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**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 4, 2018**

**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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 267,557,504 shares of common stock outstanding on May 25, 2018.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

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

	May 4, 2018	February 2, 2018
	(Unaudited)	(See Note 1)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 283,970	\$ 267,441
Merchandise inventories	3,594,529	3,609,025
Income taxes receivable	28,637	108,265
Prepaid expenses and other current assets	258,900	263,121
Total current assets	<u>4,166,036</u>	<u>4,247,852</u>
Net property and equipment	2,758,369	2,701,282
Goodwill	4,338,589	4,338,589
Other intangible assets, net	1,200,375	1,200,428
Other assets, net	29,861	28,760
Total assets	<u>\$ 12,493,230</u>	<u>\$ 12,516,911</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term obligations	\$ 1,889	\$ 401,345
Accounts payable	2,018,320	2,009,771
Accrued expenses and other	495,371	549,658
Income taxes payable	9,752	4,104
Total current liabilities	<u>2,525,332</u>	<u>2,964,878</u>
Long-term obligations	2,862,497	2,604,613
Deferred income taxes	565,150	515,702
Other liabilities	303,933	305,944
Commitments and contingencies		
Shareholders' equity:		
Preferred stock	—	—
Common stock	234,109	235,141
Additional paid-in capital	3,210,527	3,196,462
Retained earnings	2,795,620	2,698,352
Accumulated other comprehensive loss	(3,938)	(4,181)
Total shareholders' equity	<u>6,236,318</u>	<u>6,125,774</u>
Total liabilities and shareholders' equity	<u>\$ 12,493,230</u>	<u>\$ 12,516,911</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 4, 2018	May 5, 2017
Net sales	\$ 6,114,463	\$ 5,609,625
Cost of goods sold	4,252,214	3,910,642
Gross profit	1,862,249	1,698,983
Selling, general and administrative expenses	1,372,065	1,225,188
Operating profit	490,184	473,795
Interest expense	24,773	25,004
Other (income) expense	—	3,502
Income before income taxes	465,411	445,289
Income tax expense	100,559	165,800
Net income	<u>\$ 364,852</u>	<u>\$ 279,489</u>
Earnings per share:		
Basic	\$ 1.36	\$ 1.02
Diluted	\$ 1.36	\$ 1.02
Weighted average shares outstanding:		
Basic	268,267	274,692
Diluted	269,135	275,215
Dividends per share	\$ 0.29	\$ 0.26

*See notes to condensed consolidated financial statements.*

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

	<u>For the 13 weeks ended</u>	
	<u>May 4, 2018</u>	<u>May 5, 2017</u>
Net income	\$ 364,852	\$ 279,489
Unrealized net gain (loss) on hedged transactions, net of related income tax expense (benefit) of \$86 and \$128, respectively	243	201
Comprehensive income	<u>\$ 365,095</u>	<u>\$ 279,690</u>

*See notes to condensed consolidated financial statements.*

**DOLLAR GENERAL CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)  
(In thousands)

	<b>For the 13 weeks ended</b>	
	<b>May 4, 2018</b>	<b>May 5, 2017</b>
<i>Cash flows from operating activities:</i>		
Net income	\$ 364,852	\$ 279,489
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	109,335	98,586
Deferred income taxes	8,046	9,516
Loss on debt retirement	—	3,502
Noncash share-based compensation	12,406	8,932
Other noncash (gains) and losses	3,340	2,122
Change in operating assets and liabilities:		
Merchandise inventories	12,356	(42,456)
Prepaid expenses and other current assets	3,294	(12,342)
Accounts payable	5,043	56,630
Accrued expenses and other liabilities	(55,124)	(39,511)
Income taxes	85,276	146,137
Other	(176)	(143)
Net cash provided by (used in) operating activities	<u>548,648</u>	<u>510,462</u>
<i>Cash flows from investing activities:</i>		
Purchases of property and equipment	(164,630)	(143,519)
Proceeds from sales of property and equipment	631	131
Net cash provided by (used in) investing activities	<u>(163,999)</u>	<u>(143,388)</u>
<i>Cash flows from financing activities:</i>		
Issuance of long-term obligations	499,495	599,556
Repayments of long-term obligations	(400,330)	(750,275)
Net increase (decrease) in commercial paper outstanding	(237,200)	(22,800)
Costs associated with issuance and retirement of debt	(4,444)	(9,460)
Repurchases of common stock	(150,001)	(88,755)
Payments of cash dividends	(77,657)	(71,294)
Other equity and related transactions	2,017	(5,984)
Net cash provided by (used in) financing activities	<u>(368,120)</u>	<u>(349,012)</u>
Net increase (decrease) in cash and cash equivalents	16,529	18,062
Cash and cash equivalents, beginning of period	267,441	187,915
Cash and cash equivalents, end of period	<u>\$ 283,970</u>	<u>\$ 205,977</u>
<i>Supplemental schedule of noncash investing and financing activities:</i>		
Purchases of property and equipment awaiting processing for payment, included in Accounts payable	\$ 66,684	\$ 47,464

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 for annual financial statements or those normally made in the Company's Annual Report on Form 10-K, including the condensed consolidated balance sheet as of February 2, 2018 which was 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 2, 2018 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 2018 fiscal year is scheduled to be a 52-week accounting period ending on February 1, 2019, and the 2017 fiscal year was a 52-week accounting period that ended on February 2, 2018.

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 4, 2018 and results of operations for the 13-week accounting periods ended May 4, 2018 and May 5, 2017 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. 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.

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 or 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 \$2.1 million and \$0.8 million in the respective 13-week periods ended May 4, 2018 and May 5, 2017. In addition, ongoing estimates of inventory shrinkage and initial markups and markdowns are included in the interim cost of goods sold calculation.

In May 2014, the Financial Accounting Standards Board ("FASB") issued comprehensive new accounting standards related to the recognition of revenue and in August 2015, the FASB deferred the effective date to annual reporting periods beginning after December 15, 2017. The Company adopted this guidance using the modified retrospective approach effective February 3, 2018, and such adoption had no effect on the Company's consolidated results of operations, financial position or cash flows.

In February 2016, the FASB issued new guidance related to lease accounting, which when effective will require a dual approach for lessee accounting under which a lessee will account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability on its balance sheet, with differing methodology for income statement recognition. This guidance is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2018, and early adoption is permitted. Currently, a modified retrospective approach is required for all leases existing or entered into after the beginning of the earliest comparative period in the consolidated financial statements. The FASB has proposed guidance which would allow companies to record the cumulative effect of applying the new standard as an adjustment to the opening balance of retained earnings in the year of adoption, although such guidance has not yet been formally issued. The Company formed a project team to assess and implement the standard, which has completed its

evaluation of existing contractual arrangements for embedded leases. The project team is also testing computations in the Company's lease administration system, integrating interfaces between the lease administration system and the enterprise resource planning systems, and comparing the Company's current accounting policies to the new standard. As a result of the efforts of this project team, the Company has identified its store leases as the area in which it would most likely be affected by the new guidance. The Company's assessment of the impact that adoption of this guidance will have on its consolidated financial statements is ongoing, and the Company anticipates a material impact because it is party to a significant number of lease contracts for its stores.

