 1991, the Americans With Disabilities Act, the Equal Pay Act, the Family and Medical Leave Act, 42 U.S.C. § 1981, the Sarbanes Oxley Act of 2002, the National Labor Relations Act, the Labor Management Relations Act, the Genetic Information Nondiscrimination Act, the Uniformed Services Employment and Reemployment Rights Act, Executive Order 11246, Executive Order 11141, the Rehabilitation Act of 1973, or the Employee Retirement Income Security Act;

b. claims for violations of any other federal or state statute or regulation or local ordinance;

c. claims for lost or unpaid wages, compensation, or benefits, defamation, intentional or negligent infliction of emotional distress, assault, battery, wrongful or constructive discharge, negligent hiring, retention or supervision, fraud, misrepresentation, conversion, tortious interference, breach of contract, or breach of fiduciary duty;

d. claims to benefits under any bonus, severance, workforce reduction, early retirement, outplacement, or any other similar type plan sponsored by the Company (except for those benefits owed under any other plan or agreement covering Employee which shall be governed by the terms of such plan or agreement); or

e. any other claims under state law arising in tort or contract.

2. Claims Not Released Under This Agreement.

In signing this Release, Employee is not releasing any claims that may arise under the terms of this Release or which may arise out of events occurring after the date Employee executes this Release.

Employee also is not releasing claims to benefits that Employee is already entitled to receive under any other plan or agreement covering Employee which shall be governed by the terms of such plan or agreement. However, Employee understands and acknowledges that nothing herein is intended to or shall be construed to require the Company to institute or continue in effect any particular plan or benefit sponsored by the Company, and the Company hereby reserves the right to amend or terminate any of its benefit programs at any time in accordance with the procedures set forth in such plans. Employee further understands and acknowledges that any continuing obligation under a Company incentive-based plan, program or arrangement or pursuant to any Company policy

or provision regarding recoupment of compensation is not altered by this Release and nothing herein is intended to nor shall be construed otherwise.

Nothing in this Release shall prohibit Employee from engaging in activities required or protected under applicable law or from communicating, either voluntarily or otherwise, with any governmental agency concerning any potential violation of the law.

3. **No Assignment of Claim.** Employee represents that Employee has not assigned or transferred, or purported to assign or transfer, any claims or any portion thereof or interest therein to any party prior to the date of this Release.

4. **Compensation.** In accordance with the Agreement, the Company agrees to pay Employee or, if Employee becomes eligible for payments and benefits under Section 11 and 12 but dies before receipt thereof, Employee's spouse or estate, as the case may be, the amounts provided in Section 11 and 12 of the Agreement.

5. **Publicity; No Disparaging Statement.** Except as otherwise provided in Section 14 of the Agreement, Section 2 of this Release, and as privileged by law, Employee and the Company covenant and agree that they shall not engage in any communications with persons outside the Company which shall disparage one another or interfere with their existing or prospective business relationships.

6. **No Admission Of Liability.** This Release shall not in any way be construed as an admission by the Company or Employee of any improper actions or liability whatsoever as to one another, and each specifically disclaims any liability to or improper actions against the other or any other person.

7. **Voluntary Execution.** Employee warrants, represents and agrees that Employee has been encouraged in writing to seek advice regarding this Release from an attorney and tax advisor prior to signing it; that this Release represents written notice to do so; that Employee has been given the opportunity and sufficient time to seek such advice; and that Employee fully understands the meaning and contents of this Release. Employee further represents and warrants that Employee was not coerced, threatened or otherwise forced to sign this Release, and that Employee's signature appearing hereinafter is voluntary and genuine. EMPLOYEE UNDERSTANDS THAT EMPLOYEE MAY TAKE UP TO TWENTY-ONE (21) DAYS (OR, IN THE CASE OF AN EXIT INCENTIVE OR OTHER EMPLOYMENT TERMINATION PROGRAM OFFERED TO A GROUP OR CLASS OF EMPLOYEES, UP TO FORTY-FIVE (45) DAYS) TO CONSIDER WHETHER TO ENTER INTO THIS RELEASE.

8. Ability to Revoke Agreement. EMPLOYEE UNDERSTANDS THAT THIS RELEASE MAY BE REVOKED BY EMPLOYEE BY NOTIFYING THE COMPANY IN WRITING OF SUCH REVOCATION WITHIN SEVEN (7) DAYS OF EMPLOYEE'S EXECUTION OF THIS RELEASE AND THAT THIS RELEASE IS NOT EFFECTIVE UNTIL THE EXPIRATION OF SUCH SEVEN (7) DAY PERIOD. EMPLOYEE UNDERSTANDS THAT UPON THE EXPIRATION OF SUCH SEVEN (7) DAY PERIOD THIS RELEASE WILL BE BINDING UPON EMPLOYEE AND EMPLOYEE'S HEIRS, ADMINISTRATORS, REPRESENTATIVES, EXECUTORS, SUCCESSORS AND ASSIGNS AND WILL BE IRREVOCABLE.

Acknowledged and Agreed To:

“COMPANY”

DOLLAR GENERAL CORPORATION

By: _____

Its: _____

I UNDERSTAND THAT BY SIGNING THIS RELEASE, I AM GIVING UP RIGHTS I MAY HAVE. I UNDERSTAND THAT I DO NOT HAVE TO SIGN THIS RELEASE.

“EMPLOYEE”

Date _____

WITNESSED BY:

Date _____

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”), effective March 24, 2013 (“Effective Date”), is made and entered into by and between **DOLLAR GENERAL CORPORATION** (the “Company”), and **Robert D. Ravener** (“Employee”).

WITNESSETH:

WHEREAS, Company desires to employ Employee upon the terms and subject to the conditions hereinafter set forth, and Employee desires to accept such employment;

NOW, THEREFORE, for and in consideration of the premises, the mutual promises, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Employment. Subject to the terms and conditions of this Agreement, the Company agrees to employ Employee as Executive Vice President, Chief People Officer of the Company.

2. Term. The term of this Agreement shall be until March 31, 2015 (“Term”), unless otherwise terminated pursuant to Sections 7, 8, 9, 10 or 11 hereof. The Term shall be automatically extended from month to month, for up to six (6) months, unless the Company gives written notice to Employee at least one month prior to the expiration of the original or any extended Term that no extension or further extension, as applicable, will occur or unless the Company replaces this Agreement with a new agreement or, in writing, extends or renews the Term of this Agreement for a period that is longer than six months from the expiration of the original Term. Unless otherwise noted, all references to the “Term” shall be deemed to refer to the original Term and any extension or renewal thereof.