In October 2016, the FASB issued amendments to existing guidance related to accounting for intra-entity transfers of assets other than inventory, which affects the Company's historical accounting for intra-entity transfers of certain intangible assets. This guidance is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2017. The amendments are applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company adopted this guidance effective February 3, 2018 which resulted in an increase in deferred income tax liabilities and a decrease in retained earnings of \$41.3 million.

In January 2017, the FASB issued amendments to existing guidance related to the subsequent measurement of goodwill. These amendments modify the concept of impairment from the condition that exists when the carrying amount of goodwill exceeds its implied fair value to the condition that exists when the carrying amount of a reporting unit exceeds its fair value. Subsequent to adoption, an entity will perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. This guidance is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2019, and early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The amendments should be applied on a prospective basis. An entity is required to disclose the nature of and reason for the change in accounting principle upon transition. The Company's assessment of the impact that adoption of this guidance will have on its consolidated financial statements is ongoing, but the Company currently does not anticipate a material effect on consolidated results of operations, financial position or cash flows.

## 2. Earnings per share

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

	13 Weeks Ended May 4, 2018			13 Weeks Ended May 5, 2017		
	Net Income	Weighted Average Shares	Per Share Amount	Net Income	Weighted Average Shares	Per Share Amount
Basic earnings per share	\$ 364,852	268,267	\$ 1.36	\$ 279,489	274,692	\$ 1.02
Effect of dilutive share-based awards		868			523	
Diluted earnings per share	\$ 364,852	269,135	\$ 1.36	\$ 279,489	275,215	\$ 1.02

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 share-based awards using the treasury stock method.

Share-based awards 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 awards would be antidilutive, were 0.9 million and 2.6 million in the 2018 and 2017 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 the following 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 Company's 2013 and earlier tax years are not open for further examination by the Internal Revenue Service ("IRS"). The IRS, at its discretion, may choose to examine the Company's 2014 through 2016 fiscal year income tax filings. The Company has various state income tax examinations that are currently in progress. Generally, with few exceptions, the Company's 2014 and later tax years remain open for examination by the various state taxing authorities.

As of May 4, 2018, the total reserves for uncertain tax benefits, interest expense related to income taxes and potential income tax penalties were \$1.1 million, \$0.7 million and \$0.8 million, respectively, for a total of \$2.6 million. This total amount is reflected in noncurrent Other liabilities in the condensed consolidated balance sheet.

The Company's reserve for uncertain tax positions will not be reduced in the coming twelve months as a result of expiring statutes of limitations. As of May 4, 2018, approximately \$1.1 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.

On December 22, 2017, the Tax Cuts and Jobs Act ("TCJA") was enacted. The Company has not fully completed its accounting for the income tax effects of the TCJA. As discussed in SEC Staff Accounting Bulletin No. 118, the accounting for the TCJA should be completed within one year from enactment. During the 13-week period ended May 4, 2018, the Company made no adjustments to the provisional amounts recorded at February 2, 2018. Any adjustments to the provisional amounts recorded at February 2, 2018 will be reflected upon the completion of the Company's accounting for the TCJA.

The effective income tax rates for the 13-week periods ended May 4, 2018 and May 5, 2017 were 21.6% and 37.2%, respectively. The tax rate for the 2018 13-week period was lower than the comparable 2017 13-week period primarily due to the federal tax law changes contained in the TCJA, including the change in the federal income tax rate to 21% in the 2018 period compared to 35% in the 2017 period.

#### 4. Current and long-term obligations

Current and long-term obligations consist of the following:

(In thousands)	May 4, 2018	February 2, 2018
<b>Senior unsecured credit facilities</b>		
Term Facility	\$ 175,000	\$ 175,000
Revolving Facility	—	—
1.875% Senior Notes due April 15, 2018 (net of discount of \$16)	—	399,984
3.250% Senior Notes due April 15, 2023 (net of discount of \$1,263 and \$1,322)	898,737	898,678
4.150% Senior Notes due November 1, 2025 (net of discount of \$615 and \$632)	499,385	499,368
3.875% Senior Notes due April 15, 2027 (net of discount of \$404 and \$413)	599,596	599,587
4.125% Senior Notes due May 1, 2028 (net of discount of \$502)	499,498	—
Unsecured commercial paper notes	193,000	430,200
Capital lease obligations	11,992	12,321
Tax increment financing due February 1, 2035	7,335	7,335
Debt issuance costs, net	(20,157)	(16,515)
	<u>2,864,386</u>	<u>3,005,958</u>
Less: current portion	(1,889)	(401,345)
<b>Long-term portion</b>	<u>\$ 2,862,497</u>	<u>\$ 2,604,613</u>

At May 4, 2018, the Company's senior unsecured credit facilities (the "Facilities") consisted of a \$175.0 million senior unsecured term loan facility (the "Term Facility") and a \$1.25 billion senior unsecured revolving credit facility (the "Revolving Facility") that provides for the issuance of letters of credit up to \$175.0 million. The Term Facility is scheduled to mature on October 20, 2020, and the Revolving Facility is scheduled to mature on February 22, 2022.

Borrowings under the Facilities bear interest at a rate equal to an applicable interest rate 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 interest rate margin for borrowings as of May 4, 2018 was 1.10% for LIBOR borrowings and 0.10% for base-rate borrowings. The Company is also required to pay a facility fee, payable on any used and unused commitment amounts of the Facilities, and customary fees on letters of credit issued under the Revolving Facility. As of May 4, 2018, the commitment fee rate was 0.15%. The applicable interest rate margins for borrowings, the facility fees and the letter of credit fees under the Facilities are subject to adjustment from time to time based on the Company's long-term senior unsecured debt ratings. The weighted average all-in interest rate for borrowings under the Facilities was 3.0% as of May 4, 2018.

The Facilities can be voluntarily prepaid in whole or in part at any time without penalty. There is no required principal amortization under the Facilities. The Facilities contain a number of customary affirmative and negative covenants that, among other things, restrict, subject to certain exceptions, the Company's ability to: incur additional liens; sell all or substantially all of the Company's assets; consummate certain fundamental changes or change in the Company's lines of business; and incur additional subsidiary indebtedness. 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 4, 2018, the Company was in compliance with all such covenants. The Facilities also contain customary events of default.

As of May 4, 2018, the entire balance of the Term Facility was outstanding and, under the Revolving Facility, the Company had no outstanding borrowings, outstanding letters of credit of \$9.1 million, and borrowing availability of \$1.24 billion that, due to its intention to maintain borrowing availability related to the commercial paper program described below, could contribute incremental liquidity of \$861.9 million at May 4, 2018. In addition, as of May 4, 2018, the Company had outstanding letters of credit of \$31.8 million which were issued pursuant to separate agreements.

As of May 4, 2018, the Company had a commercial paper program under which the Company may issue unsecured commercial paper notes (the "CP Notes") from time to time in an aggregate amount not to exceed \$1.0 billion outstanding at any time. The CP Notes may have maturities of up to 364 days from the date of issue and rank equal in right of payment with all of the Company's other unsecured and unsubordinated indebtedness. The Company intends to maintain available commitments under the Revolving Facility in an amount at least equal to the amount of CP Notes outstanding at any time. As of May 4, 2018, the Company's condensed consolidated balance sheet reflected outstanding unsecured CP Notes of \$193.0 million classified as long-term obligations due to its intent and ability to refinance these obligations as long-term debt. An additional \$186.0 million of outstanding CP Notes were held by a wholly-owned subsidiary of the Company and are therefore not reflected on the condensed consolidated balance sheet. As of May 4, 2018, the outstanding CP Notes had a weighted average borrowing rate of 2.3%.