3. Position, Duties and Administrative Support.

a. Position. Employee shall perform the duties of the position noted in Section 1 above and shall perform such other duties and responsibilities as Employee’s supervisor or the Company’s CEO may reasonably direct.

b. Full-Time Efforts. Employee shall perform and discharge faithfully and diligently such duties and responsibilities and shall devote Employee’s full-time efforts to the business and affairs of Company. Employee agrees to promote the best interests of the Company and to take no action that is likely to damage the public image or reputation of the Company, its subsidiaries or its affiliates.

c. **Administrative Support.** Employee shall be provided with office space and administrative support.

d. **No Interference With Duties.** Employee shall not devote time to other activities which would inhibit or otherwise interfere with the proper performance of Employee's duties and shall not be directly or indirectly concerned or interested in any other business occupation, activity or interest other than by reason of holding a non-controlling interest as a shareholder, securities holder or debenture holder in a corporation quoted on a nationally recognized exchange (subject to any limitations in the Company's Code of Business Conduct and Ethics). Employee may not serve as a member of a board of directors of a for-profit company, other than the Company or any of its subsidiaries or affiliates, without the express approval of the CEO and the Board (or an authorized Board committee). Under no circumstances may Employee serve on more than one other board of a for-profit company.

4. **Work Standard.** Employee agrees to comply with all terms and conditions set forth in this Agreement, as well as all applicable Company work policies, procedures and rules. Employee also agrees to comply with all federal, state and local statutes, regulations and public ordinances governing Employee's performance hereunder.

5. **Compensation.**

a. **Base Salary.** Subject to the terms and conditions set forth in this Agreement, the Company shall pay Employee, and Employee shall accept, an annual base salary ("Base Salary") of no less than Four Hundred Eighty-Three Thousand Nine Hundred Sixty-Three Dollars (\$483,963.00). The Base Salary shall be paid in accordance with Company's normal payroll practices (but no less frequently than monthly) and may be increased from time to time at the sole discretion of the Company.

b. **Incentive Bonus.** Employee's incentive compensation for the Term of this Agreement shall be determined under the Company's annual bonus program for officers at Employee's grade level, as it may be amended from time to time. The actual bonus paid pursuant to this Section 5(b), if any, shall be based on criteria established by the Board, its Compensation Committee and/or the CEO, as applicable, in accordance with the terms and conditions of the annual bonus program for officers. Any bonus payments due hereunder shall be payable to the Employee no later than 2 1/2 months after the end of the Company's taxable year or the calendar year, whichever is later, in which Employee is first vested in

such bonus payments for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code").

c. **Vacation.** Employee shall be entitled to three weeks paid vacation time within the first year of employment. After five years of employment, Employee shall be entitled to four weeks paid vacation. Vacation time is granted on the anniversary of Employee's hire date each year. Any available but unused vacation as of the annual anniversary of employment date or at Employee's termination date shall be forfeited.

d. **Business Expenses.** Employee shall be reimbursed for all reasonable business expenses incurred in carrying out the work hereunder. Employee shall adhere to the Company's expense reimbursement policies and procedures. In no event will any such reimbursement be made later than the last day of Employee's taxable year following Employee's taxable year in which Employee incurs the reimbursable expense.

e. **Perquisites.** Employee shall be entitled to receive such other executive perquisites, fringe and other benefits as are provided to officers at the same grade level under any of the Company's plans and/or programs in effect from time to time.

6. **Benefits.** During the Term, Employee (and, where applicable, Employee's eligible dependents) shall be eligible to participate in those various Company welfare benefit plans, practices and policies in place during the Term (including, without limitation, medical, pharmacy, dental, vision, disability, employee life, accidental death and travel accident insurance plans and other programs, if any) to the extent allowed under and in accordance with the terms of those plans. In addition, Employee shall be eligible to participate, pursuant to their terms, in any other benefit plans offered by the Company to similarly-situated officers or other employees from time to time during the Term (excluding plans applicable solely to certain officers of the Company in accordance with the express terms of such plans). Collectively the plans and arrangements described in this Section 6, as they may be amended or modified in accordance with their terms, are hereinafter referred to as the "Benefits Plans." Notwithstanding the above, Employee understands and acknowledges that Employee is not eligible for benefits under any other severance plan, program, or policy maintained by the Company, if any exists, and that the only severance benefits Employee is entitled to are set forth in this Agreement.

7. **Termination for Cause.** This Agreement is not intended to change the at-will nature of Employee's employment with Company, and it may be terminated at any time by either party, with or without cause. If this Agreement and Employee's employment are terminated by Company

for "Cause" (Termination for Cause) as that term is defined below, it will be without any liability owing to Employee or Employee's dependents and beneficiaries under this Agreement, (recognizing, however, that benefits covered by or owed under any other plan or agreement covering Employee shall be governed by the terms of such plan or agreement). Any one of the following conditions or Employee conduct shall constitute "Cause":

- a. Any act involving fraud or dishonesty, or any material act of misconduct relating to Employee's performance of his or her duties hereunder;
- b. Any material breach of any SEC or other law or regulation or any Company policy governing trading or dealing with stocks, securities, public debt instruments, bonds, or investments and the like or with inappropriate disclosure or "tipping" relating to any stock, security, public debt instrument, bond or investment;
- c. Any material violation of the Company's Code of Business Conduct and Ethics (or the equivalent code in place at the time);
- d. Other than as required by law, the carrying out of any activity or the making of any public statement which prejudices or reduces the good name and standing of Company or any of its affiliates or would bring any one of these into public contempt or ridicule;
- e. Attendance at work in a state of intoxication or being found with any drug or substance possession of which would amount to a criminal offense;
- f. Assault or other act of violence;
- g. Conviction of or plea of guilty or nolo contendere to any felony whatsoever or any misdemeanor that would preclude employment under the Company's hiring policy; or
- h. Willful or repeated refusal or failure substantially to perform Employee's material obligations and duties hereunder or those reasonably directed by Employee's supervisor, the CEO and/or the Board (except in connection with a Disability).

A termination for Cause shall be effective when the Company has given Employee written notice of its intention to terminate for Cause, describing those acts or omissions that are believed to constitute Cause, and has given Employee ten days to respond.

8. Termination upon Death. Notwithstanding anything herein to the contrary, this Agreement shall terminate immediately upon Employee's death, and the Company shall have no further liability to Employee or Employee's dependents and beneficiaries under this Agreement,

except for those benefits owed under any other plan or agreement covering Employee which shall be governed by the terms of such plan or agreement.

9. Disability. If a Disability (as defined below) of Employee occurs during the Term, unless otherwise prohibited by law, the Company may notify Employee of the Company's intention to terminate Employee's employment. In that event, employment shall terminate effective on the termination date provided in such notice of termination (the "Disability Effective Date"), and this Agreement shall terminate without further liability to Employee, Employee's dependents and beneficiaries, except for those benefits owed under any other plan or agreement covering Employee which shall be governed by the terms of such plan or agreement. In this Agreement, "Disability" means:

a. A long-term disability, as defined in the Company's applicable long-term disability plan as then in effect, if any; or

b. Employee's inability to perform the duties under this Agreement in accordance with the Company's expectations because of a medically determinable physical or mental impairment that (i) can reasonably be expected to result in death or (ii) has lasted or can reasonably be expected to last longer than ninety (90) consecutive days. Under this Section 9(b), unless otherwise required by law, the existence of a Disability shall be determined by the Company, only upon receipt of a written medical opinion from a qualified physician selected by or acceptable to the Company. In this circumstance, to the extent permitted by law, Employee shall, if reasonably requested by the Company, submit to a physical examination by that qualified physician. Nothing in this Section 9(b) is intended to nor shall it be deemed to broaden or modify the definition of "disability" in the Company's long-term disability plan.

10. Employee's Termination of Employment.

a. Notwithstanding anything herein to the contrary, Employee may terminate employment and this Agreement at any time, for no reason, with thirty (30) days written notice to Company (and in the event that Employee is providing notice of termination for Good Reason, Employee must provide such notice within 30 days after the event purported to give rise to Employee's claim for Good Reason first occurs). In such event, Employee shall not be entitled to those payments and benefits listed in Sections 11 or 12 below unless Employee terminates employment for Good Reason, as defined below, or unless Section 11(a)(iii) applies.

b. Upon any termination of employment, Employee shall be entitled to any earned but unpaid Base Salary through the date of termination and such other vested benefits under any other plan or agreement covering Employee which shall be governed by the terms of such plan or agreement. Notwithstanding anything to the contrary herein, such unpaid Base Salary shall be paid to Employee as soon as practicable after the effective date of termination in accordance with the Company's usual payroll practices (not less frequently than monthly); provided, however, that if payment at such time would result in a prohibited acceleration under Section 409A of the Internal Revenue Code, then such amount shall be paid at the time the amount would otherwise have been paid absent such prohibited acceleration.

c. Good Reason shall mean any of the following actions taken by the Company:

(i) A reduction by the Company in Employee's Base Salary or target bonus level;

(ii) The Company shall fail to continue in effect any significant Company-sponsored compensation plan or benefit (without replacing it with a similar plan or with a compensation equivalent), unless such action is in connection with across-the-board plan changes or terminations similarly affecting at least 95 percent of all officers of the Company or 100 percent of officers at the same grade level;

(iii) The Company's principal executive offices shall be moved to a location outside the middle-Tennessee area, or Employee is required (absent mutual agreement) to be based anywhere other than the Company's principal executive offices;

(iv) Without Employee's written consent, the assignment to Employee by the Company of duties inconsistent with, or the significant reduction of the title, powers and functions associated with, Employee's position, title or office as described in Section 3 above, unless such action is the result of a restructuring or realignment of duties and responsibilities by the Company, for business reasons, that leaves Employee at the same rate of Base Salary, annual target bonus opportunity, and officer level (i.e., Executive Vice President, etc.) and with a similar level of responsibility, or unless such action is the result of Employee's failure to meet pre-established and objective performance criteria;

(v) Any material breach by the Company of this Agreement; or

(vi) The failure of any successor (whether direct or indirect, by purchase, merger, assignment, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

Good Reason shall not include Employee's death, Disability or Termination for Cause or Employee's termination for *any* reason other than Good Reason as defined above.

d. Prior to Employee being entitled to the payments or benefits described in Sections 11 or 12 below, the Company shall have the opportunity to cure any claimed event of Good Reason within thirty (30) days after receiving written notice from Employee specifying the same.

11. Termination without Cause or by Employee for Good Reason.

a. The continuation of Base Salary and other payments and benefits described in Section 11(b) shall be triggered *only* upon one or more of the following circumstances:

(i) The Company terminates Employee (as it may do at any time) without Cause; it being understood that termination by death or Disability does not constitute termination without Cause;

(ii) Employee terminates for Good Reason;

(iii) The Company fails to offer to renew, extend or replace this Agreement before, at, or within six (6) months after, the end of its original three-year Term (or any term provided for in a written renewal or extension of the original Term), and Employee resigns from employment with the Company within sixty (60) days after such failure, unless such failure is accompanied by a mutually agreeable severance arrangement between the Company and Employee or is the result of Employee's retirement or other termination from the Company other than for Good Reason notwithstanding the Company's offer to renew, extend or replace this Agreement.

b. In the event of one of the triggers referenced in Sections 11(a)(i) through (iii) above, then, on the sixtieth (60th) day after Employee's termination of employment, but contingent upon the execution and effectiveness of the Release attached hereto and made a part hereof, and subject to Section 22(n) below, Employee shall be entitled to the following:

(i) Continuation of Employee's Base Salary as of the date immediately preceding the termination (or, if the termination of employment is for Good Reason due to the reduction of Employee's Base Salary, then such rate of Base Salary as in effect immediately prior to such reduction) for 24 months, payable in accordance with the Company's normal payroll cycle and procedures (but not less frequently than monthly) with a lump sum payment on the sixtieth (60th) day after Employee's termination of employment of the amounts Employee would otherwise have received during the sixty (60) days after Employee's termination had the payments begun immediately after Employee's termination of employment. Notwithstanding anything to the contrary in this Agreement, the amount of any payment or entitlement to payment of the aforesaid Base Salary continuation shall be forfeited or, if paid, subject to recovery by the Company in the event and to the extent of any base salary earned by the Employee as a result of subsequent employment during the 24 months after Employee's termination of employment. In no event shall Employee be obligated to seek other employment or take any other action by way of mitigation of such amounts payable to Employee and, except as provided in the preceding sentence, such amounts shall not be reduced whether or not the Employee obtains other employment.

(ii) A lump sum payment of two times the amount of the average percentage of target bonus paid or to be paid to employees at the same job grade level of Employee (if any) under the annual bonus programs for officers in respect of the Company's two fiscal years immediately preceding the fiscal year in which the termination date occurs.

(iii) A lump sum payment in an amount equal to two times the annual contribution that would have been made by the Company in respect of the plan year in which such termination of employment occurs for Employee's participation in the Company's medical, pharmacy, dental and vision benefits programs.

(iv) Reasonable outplacement services, as determined and provided by the Company, for one year or until other employment is secured, whichever comes first.

All payments and benefits otherwise provided to Employee pursuant to this Section 11 shall be forfeited if a copy of the Release attached hereto executed by Employee is not provided to the Company within twenty-one (21) days after Employee's termination date (unless

otherwise required by law) or if the Release is revoked; and no payment or benefit hereunder shall be provided to Employee prior to the Company's receipt of the Release and the expiration of the period of revocation provided in the Release. For the avoidance of doubt, this Section 11(b) shall not permit the Company to delay the provision of any payments or benefits beyond the 60th day after Employee's termination date, and consistent with applicable law, the only deferral thereof may be made pursuant to Section 22(n) below in a manner that is compliant with applicable law.

c. In the event that there is a material breach by Employee of any continuing obligations under this Agreement or the Release after termination of employment, any unpaid amounts under this Section 11 shall be forfeited and Company shall retain any other rights available to it under law or equity. Any payments or reimbursements under this Section 11 shall not be deemed the continuation of Employee's employment for any purpose. Except as specifically enumerated in the Release, the Company's payment obligations under this Section 11 will not negate or reduce (i) any amounts otherwise due but not yet paid to Employee by the Company, or (ii) any other amounts payable to Employee outside this Agreement, or (iii) those benefits owed under any other plan or agreement covering Employee which shall be governed by the terms of such plan or agreement. The Company may, at any time and in its sole discretion, make a lump-sum payment of any or all amounts, or any or all remaining amounts, due to Employee under this Section 11 if, or to the extent, the payment is not subject to Section 409A of the Internal Revenue Code.