On April 10, 2018, the Company issued \$500.0 million aggregate principal amount of 4.125% senior notes due 2028 (the "2028 Senior Notes"), net of discount of \$0.5 million, which are scheduled to mature on May 1, 2028. Interest on the 2028 Senior Notes is payable in cash on May 1 and November 1 of each year, with the first payment commencing on November 1, 2018. The Company has incurred \$4.4 million of debt issuance costs associated with the issuance of the 2028 Senior Notes. The net proceeds from the offering of the 2028 Senior Notes were used to repay all of the Company's outstanding \$400.0 million senior notes due in 2018 as discussed below, to reduce CP Notes outstanding, and for general corporate purposes.

On April 11, 2017, the Company issued \$600.0 million aggregate principal amount of 3.875% senior notes due 2027 (the "2027 Senior Notes"), net of discount of \$0.4 million, which are scheduled to mature on April 15, 2027. Interest on the 2027 Senior Notes is payable in cash on April 15 and October 15 of each year. The Company incurred \$5.2 million of debt issuance costs associated with the issuance of the 2027 Senior Notes. The net proceeds from the offering of the 2027 Senior Notes were used to repay all of the Company's outstanding senior notes due in 2017 as discussed below and for general corporate purposes.

Effective April 15, 2018, the Company redeemed \$400.0 million aggregate principal amount of outstanding 1.875% senior notes due 2018 (the "2018 Senior Notes"). There was no gain or loss associated with the redemption. The Company funded the redemption price for the 2018 Senior Notes with proceeds from the issuance of the 2028 Senior Notes.

On April 27, 2017, the Company redeemed \$500.0 million aggregate principal amount of outstanding 4.125% senior notes due 2017 (the "2017 Senior Notes"), resulting in a pretax loss of \$3.4 million which is reflected in Other (income) expense in the condensed consolidated statement of income for the 13-weeks ended May 5, 2017. The Company funded the redemption price for the 2017 Senior Notes with proceeds from the issuance of the 2027 Senior Notes.

Scheduled debt maturities at May 4, 2018, including capital lease obligations, for each of the next five annual periods are as follows (in thousands): 2019 - \$194,889; 2020 - \$2,000; 2021 - \$176,940; 2022 - \$1,962; 2023 - \$901,663; thereafter - \$1,609,873.

## 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). The Company does not have any fair value measurements categorized within Level 3 as of May 4, 2018.

The following table presents the Company's assets and liabilities disclosed at fair value as of May 4, 2018, aggregated by the level in the fair value hierarchy within which those measurements are classified.

(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)	Total Fair Value at May 4, 2018
<b>Liabilities:</b>				
Long-term obligations (a)	\$ 2,463,809	\$ 387,108	\$ —	\$ 2,850,917
Deferred compensation (b)	25,486	—	—	25,486

- (a) Included in the condensed consolidated balance sheet at book value as Current portion of long-term obligations of \$1,889 and Long-term obligations of \$2,862,497.
- (b) Reflected at fair value in the condensed consolidated balance sheet as Accrued expenses and other current liabilities of \$2,285 and noncurrent Other liabilities of \$23,201.

## 6. Commitments and contingencies

### Legal proceedings

From time to time, the Company is a party to various legal matters involving claims incidental to the conduct of its business, including actions by employees, consumers, suppliers, government agencies, or others. The Company has recorded accruals with respect to these matters, where appropriate, which are reflected in the Company's consolidated financial statements. For some matters, a liability is not probable or the amount cannot be reasonably estimated and therefore an accrual has not been made.

Except as described below, the Company believes, based upon information currently available, that such matters, both individually and in the aggregate, will be resolved without a material adverse effect on the Company's consolidated financial statements as a whole. However, litigation and other legal matters involve 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 matters, 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.

### Wage and Hour Litigation

The Company is defending the following wage and hour matters (collectively the “Wage/Hour Litigation”):

- California Wage/Hour Litigation (“Key Carriers”): Plaintiffs allege, on behalf of themselves and other similarly situated current and former “key carriers,” that the Company failed to comply with California law, in some or all of the following respects: failure to provide meal and rest periods, failure to provide accurate wage statements, and failure to provide appropriate termination pay. The plaintiffs seek to recover alleged unpaid wages, injunctive relief, consequential damages, pre-judgment interest, statutory penalties under the Private Attorney General Act (the “PAGA”) and attorneys’ fees and costs.
- California Wage/Hour Litigation (“Non Key Carriers”): Plaintiff alleges, on behalf of herself and other current and former “hourly non-key carrier” employees, that the Company failed to comply with California law in some or all of the following respects: failure to pay for all time worked, failure to pay timely wages, failure to provide meal and rest breaks, and failure to provide accurate wage statements and appropriate termination pay. Plaintiff seeks to recover penalties under the PAGA, attorneys’ fees and costs, and pre-judgment and post-judgment interest.
- Pennsylvania Wage/Hour Litigation: Plaintiff, a former distribution center employee, alleges that he and other similarly situated current and former hourly distribution center employees were subjected to unlawful policies and practices and were denied regular and overtime wages in violation of federal and Pennsylvania law. The plaintiff seeks to proceed on a nationwide collective basis under federal law and a statewide class basis under Pennsylvania law and to recover alleged unpaid wages, liquidated damages, statutory damages, and attorneys’ fees and costs.
- Tennessee Wage/Hour Litigation: Plaintiffs allege that they and other similarly situated current and former “key holders” were not paid for all hours worked in violation of federal, Illinois and Tennessee law. The plaintiffs seek to proceed on a nationwide collective basis under federal law and a statewide class basis under Tennessee and Illinois law and to recover alleged unpaid wages, statutory and common law damages, liquidated damages, pre- and post-judgment interest and attorneys’ fees and costs. The Company has reached a preliminary agreement with the plaintiffs, which must be submitted to and approved by the Court, to resolve this matter for an amount not material to the Company’s financial statements as a whole.

The Company is vigorously defending the Wage/Hour Litigation and believes that its policies and practices comply with federal and state laws and that these actions are not appropriate for class or similar treatment. At this time, it is not possible to predict whether these matters will be permitted to proceed as a class or other similar action, or the size of any putative class or classes. Likewise, except as to the resolution of the Tennessee Wage/Hour Litigation, at this time it is not possible to estimate the value of the claims asserted, and no assurances can be given that the Company will be successful in its defense of these matters on the merits or otherwise. For these reasons, except as to the resolution of the Tennessee Wage/Hour Litigation, the Company is unable to estimate any potential loss or range of loss in these matters; however, if the Company is not successful in its defense efforts, the resolution of these actions could have a material adverse effect on the Company’s consolidated financial statements as a whole.

### Other Employment Litigation

The Company is defending the following employment-related matters (collectively the “Employment Litigation”):

- California Suitable Seating Litigation: The plaintiff alleges that the Company failed to provide her and other current and former California store employees with “suitable seats” in violation of California law. The plaintiff seeks to recover penalties under the PAGA, injunctive relief, and attorneys’ fees and costs.
- EEOC Litigation: The United States Equal Employment Opportunity Commission (“EEOC”) alleges that the Company’s use of post offer, pre-employment physical assessments, as applied to candidates for the general warehouse position in the Bessemer, Alabama distribution center, violates the Americans with Disabilities Act and the Genetic Information Nondiscrimination Act.

The Company is vigorously defending the Employment Litigation and believes that its employment policies and practices comply with federal and state law and that these matters are not appropriate for class or similar treatment.

At this time, it is not possible to predict whether these matters will be permitted to proceed as a class or in a similar fashion, or the size of any putative class or classes. Likewise, at this time, it is not possible to estimate the value of the claims asserted, and no assurances can be given that the Company will be successful in its defense of these matters on the merits or otherwise. For these reasons, the Company is unable to estimate any potential loss or range of loss in these matters; however if the Company is not successful in its defense efforts, the resolution of these matters could have a material adverse effect on the Company's consolidated financial statements as a whole.

#### Consumer/Product Litigation

In December 2015 the Company was first notified of several lawsuits in which the plaintiffs allege violation of state law, including state consumer protection laws, relating to the labeling, marketing and sale of certain Dollar General private-label motor oil. Each of these lawsuits, as well as additional, similar lawsuits filed after December 2015, was filed in, or removed to, various federal district courts of the United States (collectively "the Motor Oil Lawsuits").

On June 2, 2016, the United States Judicial Panel on Multidistrict Litigation ("JPML") granted the Company's motion to centralize the Motor Oil Lawsuits in a matter styled *In re Dollar General Corp. Motor Oil Litigation*, Case MDL No. 2709, before the United States District Court for the Western District of Missouri ("Motor Oil MDL"). Subsequently, the plaintiffs in the Motor Oil MDL filed a consolidated amended complaint, in which they seek to certify two nationwide classes and multiple statewide sub-classes and for each putative class member some or all of the following relief: compensatory damages, injunctive relief, statutory damages, punitive damages and attorneys' fees. The Company's motion to dismiss the allegations raised in the consolidated amended complaint was granted in part and denied in part. To the extent additional consumer lawsuits alleging violation of laws relating to the labeling, marketing and sale of Dollar General private-label motor oil have been or will be filed, the Company expects that such lawsuits will be transferred to the Motor Oil MDL.

In May 2017, the Company received a Notice of Proposed Action from the Office of the New Mexico Attorney General (the "New Mexico AG") which alleges that the Company's labeling, marketing and sale of certain Dollar General private-label motor oil violated New Mexico law (the "New Mexico Motor Oil Matter"). The State is represented in connection with this matter by counsel for the plaintiffs in the Motor Oil MDL.

On May 25, 2017, in response to the Notice of Proposed Action, the Company filed an action in New Mexico federal court seeking a declaratory judgment that the New Mexico AG is prohibited by, among other things, the United States Constitution, from pursuing the New Mexico Motor Oil Matter and an order enjoining the New Mexico AG from pursuing such an action. (*Dollar General Corporation v. Hector H. Balderas*, D.N.M., Case No. 1:17-cv-00588). Thereafter, on June 20, 2017, the New Mexico AG filed an action in the First Judicial District Court, County of Santa Fe, New Mexico pertaining to the New Mexico Motor Oil Matter. (*Hector H. Balderas v. Dolgencorp, LLC*, Case No. D-101-cv-2017-01562). The Company removed this matter to New Mexico federal court on July 26, 2017, and filed a motion to dismiss the action. The matter was transferred to the Motor Oil MDL and the New Mexico AG has moved to remand it to state court. (*Hector H. Balderas v. Dolgencorp, LLC*, D.N.M., Case No. 1:17-cv-772). The Company's and the New Mexico AG's above-referenced motions are pending.

On September 1, 2017, the Mississippi Attorney General (the "Mississippi AG"), who also is represented by the counsel for the plaintiffs in the Motor Oil MDL, filed an action in the Chancery Court of the First Judicial District of Hinds County, Mississippi in which the Mississippi AG alleges that the Company's labeling, marketing and sale of certain Dollar General private-label motor oil violated Mississippi law. (*Jim Hood v. Dollar General Corporation*, Case No. G2017-1229 T/1) (the "Mississippi Motor Oil Matter"). The Company removed this matter to Mississippi federal court on October 5, 2017, and filed a motion to dismiss the action. The matter was transferred to the Motor Oil MDL and the Mississippi AG moved to remand it to state court. (*Jim Hood v. Dollar General Corporation*, N.D. Miss., Case No. 3:17-cv-801-LG-LRA). The Company's and the Mississippi AG's above-referenced motions are pending.

On January 30, 2018, the Company received a Civil Investigative Demand ("CID") from the Office of the Louisiana Attorney General ("Louisiana AG") requesting information concerning the Company's labeling, marketing and sale of certain Dollar General private-label motor oil (the "Louisiana Motor Oil Matter"). In response to the CID, the Company filed a petition for a protective order on February 20, 2018 in the 19<sup>th</sup> Judicial District Court for the Parish of East Baton Rouge, Louisiana seeking to set aside the CID. (*In re Dollar General Corp. and Dolgencorp, LLC*, Case No. 666499). The Company's petition is pending.

A mediation held in the Motor Oil MDL on February 26, 2018, was unsuccessful.

The Company is vigorously defending these matters and believes that the labeling, marketing and sale of its private-label motor oil comply with applicable federal and state requirements and are not misleading. The Company further believes that these matters are not appropriate for class or similar treatment. At this time, however, it is not possible to predict whether these matters will be permitted to proceed as a class or in a similar fashion, whether on a statewide or nationwide basis, or the size of any putative class or classes. Likewise, at this time, it is not possible to estimate the value of the claims asserted, and no assurances can be given that the Company will be successful in its defense of these matters on the merits or otherwise. For these reasons, the Company is unable to estimate the potential loss or range of loss in these matters; however, if the Company is not successful in its defense efforts, the resolution of the Motor Oil MDL, the New Mexico Motor Oil Matter, the Mississippi Motor Oil Matter or the Louisiana Motor Oil Matter could have a material adverse effect on the Company's consolidated financial statements as a whole.

#### Shareholder Litigation

The Company defended litigation filed in January and February 2017 in which the plaintiffs, on behalf of themselves and a putative class of shareholders, alleged that between March 10, 2016 and December 1, 2016, the Company and certain of its officers (the "Individual Defendants") violated federal securities laws by misrepresenting the sales impact of changes to certain federal programs that provide supplemental nutritional assistance to individuals. (*Iron Workers Local Union No. 405 Annuity Fund v. Dollar General Corporation, et al.*, M.D. Tenn., Case No. 3:17-cv-00063; *Julia Askins v. Dollar General Corporation, et al.*, M.D. Tenn., Case No. 3:17-cv-00276; *Bruce Velan v. Dollar General Corporation, et al.*, M.D. Tenn., Case No. 3:17-cv-00275) (collectively "the Shareholder Litigation"). The plaintiffs in the Shareholder Litigation sought the following relief: compensatory damages, unspecified equitable relief, pre- and post-judgment interest and attorneys' fees and expenses. The court consolidated the cases, appointed a lead plaintiff and entered a preliminary scheduling order. On March 8, 2018, the court granted the Company's and the Individual Defendants' motion to dismiss the Shareholder Litigation and entered judgment in the Company's and the Individual Defendants' favor. The plaintiffs did not appeal, and this matter is concluded.