12. Effect of 280G.

a. Subject to Section 22(n) and contingent upon Employee's timely execution and the effectiveness of the Release attached hereto and made a part hereof as provided in Section 11 hereof, if, prior to, or on March 31, 2015, any payments and benefits become payable by the Company to or for the benefit of Employee (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 12 (such payments and benefits, the "Payments") and such Payments constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code ("Code Section 280G") so that Employee would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code or any interest or penalties with respect to such tax (collectively referred to as the "Excise Tax"), then Employee shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that, after Employee pays all taxes (including any

interest or penalties imposed with respect to such taxes), including, without limitation, any Excise Tax, income tax or other tax (and any interest and penalties imposed with respect thereto), Employee retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing, if the Net After-tax Benefit to Employee resulting from receiving the Gross-Up Payment is less than \$50,000 greater than the Net After-tax Benefit to Employee resulting from having the Payments reduced to the Reduced Amount, then no Gross-Up Payment shall be made and the Payments shall be reduced to the Reduced Amount. Unless Employee and the Company shall otherwise agree (provided such agreement does not cause any payment or benefit hereunder which is deferred compensation covered by Section 409A of the Internal Revenue Code to be in non-compliance with Section 409A of the Internal Revenue Code), in the event the Payments are to be reduced, the Company shall reduce or eliminate the payments or benefits to Employee by first reducing or eliminating those payments or benefits which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the date of the “change in ownership or control” (within the meaning of Code Section 280G) (a “Change in Control”). Any reduction pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing Employee’s rights and entitlements to any benefits or compensation. For purposes hereof:

(i) “Net After-tax Benefit” shall mean the Present Value of a Payment net of all taxes (including any Excise Tax imposed on Employee) with respect thereto, determined by applying the highest marginal rate(s) applicable to an individual for Employee’s taxable year in which the Change in Control occurs.

(ii) “Present Value” shall mean such value determined in accordance with Section 280G(d)(4) of the Internal Revenue Code.

(iii) “Reduced Amount” shall be an amount expressed as a Present Value which maximizes the aggregate Present Value of Payments without causing any Payment to be subject to excise tax under Section 4999 of the Internal Revenue Code or the deduction limitation of Section 280G of the Internal Revenue Code.

b. All determinations required to be made under this Section 12, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be used in arriving at such determination, shall be made by

the tax department of an independent public accounting firm (the "Accounting Firm") or, at Company's discretion, by a recognized compensation consulting firm (the "Consulting Firm") which shall be engaged by the Company prior to the time of the first Payment to Employee. The Accounting Firm or Consulting Firm selected shall not be serving as accountant or auditor for the individual, entity or group effecting the Change in Control. The Accounting Firm or Consulting Firm shall prepare and provide detailed supporting calculations both to the Company and Employee within fifteen (15) business days of the later of (i) the Accounting Firm's or Consulting Firm's engagement to make the required calculations or (ii) the date the Accounting Firm or Consulting Firm obtains all information needed to make the required calculation. Any determination by the Accounting Firm or Consulting Firm shall be binding upon the Company and Employee. All fees and expenses of the Accounting Firm or Consulting Firm shall be borne solely by the Company.

c. Any Gross-Up Payment, as determined pursuant to this Section 12, shall be paid by the Company to Employee within five (5) days of the receipt of the Accounting Firm's or Consulting Firm's determination if the Gross-Up Payment is then required to satisfy an assessment or other current demand for payment made of Employee by federal or state taxing authorities. Gross-Up Payments due at a later date shall be paid to Employee no later than fourteen (14) days prior to the date that Employee's federal or state payment is due. If required by law, the Company shall treat all or any portion of the Gross-Up Payment as being subject to income tax withholding for federal or state tax purposes. Amounts determined by the Company to be subject to federal or state tax withholding will not be paid directly to Employee but shall be timely paid to the respective taxing authority.

d. As a result of the uncertainty in the application of Section 4999 of the Internal Revenue Code at the time of the initial determination by the Accounting Firm or Consulting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that Employee hereafter is required to make a payment of any Excise Tax, the Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company (or any successor or assign) to or for the benefit of Employee. Conversely, if it is later determined that the actual required Gross-Up Payment was less than the amount paid to Employee, Employee shall refund the excess portion to the Company but only to the extent that Employee has not yet paid the excess amount to the taxing authorities or is able to obtain a

refund from the respective taxing authorities of amounts previously paid. The Company may pursue at its own expense the refund on behalf of Employee, and, if requested by the Company, Employee shall reasonably cooperate in such refund effort.

e. All Gross-Up Payments to be made under this Section 12 (other than the Underpayment described in Section 12(d)) must be made no later than the end of the Employee's taxable year next following the Employee's taxable year in which the applicable related taxes are remitted. Any right to reimbursement incurred due to a tax audit or litigation addressing the existence or amount of a tax liability must be made no later than the end of the Employee's taxable year following the Employee's taxable year in which the taxes that are the subject of the audit or litigation are remitted to the taxing authorities or, where no such taxes are remitted, the end of the Employee's taxable year following the year in which the audit is completed or there is a final and non-appealable settlement or the resolution of the litigation.

f. If, during any Term of this Agreement which extends beyond March 31, 2015, any Payments constituting "parachute payments", within the meaning of Code Section 280G, become payable to Employee, no Gross-Up Payment shall be made to Employee and such Payments shall instead be limited to the Capped Amount. The "Capped Amount" shall be the amount otherwise payable, reduced in such amount and to such extent so that no amount of the Payments would constitute an "excess parachute payment" under Code Section 280G. Notwithstanding the preceding sentence but contingent upon Employee's timely execution and the effectiveness of the Release attached hereto and made a part hereof as provided in Section 11 hereof, the Employee's Payments shall not be limited to the Capped Amount if it is determined that Employee would receive at least \$50,000 in greater after-tax proceeds if no such reduction is made. The calculation of the Capped Amount and all other determinations relating to the applicability of Code Section 280G (and the rules and regulations promulgated thereunder) to the payments contemplated by this Agreement shall be made by the tax department of an independent public accounting firm, or, at Company's discretion, by a compensation consulting firm, and such determinations shall be binding upon Employee and the Company. Unless Employee and the Company shall otherwise agree (provided such agreement does not cause any payment or benefit hereunder which is deferred compensation covered by Code Section 409A to be in non-compliance with Code Section 409A), in the event the Payments are to be reduced, the Company shall reduce or eliminate the payments or benefits to Employee by first reducing or eliminating those payments or benefits which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with

payments or benefits which are to be paid the farthest in time from the date of the Change in Control. Any reduction pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing Employee's rights and entitlements to any benefits or compensation.

13. Publicity; No Disparaging Statement. Except as otherwise provided in Section 14 hereof, Employee and the Company covenant and agree that they shall not engage in any communications to persons outside the Company which shall disparage one another or interfere with their existing or prospective business relationships.

14. Confidentiality and Legal Process. Employee agrees to keep the proprietary terms, of this Agreement confidential and to refrain from disclosing any information concerning this Agreement to anyone other than Employee's immediate family and personal agents or advisors. Notwithstanding the foregoing, nothing in this Agreement is intended to prohibit Employee or the Company from performing any duty or obligation that shall arise as a matter of law. Specifically, Employee and the Company shall continue to be under a duty to truthfully respond to any legal and valid subpoena or other legal process. This Agreement is not intended in any way to proscribe Employee's or the Company's right and ability to provide information to any federal, state or local agency in response or adherence to the lawful exercise of such agency's authority.

15. Business Protection Provision Definitions.

a. Preamble. As a material inducement to the Company to enter into this Agreement, and in recognition of the valuable experience, knowledge and proprietary information Employee has gained or will gain while employed, Employee agrees to abide by and adhere to the business protection provisions in Sections 15, 16, 17, 18 and 19 herein.

b. Definitions. For purposes of Sections 15, 16, 17, 18, 19 and 20 herein:

(i) "Competitive Position" shall mean any employment, consulting, advisory, directorship, agency, promotional or independent contractor arrangement between Employee and (x) any person or Entity engaged wholly or in material part in the business in which the Company is engaged (i.e., the discount consumable basic or general merchandise retail business), including but not limited to such other similar businesses as Wal-Mart, Sam's, Target, Costco, K-Mart, Big Lots, BJs Wholesale, Walgreen's, Rite-Aid, CVS, Family Dollar Stores, Fred's, the 99 Cents Stores, Casey's General Stores, Inc., Circle K, 7-11 Stores, Pantry, Inc. and Dollar Tree Stores, or (y) any person or Entity then attempting or planning to enter the discount

consumable basics retail business, whereby Employee is required to perform services on behalf of or for the benefit of such person or Entity which are substantially similar to the services Employee provided or directed at any time while employed by the Company or any of its affiliates.

(ii) "Confidential Information" shall mean the proprietary or confidential data, information, documents or materials (whether oral, written, electronic or otherwise) belonging to or pertaining to the Company, other than "Trade Secrets" (as defined below), which is of tangible or intangible value to the Company and the details of which are not generally known to the competitors of the Company. Confidential Information shall also include any items marked "CONFIDENTIAL" or some similar designation or which are otherwise identified as being confidential.

(iii) "Entity" or "Entities" shall mean any business, individual, partnership, joint venture, agency, governmental agency, body or subdivision, association, firm, corporation, limited liability company or other entity of any kind.

(iv) "Restricted Period" shall mean two (2) years following Employee's termination date.

(v) "Territory" shall include individually and as a total area those states in the United States in which the Company maintains stores at Employee's termination date or those states in which the Company has specific and demonstrable plans to open stores within six months of Employee's termination date.

(vi) "Trade Secrets" shall mean information or data of or about the Company, including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans or lists of actual or potential customers or suppliers that: (A) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; (B) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy; and (C) any other information which is defined as a "trade secret" under applicable law.

(vii) "Work Product" shall mean all tangible work product, property, data, documentation, "know-how," concepts or plans, inventions, improvements,

techniques and processes relating to the Company that were conceived, discovered, created, written, revised or developed by Employee while employed by the Company.

16. Nondisclosure: Ownership of Proprietary Property.

a. In recognition of the Company's need to protect its legitimate business interests, Employee hereby covenants and agrees that, for the Term and thereafter (as described below), Employee shall regard and treat Trade Secrets and Confidential Information as strictly confidential and wholly-owned by the Company and shall not, for any reason, in any fashion, either directly or indirectly, use, sell, lend, lease, distribute, license, give, transfer, assign, show, disclose, disseminate, reproduce, copy, misappropriate or otherwise communicate any Trade Secrets or Confidential Information to any person or Entity for any purpose other than in accordance with Employee's duties under this Agreement or as required by applicable law. This provision shall apply to each item constituting a Trade Secret at all times it remains a "trade secret" under applicable law and shall apply to any Confidential Information, during employment and for the Restricted Period thereafter.

b. Employee shall exercise best efforts to ensure the continued confidentiality of all Trade Secrets and Confidential Information and shall immediately notify the Company of any unauthorized disclosure or use of any Trade Secrets or Confidential Information of which Employee becomes aware. Employee shall assist the Company, to the extent reasonably requested, in the protection or procurement of any intellectual property protection or other rights in any of the Trade Secrets or Confidential Information.

c. All Work Product shall be owned exclusively by the Company. To the greatest extent possible, any Work Product shall be deemed to be "work made for hire" (as defined in the Copyright Act, 17 U.S.C.A. § 101 et seq., as amended), and Employee hereby unconditionally and irrevocably transfers and assigns to the Company all right, title and interest Employee currently has or may have by operation of law or otherwise in or to any Work Product, including, without limitation, all patents, copyrights, trademarks (and the goodwill associated therewith), trade secrets, service marks (and the goodwill associated therewith) and other intellectual property rights. Employee agrees to execute and deliver to the Company any transfers, assignments, documents or other instruments which the Company may deem necessary or appropriate, from time to time, to protect the rights granted

herein or to vest complete title and ownership of any and all Work Product, and all associated intellectual property and other rights therein, exclusively in the Company.

17. Non-Interference with Employees. Through employment and thereafter through the Restricted Period, Employee will not, either directly or indirectly, alone or in conjunction with any other person or Entity: actively recruit, solicit, attempt to solicit, induce or attempt to induce any person who is an exempt employee of the Company or any of its subsidiaries or affiliates (or has been within the last 6 months) to leave or cease such employment for any reason whatsoever;

18. Non-Interference with Business Relationships.

a. Employee acknowledges that, in the course of employment, Employee will learn about Company's business, services, materials, programs and products and the manner in which they are developed, marketed, serviced and provided. Employee knows and acknowledges that the Company has invested considerable time and money in developing its product sales and real estate development programs and relationships, vendor and other service provider relationships and agreements, store layouts and fixtures, and marketing techniques and that those things are unique and original. Employee further acknowledges that the Company has a strong business reason to keep secret information relating to Company's business concepts, ideas, programs, plans and processes, so as not to aid Company's competitors. Accordingly, Employee acknowledges and agrees that the protection outlined in (b) below is necessary and reasonable.

b. During the Restricted Period, Employee will not, on Employee's own behalf or on behalf of any other person or Entity, solicit, contact, call upon, or communicate with any person or entity or any representative of any person or entity who has a business relationship with Company and with whom Employee had contact while employed, if such contact or communication would likely interfere with Company's business relationships or result in an unfair competitive advantage over Company.