The Company also defended shareholder derivative actions filed in April, July and August 2017, in which each plaintiff asserted, purportedly on behalf of the Company, some or all of the following claims against the Company's board of directors and certain of its officers based upon factual allegations substantially similar to those in the Shareholder Litigation: alleged breach of fiduciary duties, unjust enrichment, violation of federal securities laws, abuse of control, and gross mismanagement. (*Robert Anderson v. Todd Vasos, et al.*, M.D. Tenn., Case No. 3:17-cv-00693; *Sharon Shaver v. Todd J. Vasos, et al.*, Chancery Court for the Twentieth Judicial District of Davidson County, Tennessee, Case No. 17-797-I; *Glenn Saito v. Todd Vasos, et al.*, M.D. Tenn., Case No. 3:17-cv-01138) (collectively "the Derivative Litigation"). The plaintiffs in the Derivative Litigation sought, purportedly on behalf of the Company, some or all of the following relief: compensatory damages, injunctive relief, disgorgement, restitution and attorneys' fees and expenses. The *Anderson* and *Saito* cases were consolidated and stayed pending resolution of the motion to dismiss in the Shareholder Litigation, and a similar stay was ordered in the *Shaver* action. Following dismissal of the Shareholder Litigation and the plaintiffs' decision not to appeal the dismissal order in that action, the plaintiffs in the Derivative Litigation voluntarily dismissed those actions as well.

#### 7. Segment reporting

The Company manages its business on the basis of one reportable operating segment. As of May 4, 2018, all of the Company's operations were located within the United States with the exception of certain subsidiaries in Hong Kong and China and a liaison office in India, which collectively are not material with regard to assets, results of operations or otherwise to the condensed consolidated financial statements. 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 4, 2018	May 5, 2017
Classes of similar products:		
Consumables	\$ 4,772,388	\$ 4,315,513
Seasonal	691,031	662,638
Home products	354,633	333,150
Apparel	296,411	298,324
Net sales	<u>\$ 6,114,463</u>	<u>\$ 5,609,625</u>

## **8. Common stock transactions**

On August 29, 2012, the Company's Board of Directors authorized a common stock repurchase program, which the Board has since increased on several occasions. Most recently, on March 14, 2018, the Company's Board of Directors authorized a \$1.0 billion increase to the existing common stock repurchase program. As of May 4, 2018, a cumulative total of \$6.0 billion had been authorized under the program since its inception and approximately \$1.2 billion remained available for repurchase. 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, compliance with the covenants and restrictions under the Company's debt agreements and other factors. Repurchases under the program may be funded from available cash or borrowings including under the Company's Facilities and issuance of CP Notes discussed in further detail in Note 4.

Pursuant to its common stock repurchase program, during the 13-week periods ended May 4, 2018, and May 5, 2017, the Company repurchased in the open market approximately 1.6 million shares of its common stock at a total cost of \$150.0 million and approximately 1.3 million shares of its common stock at a total cost of \$88.8 million, respectively.

The Company paid a quarterly cash dividend of \$0.29 per share during the first quarter of 2018. On May 29, 2018, the Company's Board of Directors declared a quarterly cash dividend of \$0.29 per share, which is payable on or before July 24, 2018 to shareholders of record on July 10, 2018. The amount and declaration of future cash dividends is subject to the sole discretion of the Company's Board of Directors and will depend upon, among other things, the Company's results of operations, cash requirements, financial condition, contractual restrictions and other factors that the Board may deem relevant in its sole discretion.

**Report of Independent Registered Public Accounting Firm**

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

**Results of Review of Interim Financial Statements**

We have reviewed the accompanying condensed consolidated balance sheet of Dollar General Corporation and subsidiaries (the Company) as of May 4, 2018, the related condensed consolidated statements of income, comprehensive income and cash flows for the thirteen week periods ended May 4, 2018 and May 5, 2017, and the related notes (collectively referred to as the “condensed consolidated interim financial statements”). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements 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) (PCAOB), the consolidated balance sheet of the Company as of February 2, 2018, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the year then ended, and the related notes (not presented herein); and in our report dated March 23, 2018, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of February 2, 2018, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

**Basis for Review Results**

These financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements 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 PCAOB, 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.

/s/ Ernst & Young LLP

May 31, 2018  
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 fiscal year ended February 2, 2018. It also should be read in conjunction with the disclosure under "Cautionary Disclosure Regarding Forward-Looking Statements" in this report.

### **Executive Overview**

We are among the largest discount retailers in the United States by number of stores, with 14,761 stores located in 44 states as of May 4, 2018. Our greatest concentration of stores is 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 national brands from leading manufacturers, as well as our own private brand selections. We offer our customers these national brand and private brand products at everyday low prices (typically \$10 or less) in our convenient small-box locations.

We believe our convenient store formats, locations, and broad selection of high-quality products at compelling values have driven our substantial growth and financial success over the years and through a variety of economic cycles. We are mindful that the majority of our customers are value-conscious, and many have low or fixed incomes. As a result, we are intensely focused on helping our customers make the most of their spending dollars. Our core customers are often among the first to be affected by negative or uncertain economic conditions, and are among the last to feel the effects of improving economic conditions particularly when trends are inconsistent and of an uncertain duration. The primary macroeconomic factors that affect our core customers include the unemployment rate, the underemployment rate, wage growth, fuel prices, and changes to certain government assistance programs, such as the Supplemental Nutrition Assistance Program. Additionally, our customers are impacted by increases in those expenses that generally comprise a large portion of their household budget, such as rent and healthcare. Finally, significant unseasonable weather patterns, such as occurred in the first quarter as discussed in "Results of Operations" below, can impact customer shopping behaviors.

We remain committed to the following long-term operating priorities as we consistently strive to improve our performance while retaining our customer-centric focus: 1) driving profitable sales growth, 2) capturing growth opportunities, 3) enhancing our position as a low-cost operator, and 4) investing in our people as a competitive advantage.

We seek to drive profitable sales growth through initiatives aimed at increasing customer traffic and average transaction amount, as well as an ongoing focus on enhancing our gross margins while maintaining both everyday low price and affordability. Several of these initiatives are also designed to capture growth opportunities and are discussed in more detail below. Even as we work to provide everyday low prices and meet our customers' affordability needs, we also remain focused on enhancing our margins through effective category management, inventory shrink reduction initiatives, private brands penetration, distribution and transportation efficiencies, global sourcing and pricing and markdown optimization.

Historically, our sales of consumables, which tend to have lower gross margins, have been the key drivers of net sales and customer traffic, while sales of non-consumables, which tend to have higher gross margins, have contributed to more profitable sales growth and an increase in average transaction amount. In the 2018 first quarter, our sales mix continued to shift slightly toward consumables, and, within consumables, slightly toward lower margin departments such as perishables and tobacco. We expect these trends to continue throughout at least the first half of 2018. Certain of our initiatives, including those related to the non-consumables categories, are intended to address these trends, although there can be no assurance we will be successful in their reversal.