19. Agreement Not to Work in Competitive Position. Employee covenants and agrees not to accept, obtain or work in a Competitive Position for a company or entity that operates anywhere within the Territory for the Restricted Period.

20. Acknowledgements Regarding Sections 15 — 19.

a. Employee and Company expressly covenant and agree that the scope, territorial, time and other restrictions contained in Sections 15 through 19 of this Agreement

constitute the most reasonable and equitable restrictions possible to protect the business interests of the Company given: (i) the business of the Company; (ii) the competitive nature of the Company's industry; and (iii) that Employee's skills are such that Employee could easily find alternative, commensurate employment or consulting work in Employee's field which would not violate any of the provisions of this Agreement.

b. Employee acknowledges that the compensation and benefits described in Sections 5, 11 and 12 are also in consideration of his/her covenants and agreements contained in Sections 15 through 19 hereof and that a breach by Employee of the obligations contained in Sections 15 through 19 hereof shall forfeit Employee's right to such compensation and benefits.

c. Employee acknowledges and agrees that a breach by Employee of the obligations set forth in Sections 15 through 19 will likely cause Company irreparable injury and that, in such event, the Company shall be entitled to injunctive relief in addition to such other and further relief as may be proper.

d. The parties agree that if, at any time, a court of competent jurisdiction determines that any of the provisions of Section 15 through 19 are unreasonable under Tennessee law as to time or area or both, the Company shall be entitled to enforce this Agreement for such period of time or within such area as may be determined reasonable by such court.

21. Return of Materials. Upon Employee's termination, Employee shall return to the Company all written, electronic, recorded or graphic materials of any kind belonging or relating to the Company or its affiliates, including any originals, copies and abstracts in Employee's possession or control.

22. General Provisions.

a. Amendment. This Agreement may be amended or modified only by a writing signed by both of the parties hereto.

b. Binding Agreement. This Agreement shall inure to the benefit of and be binding upon Employee, his/her heirs and personal representatives, and the Company and its successors and assigns.

c. Waiver Of Breach: Specific Performance. The waiver of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other breach.

Each of the parties to this Agreement will be entitled to enforce this Agreement, specifically, to recover damages by reason of any breach of this Agreement, and to exercise all other rights existing in that party's favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any party may apply to any court of law or equity of competent jurisdiction for specific performance or injunctive relief to enforce or prevent any violations of the provisions of this Agreement.

d. Unsecured General Creditor. The Company shall neither reserve nor specifically set aside funds for the payment of its obligations under this Agreement, and such obligations shall be paid solely from the general assets of the Company.

e. No Effect On Other Arrangements. It is expressly understood and agreed that the payments made in accordance with this Agreement are in addition to any other benefits or compensation to which Employee may be entitled or for which Employee may be eligible.

f. Tax Withholding. There shall be deducted from each payment under this Agreement the amount of any tax required by any governmental authority to be withheld and paid over by the Company to such governmental authority for the account of Employee.

g. Notices.

(i) All notices and all other communications provided for herein shall be in writing and delivered personally to the other designated party, or mailed by certified or registered mail, return receipt requested, or delivered by a recognized national overnight courier service, or sent by facsimile, as follows:

If to Company to: Dollar General Corporation
Attn: General Counsel
100 Mission Ridge
Goodlettsville, TN 37072-2171
Facsimile: (615) 855-5517

If to Employee to: (Last address of Employee known to Company unless otherwise directed in writing by Employee)

(ii) All notices sent under this Agreement shall be deemed given twenty-four (24) hours after sent by facsimile or courier, seventy-two (72) hours after sent by certified or registered mail and when delivered if by personal delivery.

(iii) Either party hereto may change the address to which notice is to be sent hereunder by written notice to the other party in accordance with the provisions of this Section.

h. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee (without giving effect to conflict of laws).

i. Entire Agreement. This Agreement contains the full and complete understanding of the parties hereto with respect to the subject matter contained herein and, unless specifically provided herein, this Agreement supersedes and replaces any prior agreement, either oral or written, which Employee may have with Company that relates generally to the same subject matter.

j. Assignment. This Agreement may not be assigned by Employee, and any attempted assignment shall be null and void and of no force or effect.

k. Severability. If any one or more of the terms, provisions, covenants or restrictions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, void or unenforceable, then the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect, and to that end the provisions hereof shall be deemed severable.

l. Section Headings. The Section headings set forth herein are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement whatsoever.

m. Voluntary Agreement. Employee and Company represent and agree that each has reviewed all aspects of this Agreement, has carefully read and fully understands all provisions of this Agreement, and is voluntarily entering into this Agreement. Each party represents and agrees that such party has had the opportunity to review any and all aspects of this Agreement with legal, tax or other adviser(s) of such party's choice before executing this Agreement.

n. Deferred Compensation Omnibus Provision. It is intended that any payment or benefit which is provided pursuant to or in connection with this Agreement which is considered to be deferred compensation subject to Section 409A of the Internal Revenue Code ("Code Section 409A") shall be paid and provided in a manner, and at such time, including without limitation payment and provision of benefits only in connection with the

occurrence of a permissible payment event contained in Code Section 409A (e.g. death, disability, separation from service from the Company and its affiliates as defined for purposes of Code Section 409A), and in such form, as complies with the applicable requirements of Code Section 409A to avoid the unfavorable tax consequences provided therein for non-compliance. In connection with effecting such compliance with Code Section 409A, the following shall apply:

(i) Notwithstanding any other provision of this Agreement, the Company is authorized to amend this Agreement, to void or amend any election made by Employee under this Agreement and/or to delay the payment of any monies and/or provision of any benefits in such manner as may be determined by it to be necessary or appropriate to comply, or to evidence or further evidence required compliance, with Code Section 409A (including any transition or grandfather rules thereunder).

(ii) Neither Employee nor the Company shall take any action to accelerate or delay the payment of any monies and/or provision of any benefits in any manner which would not be in compliance with Code Section 409A (including any transition or grandfather rules thereunder).

(iii) If Employee is a specified employee for purposes of Code Section 409A(a)(2)(B)(i), any payment or provision of benefits in connection with a separation from service payment event (as determined for purposes of Code Section 409A) shall not be made until six months after Employee's separation from service (the "409A Deferral Period"). In the event such payments are otherwise due to be made in installments or periodically during the 409A Deferral Period, the payments which would otherwise have been made in the 409A Deferral Period shall be accumulated and paid in a lump sum as soon as the 409A Deferral Period ends, and the balance of the payments shall be made as otherwise scheduled. In the event benefits are required to be deferred, any such benefit may be provided during the 409A Deferral Period at Employee's expense, with Employee having a right to reimbursement from the Company once the 409A Deferral Period ends, and the balance of the benefits shall be provided as otherwise scheduled.

(iv) If a Change in Control occurs but the Change in Control does not constitute a change in control event within the meaning of Code Section 409A (a "409A Change in Control"), then payment of any amount or provision of any benefit

under this Agreement which is considered to be deferred compensation subject to Code Section 409A shall be deferred until another permissible payment event contained in Code Section 409A occurs (e.g., death, disability, separation from service from the Company and its affiliated companies as defined for purposes of Code Section 409A), including any deferral of payment or provision of benefits for the 409A Deferral Period as provided above.

(v) For purposes of this Agreement, all rights to payments and benefits hereunder shall be treated as rights to receive a series of separate payments and benefits to the fullest extent allowed by Code Section 409A. If under this Agreement, an amount is to be paid in two or more installments, for purposes of Code Section 409A, each installment shall be treated as a separate payment. In the event any payment payable upon termination of employment would be exempt from Code Section 409A under Treas. Reg. § 1.409A-1(b)(9)(iii) but for the amount of such payment, the determination of the payments to Employee that are exempt under such provision shall be made by applying the exemption to payments based on chronological order beginning with the payments paid closest in time on or after such termination of employment.

(vi) For purposes of determining time of (but not entitlement to) payment or provision of deferred compensation under this Agreement under Code Section 409A in connection with a termination of employment, termination of employment will be read to mean a “separation from service” within the meaning of Code Section 409A where it is reasonably anticipated that no further services would be performed after that date or that the level of bona fide services Employee would perform after that date (whether as an employee or independent contractor) would permanently decrease to less than 50% of the average level of bona fide services performed over the immediately preceding thirty-six (36) month period.

(vii) For purposes of this Agreement, a key employee for purposes of Code Section 409A(a)(2)(B)(i) shall be determined on the basis of the applicable 12—month period ending on the specified employee identification date designated by the Company consistently for purposes of this Agreement and similar agreements or, if no such designation is made, based on the default rules and regulations under Code Section 409A(a)(2)(B)(i).

(viii) Notwithstanding any other provision of this Agreement, the Company shall not be liable to Employee if any payment or benefit which is to be provided pursuant to this Agreement and which is considered deferred compensation subject to Code Section 409A otherwise fails to comply with, or be exempt from, the requirements of Code Section 409A.

(ix) With regard to any provision herein that provides for reimbursement of expenses or in-kind benefits that are subject to Code Section 409A, except as permitted by Code Section 409A, (x) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit, and (y) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year of Employee shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year of Employee, provided that the foregoing clause (y) shall not be violated with regard to expenses reimbursed under any arrangement covered by Code Section 105(b) solely because such expenses are subject to a limit related to the period the arrangement is in effect. All reimbursements shall be reimbursed in accordance with the Company's reimbursement policies but in no event later than Employee's taxable year following Employee's taxable year in which the related expense is incurred.

(x) When, if ever, a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within ten (10) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

IN WITNESS WHEREOF, the parties hereto have executed, or caused their duly authorized representative to execute this Agreement to be effective as of the Effective Date.

Date: 3-18-13

DOLLAR GENERAL CORPORATION

By: /s/ S. Lanigan

Name: Susan Lanigan

Title: EVP & General Counsel

“EMPLOYEE”

/s/ Robert D. Ravener

Robert D. Ravener

Date: 3/18/2013

Witnessed By:

/s/ Julie L. Filson

Name of Witness

Addendum to Employment Agreement with Robert D. Ravener

RELEASE AGREEMENT

THIS RELEASE ("Release") is made and entered into by and between Robert D. Ravener ("Employee") and **DOLLAR GENERAL CORPORATION**, and its successor or assigns ("Company").

WHEREAS, Employee and Company have agreed that Employee's employment with Dollar General Corporation shall terminate on ;

WHEREAS, Employee and the Company have previously entered into that certain Employment Agreement, effective ("Agreement"), in which the form of this Release is incorporated by reference;

WHEREAS, Employee and Company desire to delineate their respective rights, duties and obligations attendant to such termination and desire to reach an accord and satisfaction of all claims arising from Employee's employment, and termination of employment, with appropriate releases, in accordance with the Agreement;

WHEREAS, the Company desires to compensate Employee in accordance with the Agreement for service Employee has provided and/or will provide for the Company;

NOW, THEREFORE, in consideration of the premises and the agreements of the parties set forth in this Release, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby covenant and agree as follows:

1. Claims Released Under This Agreement.

In exchange for receiving the payments and benefits described in Section 11 and 12 of the Agreement, Employee hereby voluntarily and irrevocably waives, releases, dismisses with prejudice, and withdraws all claims, complaints, suits or demands of any kind whatsoever (whether known or unknown) which Employee ever had, may have, or now has against Company and other current or former subsidiaries or affiliates of the Company and their past, present and future officers, directors, employees, agents, insurers and attorneys (collectively, the "Releasees"), arising from or relating to (directly or indirectly) Employee's employment or the termination of employment or other events that have occurred as of the date of execution of this Agreement, including but not limited to:

a. claims for violations of Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Fair Labor Standards Act, the Civil Rights Act of 1991, the Americans With Disabilities Act, the Equal Pay Act, the Family and Medical Leave Act, 42 U.S.C. § 1981, the Sarbanes Oxley Act of 2002, the National Labor Relations Act, the Labor Management Relations Act, the Genetic Information Nondiscrimination Act, the Uniformed Services Employment and Reemployment Rights Act, Executive Order 11246, Executive Order 11141, the Rehabilitation Act of 1973, or the Employee Retirement Income Security Act;

b. claims for violations of any other federal or state statute or regulation or local ordinance;

c. claims for lost or unpaid wages, compensation, or benefits, defamation, intentional or negligent infliction of emotional distress, assault, battery, wrongful or constructive discharge, negligent hiring, retention or supervision, fraud, misrepresentation, conversion, tortious interference, breach of contract, or breach of fiduciary duty;

d. claims to benefits under any bonus, severance, workforce reduction, early retirement, outplacement, or any other similar type plan sponsored by the Company (except for those benefits owed under any other plan or agreement covering Employee which shall be governed by the terms of such plan or agreement); or

e. any other claims under state law arising in tort or contract.

2. Claims Not Released Under This Agreement.

In signing this Release, Employee is not releasing any claims that may arise under the terms of this Release or which may arise out of events occurring after the date Employee executes this Release.

Employee also is not releasing claims to benefits that Employee is already entitled to receive under any other plan or agreement covering Employee which shall be governed by the terms of such plan or agreement. However, Employee understands and acknowledges that nothing herein is intended to or shall be construed to require the Company to institute or continue in effect any particular plan or benefit sponsored by the Company, and the Company hereby reserves the right to amend or terminate any of its benefit programs at any time in accordance with the procedures set forth in such plans. Employee further understands and acknowledges that any continuing obligation under a Company incentive-based plan, program or arrangement or pursuant to any Company policy

or provision regarding recoupment of compensation is not altered by this Release and nothing herein is intended to nor shall be construed otherwise.