To support our other operating priorities, we remain focused on capturing other growth opportunities. In the first quarter of 2018, we opened 241 new stores, remodeled 322 stores, and relocated 31 stores. For 2018, we plan to open approximately 900 new stores, remodel approximately 1,000 mature store locations, and relocate approximately 100 stores for an approximate total of 2,000 real estate projects.

We continue to innovate within our channel and are able to utilize the most productive of our various store formats based on the specific market opportunity. We expect that our traditional 7,300 square foot store format will continue to be the primary store layout for new stores, relocations and remodels in 2018. We expect approximately 400 of the planned 1,000 remodels in 2018 to include a higher cooler count for increased selection of perishable items. In addition, our smaller format store (less than 6,000 square feet) allows us to capture growth opportunities in metropolitan areas as well as in rural areas with a low number of households. We continue to incorporate lessons learned from our various store formats and layouts into our existing store base with a goal of driving increased customer traffic, average transaction amount, same-store sales and overall store productivity.

We continue to make progress on certain strategic initiatives that we believe will help drive profitable sales growth and capture long-term growth opportunities. Such opportunities include leveraging existing, and developing new, digital tools and technology to provide our customers with additional shopping access points and even greater convenience. Following an in-depth analysis, we are also refreshing our approach to our non-consumables product offerings.

To support our new store growth and drive productivity, we continue to make investments in our distribution center network. Our sixteenth and seventeenth distribution centers in Longview, Texas and Amsterdam, New York, respectively, are currently under construction. We expect both of these distribution centers to open in 2019.

We have established a position as a low-cost operator, always seeking ways to reduce or control costs that do not affect our customers' shopping experience. We plan to continue enhancing this position over time as we aim to continually streamline our business while also employing ongoing cost discipline to reduce certain expenses as a percentage of sales. Nonetheless, we seek to maintain flexibility to invest in the business as necessary to enhance our long-term profitability. We exercised this flexibility in the 2018 first quarter through specific planned investments, such as investments in store manager pay and training. These investments, combined with softer sales in the 2018 first quarter compared to the 2017 first quarter and additional expenses incurred in the 2018 first quarter relating to increased store openings in the second half of 2017, resulted in higher Selling, General & Administrative ("SG&A") expenses as a percentage of sales in the first quarter of 2018 than in the first quarter of 2017, as discussed in more detail below under "Results of Operations."

Our employees are a competitive advantage, and we are always searching for ways to continue investing in them. We invest in our employees in an effort to create an environment that attracts and retains talented personnel, as we believe that, particularly at the store level, employees who are promoted from within our company generally have longer tenures and are greater contributors to improvements in our financial performance. We believe our investments in compensation and training for our store managers are contributing to improved customer experience scores, higher sales and improved turnover metrics.

Highlights of our 2018 first quarter results of operations compared to the 2017 first quarter and our financial condition at May 4, 2018 are set forth below. Basis points amounts referred to below are equal to 0.01% as a percentage of net sales.

- Net sales increased 9.0% to \$6.11 billion. Sales in same-stores increased 2.1% due to an increase in average transaction amount which was partially offset by a decline in customer traffic. Average sales per square foot for all stores over the 52-week period ended May 4, 2018 was \$227.
- Gross profit, as a percentage of net sales, was 30.5% in the 2018 period compared to 30.3% in the 2017 period, an increase of 17 basis points, primarily reflecting higher initial markups on inventory purchases and an improved rate of inventory shrinkage, among other factors discussed below.
- SG&A expense, as a percentage of net sales, was 22.4% in the 2018 period compared to 21.8% in the 2017 period, an increase of 60 basis points, reflecting increased retail labor and occupancy costs, among other factors discussed below.

- Interest expense decreased by \$0.2 million to \$24.8 million in the 2018 period.
- The effective income tax rate for the 2018 period was 21.6% compared to a rate of 37.2% for the 2017 period primarily due to the Tax Cuts and Jobs Act.
- Net income was \$364.9 million, or \$1.36 per diluted share, in the 2018 period compared to net income of \$279.5 million, or \$1.02 per diluted share, in the 2017 period.
- Cash generated from operating activities was \$548.7 million for the 2018 period compared to \$510.5 million in the comparable 2017 period.
- Total cash dividends of \$77.7 million, or \$0.29 per share, were paid during the 2018 period, compared to \$71.3 million, or \$0.26 per share, in the comparable 2017 period.
- Inventory turnover was 4.7 times on a rolling four-quarter basis. On a per store basis, inventories at May 4, 2018 increased by 0.4% over the balances at May 5, 2017.

The above discussion is a summary only. Readers should refer to the detailed discussion of our results of operations below in the current year periods as compared with the prior year periods as well as our financial condition at May 4, 2018.

### **Results of Operations**

*Accounting Periods.* We utilize a 52-53 week fiscal year convention that ends on the Friday nearest to January 31. The following text contains references to years 2018 and 2017, which represent the 52-week fiscal years ending or ended February 1, 2019 and February 2, 2018, respectively. References to the first quarter accounting periods for 2018 and 2017 contained herein refer to the 13-week accounting periods ended May 4, 2018 and May 5, 2017, respectively.

*Seasonality.* The nature of our business is somewhat seasonal. Primarily because of sales of Christmas-related merchandise, operating profit in our fourth quarter (November, December and January) has historically been higher than operating profit achieved in each of the first three quarters of the fiscal year. Expenses, and to a greater extent operating profit, 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-week periods of 2018 and 2017, and the dollar and percentage variances among those periods:

(amounts in millions, except per share amounts)	13 Weeks Ended		2018 vs. 2017	
	May 4, 2018	May 5, 2017	Amount Change	% Change
<b>Net sales by category:</b>				
Consumables	\$ 4,772.4	\$ 4,315.5	\$ 456.9	10.6 %
% of net sales	78.05 %	76.93 %		
Seasonal	691.0	662.6	28.4	4.3
% of net sales	11.30 %	11.81 %		
Home products	354.6	333.2	21.5	6.4
% of net sales	5.80 %	5.94 %		
Apparel	296.4	298.3	(1.9)	(0.6)
% of net sales	4.85 %	5.32 %		
Net sales	\$ 6,114.5	\$ 5,609.6	\$ 504.8	9.0 %
Cost of goods sold	4,252.2	3,910.6	341.6	8.7
% of net sales	69.54 %	69.71 %		
Gross profit	1,862.2	1,699.0	163.3	9.6
% of net sales	30.46 %	30.29 %		
Selling, general and administrative expenses	1,372.1	1,225.2	146.9	12.0
% of net sales	22.44 %	21.84 %		
Operating profit	490.2	473.8	16.4	3.5
% of net sales	8.02 %	8.45 %		
Interest expense	24.8	25.0	(0.2)	(0.9)
% of net sales	0.41 %	0.45 %		
Other (income) expense	—	3.5	(3.5)	—
% of net sales	0.00 %	0.06 %		
Income before income taxes	465.4	445.3	20.1	4.5
% of net sales	7.61 %	7.94 %		
Income tax expense	100.6	165.8	(65.2)	(39.3)
% of net sales	1.64 %	2.96 %		
Net income	\$ 364.9	\$ 279.5	\$ 85.4	30.5 %
% of net sales	5.97 %	4.98 %		
Diluted earnings per share	\$ 1.36	\$ 1.02	\$ 0.34	33.3 %

### 13 WEEKS ENDED MAY 4, 2018 AND MAY 5, 2017

*Net Sales.* The net sales increase in the 2018 period reflects a same-store sales increase of 2.1% compared to the 2017 period. 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 2018 period, there were 13,320 same-stores which accounted for sales of \$5.7 billion. The increase in same-store sales reflects an increase in average transaction amount, partially offset by a decline in customer traffic that we believe was somewhat weather-related. The increase in average transaction amount was driven by both higher average units sold and higher average retail prices. Same-store sales increased in the consumables category and declined in each of our three non-consumables categories. The net sales increase was positively affected by sales from new stores, modestly offset by sales from closed stores.