Nothing in this Release shall prohibit Employee from engaging in activities required or protected under applicable law or from communicating, either voluntarily or otherwise, with any governmental agency concerning any potential violation of the law.

3. **No Assignment of Claim.** Employee represents that Employee has not assigned or transferred, or purported to assign or transfer, any claims or any portion thereof or interest therein to any party prior to the date of this Release.

4. **Compensation.** In accordance with the Agreement, the Company agrees to pay Employee or, if Employee becomes eligible for payments and benefits under Section 11 and 12 but dies before receipt thereof, Employee's spouse or estate, as the case may be, the amounts provided in Section 11 and 12 of the Agreement.

5. **Publicity; No Disparaging Statement.** Except as otherwise provided in Section 14 of the Agreement, Section 2 of this Release, and as privileged by law, Employee and the Company covenant and agree that they shall not engage in any communications with persons outside the Company which shall disparage one another or interfere with their existing or prospective business relationships.

6. **No Admission Of Liability.** This Release shall not in any way be construed as an admission by the Company or Employee of any improper actions or liability whatsoever as to one another, and each specifically disclaims any liability to or improper actions against the other or any other person.

7. **Voluntary Execution.** Employee warrants, represents and agrees that Employee has been encouraged in writing to seek advice regarding this Release from an attorney and tax advisor prior to signing it; that this Release represents written notice to do so; that Employee has been given the opportunity and sufficient time to seek such advice; and that Employee fully understands the meaning and contents of this Release. Employee further represents and warrants that Employee was not coerced, threatened or otherwise forced to sign this Release, and that Employee's signature appearing hereinafter is voluntary and genuine. EMPLOYEE UNDERSTANDS THAT EMPLOYEE MAY TAKE UP TO TWENTY-ONE (21) DAYS (OR, IN THE CASE OF AN EXIT INCENTIVE OR OTHER EMPLOYMENT TERMINATION PROGRAM OFFERED TO A GROUP OR CLASS OF EMPLOYEES, UP TO FORTY-FIVE (45) DAYS) TO CONSIDER WHETHER TO ENTER INTO THIS RELEASE.

8. Ability to Revoke Agreement. EMPLOYEE UNDERSTANDS THAT THIS RELEASE MAY BE REVOKED BY EMPLOYEE BY NOTIFYING THE COMPANY IN WRITING OF SUCH REVOCATION WITHIN SEVEN (7) DAYS OF EMPLOYEE'S EXECUTION OF THIS RELEASE AND THAT THIS RELEASE IS NOT EFFECTIVE UNTIL THE EXPIRATION OF SUCH SEVEN (7) DAY PERIOD. EMPLOYEE UNDERSTANDS THAT UPON THE EXPIRATION OF SUCH SEVEN (7) DAY PERIOD THIS RELEASE WILL BE BINDING UPON EMPLOYEE AND EMPLOYEE'S HEIRS, ADMINISTRATORS, REPRESENTATIVES, EXECUTORS, SUCCESSORS AND ASSIGNS AND WILL BE IRREVOCABLE.

Acknowledged and Agreed To:

"COMPANY"

DOLLAR GENERAL CORPORATION

By: _____

Its: _____

I UNDERSTAND THAT BY SIGNING THIS RELEASE, I AM GIVING UP RIGHTS I MAY HAVE. I UNDERSTAND THAT I DO NOT HAVE TO SIGN THIS RELEASE.

"EMPLOYEE"

Date _____

WITNESSED BY:

Date _____

Summary of Non-Employee Director Compensation
(effective April 1, 2013)

We do not compensate for Board service any director who also serves as our employee. We will reimburse directors for certain fees and expenses incurred in connection with continuing education seminars and for travel and related expenses related to Dollar General business.

Each non-employee director receives quarterly payment (prorated as applicable) of the following cash compensation, as applicable:

- \$75,000 annual retainer for service as a Board member;
- \$17,500 annual retainer for service as Lead Director;
- \$17,500 annual retainer for service as chairman of the Audit Committee;
- \$15,000 annual retainer for service as chairman of the Compensation Committee;
- \$10,000 annual retainer for service as chairman of the Nominating & Governance Committee; and
- \$1,500 for each Board or committee meeting in excess of an aggregate of 12 that a director attends during each fiscal year.

In addition, we grant annually to those non-employee directors who are elected or reelected at each applicable shareholders' meeting an equity award under our Amended and Restated 2007 Stock Incentive Plan with an estimated value of \$125,000 on the grant date, as determined by Meridian using economic variables such as the trading price of our common stock, expected volatility of the stock trading prices of similar companies, and the terms of the awards. Sixty percent of this value consists of non-qualified stock options to purchase shares of our common stock ("Options") and 40% consists of restricted stock units payable in shares of our common stock ("RSUs"). The Options will vest as to 25% of the Options and the RSUs will vest as to 33¹/₃% of the award on each of the first four and three anniversaries of the grant date, respectively, in each case subject to the director's continued service on our Board. Directors may elect to defer receipt of shares underlying the RSUs. Any new director appointed after the annual shareholders' meeting but before February 1 of a given year, will receive a full equity award no later than the first regularly scheduled Compensation Committee meeting following the date on which he or she is appointed. Any new director appointed on or after February 1 of a given year but before the next annual shareholders' meeting shall be eligible to receive the next regularly scheduled annual award.

June 4, 2013
The Board of Directors and Shareholders
Dollar General Corporation

We are aware of the incorporation by reference in the Registration Statements (Nos. 333-151047, 333-151049, 333-151655, 333-151661 and 333-163200 on Form S-8 and 333-165799, 333-165800, and 333-187493 on Form S-3) of Dollar General Corporation of our report dated June 4, 2013 relating to the unaudited condensed consolidated interim financial statements of Dollar General Corporation that are included in its Form 10-Q for the quarter ended May 3, 2013.

/s/ Ernst & Young LLP
Nashville, Tennessee

CERTIFICATIONS

I, Richard W. Dreiling, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dollar General Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 4, 2013

/s/ Richard W. Dreiling
Richard W. Dreiling
Chief Executive Officer

I, David M. Tehle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dollar General Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 4, 2013

/s/ David M. Tehle
David M. Tehle
Chief Financial Officer

CERTIFICATIONS
Pursuant to 18 U.S.C. Section 1350

Each of the undersigned hereby certifies that to his knowledge the Quarterly Report on Form 10-Q for the fiscal quarter ended May 3, 2013 of Dollar General Corporation (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard W. Dreiling

Name: Richard W. Dreiling
Title: Chief Executive Officer
Date: June 4, 2013

/s/ David M. Tehle

Name: David M. Tehle
Title: Chief Financial Officer
Date: June 4, 2013