*Gross Profit.* For the 2018 period, gross profit increased by 9.6%, and as a percentage of net sales increased by 17 basis points to 30.5% compared to the 2017 period. Higher initial markups on inventory purchases and an improved rate of inventory shrinkage contributed to the increase in the gross profit rate. These factors were partially offset by a greater proportion of sales of consumables, which generally have a lower gross profit rate than our other product categories, the sales of lower margin products comprising a higher proportion of consumables sales, and increased transportation costs. We believe our improved rate of inventory shrinkage reflects our continued implementation of in-store defensive merchandising and technology-based tools, including a significant increase in the number of stores utilizing Electronic Article Surveillance (“EAS”). We believe that the results from those stores in which EAS has been implemented suggests that EAS improves not only inventory shrinkage but also improves our in-stock position. Our transportation costs increased, pressuring our overall gross margin in the first quarter, as a result of increasing carrier and fuel rates. To mitigate these pressures, we continue to pursue opportunities such as stem mile reduction, shipment load optimization and private fleet expansion to improve our distribution and transportation efficiencies.

*Selling, General & Administrative Expenses (“SG&A”).* SG&A was 22.4% as a percentage of net sales in the 2018 period compared to 21.8% in the comparable 2017 period, an increase of 60 basis points. The 2018 period results reflect increased retail labor expenses, due in part to our investment in store manager compensation, and increases in occupancy costs, utilities and property taxes on leased stores, each of which increased at a rate greater than the increase in net sales.

*Income Taxes.* The effective income tax rate for the 2018 period was 21.6% compared to a rate of 37.2% for the 2017 period which represents a net decrease of 15.6 percentage points. The tax rate for the 2018 period was lower than the comparable 2017 period primarily due to the federal tax law changes contained in the Tax Cuts and Jobs Act, including the change in the federal income tax rate to 21% in the 2018 period compared to 35% in the 2017 period.

### **Accounting Standards**

In February 2016, the FASB issued new guidance related to lease accounting, which when effective will require a dual approach for lessee accounting under which a lessee will account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability on its balance sheet, with differing methodology for income statement recognition. This guidance is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2018, and early adoption is permitted. Currently, a modified retrospective approach is required for all leases existing or entered into after the beginning of the earliest comparative period in the consolidated financial statements. The FASB has proposed guidance which would allow companies to record the cumulative effect of applying the new standard as an adjustment to the opening balance of retained earnings in the year of adoption, although such guidance has not yet been formally issued. We formed a project team to assess and implement the standard, which has completed its evaluation of existing contractual arrangements for embedded leases. The project team is also testing computations in our lease administration system, integrating interfaces between the lease administration system and the enterprise resource planning systems, and comparing our current accounting policies to the new standard. As a result of the efforts of this project team, we have identified store leases as the area in which we would most likely be affected by the new guidance. Our assessment of the impact that adoption of this guidance will have on our consolidated financial statements is ongoing and we are anticipating a material impact because we are party to a significant number of lease contracts for our stores.

In January 2017, the FASB issued amendments to existing guidance related to the subsequent measurement of goodwill. These amendments modify the concept of impairment from the condition that exists when the carrying amount of goodwill exceeds its implied fair value to the condition that exists when the carrying amount of a reporting unit exceeds its fair value. Subsequent to adoption, an entity will perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value. This guidance is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2019, and early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The amendments should be applied on a prospective basis. An entity is required to disclose the nature of and reason for the change in accounting principle upon transition. Our assessment of the impact that adoption of this guidance will have on our consolidated financial statements is ongoing, but we do not anticipate a material effect on our consolidated results of operations, financial position or cash flows.

### **Liquidity and Capital Resources**

At May 4, 2018, we had a \$1.4 billion unsecured credit agreement (the “Facilities”), \$2.5 billion aggregate principal amount of senior notes, and a commercial paper program that may provide borrowing availability of up to \$1.0 billion. At May 4, 2018, we had total outstanding debt (including the current portion of long-term obligations) of \$2.9 billion, which includes balances under the Term Facility (as defined below), commercial paper, and senior notes, all of which are described in greater detail below. Our borrowing availability under the Facilities may be effectively limited by borrowings under the commercial paper program as further described below.

We believe our cash flow from operations and existing cash balances, combined with availability under the Facilities, the commercial paper program and access to the debt markets will provide sufficient liquidity to fund our current obligations, projected working capital requirements, capital spending and anticipated dividend payments for a period that includes the next twelve months as well as the next several years. However, our ability to maintain sufficient

liquidity may be affected by numerous factors, many of which are outside of our control. Depending on our liquidity levels, conditions in the capital markets and other factors, we may from time to time consider the issuance of debt, equity or other securities, the proceeds of which could provide additional liquidity for our operations.

For the remainder of fiscal 2018, we anticipate potential combined borrowings under the Revolving Facility (defined below) and our commercial paper program to be a maximum of approximately \$800 million outstanding at any one time, including any anticipated borrowings to fund repurchases of common stock.

#### *Credit Facilities*

On February 22, 2017, we entered into the Facilities, which consist of a \$175.0 million senior unsecured term loan facility (the “Term Facility”) and a \$1.25 billion senior unsecured revolving credit facility (the “Revolving Facility”) of which up to \$175.0 million is available for the issuance of letters of credit. The Term Facility is scheduled to mature on October 20, 2020, and the Revolving Facility is scheduled to mature on February 22, 2022.

Borrowings under the Facilities bear interest at a rate equal to an applicable interest rate margin plus, at our option, either (a) LIBOR or (b) a base rate (which is usually equal to the prime rate). The applicable interest rate margin for borrowings as of May 4, 2018 was 1.10% for LIBOR borrowings and 0.10% for base-rate borrowings. We must also pay a facility fee, payable on any used and unused commitment amounts of the Facilities, and customary fees on letters of credit issued under the Revolving Facility. As of May 4, 2018, the commitment fee rate was 0.15%. The applicable interest rate margins for borrowings, the facility fees and the letter of credit fees under the Facilities are subject to adjustment from time to time based on our long-term senior unsecured debt ratings. The weighted average all-in interest rate for borrowings under the Facilities was 3.0% as of May 4, 2018.

The Facilities can be voluntarily prepaid in whole or in part at any time without penalty. There is no required principal amortization under the Facilities. The Facilities contain a number of customary affirmative and negative covenants that, among other things, restrict, subject to certain exceptions, our (including our subsidiaries’) ability to: incur additional liens; sell all or substantially all of our assets; consummate certain fundamental changes or change in our lines of business; and incur additional subsidiary indebtedness. The Facilities also contain financial covenants that require the maintenance of a minimum fixed charge coverage ratio and a maximum leverage ratio. As of May 4, 2018, we were in compliance with all such covenants. The Facilities also contain customary events of default.

As of May 4, 2018, the entire balance of the Term Facility was outstanding, and under the Revolving Facility, we had no outstanding borrowings, outstanding letters of credit of \$9.1 million, and borrowing availability of \$1.24 billion that, due to our intention to maintain borrowing availability related to the commercial paper program described below, could contribute incremental liquidity of \$861.9 million at May 4, 2018. In addition, as of May 4, 2018 we had outstanding letters of credit of \$31.8 million which were issued pursuant to separate agreements.

#### *Commercial Paper*

As of May 4, 2018, our condensed consolidated balance sheet reflected outstanding unsecured CP Notes of \$193.0 million classified as long-term obligations due to our intent and ability to refinance these obligations as long-term debt. An additional \$186.0 million of outstanding CP Notes were held by a wholly-owned subsidiary and are therefore not reflected on the condensed consolidated balance sheet. Under this program, we may issue the CP Notes from time to time in an aggregate amount not to exceed \$1.0 billion outstanding at any time. The CP Notes may have maturities of up to 364 days from the date of issue and rank equal in right of payment with all of our other unsecured and unsubordinated indebtedness. We intend to maintain available commitments under the Revolving Facility in an amount at least equal to the amount of CP Notes outstanding at any time. As of May 4, 2018, the outstanding CP Notes had a weighted average borrowing rate of 2.3%.

#### *Senior Notes*

In April 2013 we issued \$900.0 million aggregate principal amount of 3.25% senior notes due 2023 (the “2023 Senior Notes”) at a discount of \$2.4 million, which are scheduled to mature on April 15, 2023. In October 2015 we issued \$500.0 million aggregate principal amount of 4.150% senior notes due 2025 (the “2025 Senior Notes”) at a discount of \$0.8 million, which are scheduled to mature on November 1, 2025. In April 2017 we issued \$600.0 million aggregate principal amount of 3.875% senior notes due 2027 (the “2027 Senior Notes”) at a discount of \$0.4 million,

which are scheduled to mature on April 15, 2027. In April 2018 we issued \$500.0 million aggregate principal amount of 4.125% senior notes due 2028 (the “2028 Senior Notes”) at a discount of \$0.5 million, which are scheduled to mature on May 1, 2028. Collectively, the 2023 Senior Notes, 2025 Senior Notes, 2027 Senior Notes and 2028 Senior Notes comprise the “Senior Notes”, each of which were issued pursuant to an indenture as supplemented and amended by supplemental indentures relating to each series of Senior Notes (as so supplemented and amended, the “Senior Indenture”). Interest on the 2023 Senior Notes and the 2027 Senior Notes is payable in cash on April 15 and October 15 of each year. Interest on the 2025 and 2028 Senior Notes is payable in cash on May 1 and November 1 of each year, with interest on the 2028 Senior Notes commencing on November 1, 2018.

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, but excluding, the repurchase date.

The Senior Indenture contains covenants limiting, among other things, our ability (subject to certain exceptions) to consolidate, merge, or sell or otherwise dispose of all or substantially all of our assets; and our ability and the ability of our subsidiaries 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, as applicable.

#### *Contractual Obligations*

The issuance of the 2028 Senior Notes and the redemption of the 2018 Senior Notes discussed above resulted in changes to the contractual obligations reported in our Annual Report on Form 10-K for the fiscal year ended February 2, 2018. The following table summarizes our significant contractual obligations for long-term debt obligations and related interest as of May 4, 2018 (in thousands):

<b>Contractual obligations</b>	<b>Payments Due by Period</b>				
	<b>Total</b>	<b>&lt; 1 year</b>	<b>1 - 3 years</b>	<b>3 - 5 years</b>	<b>5+ years</b>
Long-term debt obligations	\$ 2,875,335	\$ 193,525	\$ 176,135	\$ 901,245	\$ 1,604,430
Capital lease obligations	11,992	1,364	2,805	2,380	5,443
Interest(a)	736,262	104,211	196,517	187,283	248,251

- (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 and balances as of May 4, 2018. Variable rate long-term debt includes the balance of the Term Facility of \$175.0 million, the Revolving Facility (although such facility had a balance of zero as of May 4, 2018), the CP Notes (which had a consolidated balance of \$193.0 million as of May 4, 2018, net of \$186.0 million held by a wholly-owned subsidiary), and the balance of an outstanding tax increment financing of \$7.3 million.

#### *Current Financial Condition / Recent Developments*

Our inventory balance represented approximately 52% of our total assets exclusive of goodwill and other intangible assets as of May 4, 2018. 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 6 to the unaudited 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. Future negative developments could have a material adverse effect on our liquidity.

Our senior unsecured debt is rated “Baa2,” by Moody’s with a stable outlook and “BBB” by Standard & Poor’s with a stable outlook, and our commercial paper program is rated “P-2” by Moody’s and “A-2” by Standard and Poor’s. Our current credit ratings, as well as future rating agency actions, could (i) impact our ability 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 maintain or improve our current credit ratings.

Unless otherwise noted, all references to the “2018 period” and the “2017 period” in the discussion of “Cash flows from operating activities,” “Cash flows from investing activities,” and “Cash flows from financing activities” below refer to the 13-week periods ended May 4, 2018 and May 5, 2017, respectively.

*Cash flows from operating activities.* Cash flows from operating activities were \$548.7 million in the 2018 period, which represents a \$38.2 million increase compared to the 2017 period. Changes in merchandise inventories resulted in a \$12.4 million increase in the 2018 period as compared to a decrease of \$42.5 million in the 2017 period. Changes in accounts payable resulted in a \$5.0 million increase in the 2018 period compared to a \$56.6 million increase in the 2017 period, due primarily to the timing of receipts and payments.

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 were essentially unchanged in the 2018 period and increased 1% in the 2017 period. In the 2018 period compared to the 2017 period, changes in inventory balances in our four inventory categories were as follows: the consumables category increased by 4% compared to a 7% increase; the seasonal category decreased 6% compared to a 5% decrease; the home products category decreased by 10% compared to a 7% decrease; and apparel decreased by 10% compared to a 12% decrease.

*Cash flows from investing activities.* Significant components of property and equipment purchases in the 2018 period included the following approximate amounts: \$70 million for improvements, upgrades, remodels and relocations of existing stores; \$41 million related to new leased stores, primarily for leasehold improvements, fixtures and equipment; \$39 million for distribution and transportation-related capital expenditures; and \$12 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 2018 period, we opened 241 new stores and remodeled or relocated 353 stores.

Significant components of property and equipment purchases in the 2017 period included the following approximate amounts: \$54 million for distribution and transportation-related capital expenditures; \$50 million for improvements, upgrades, remodels and relocations of existing stores; and \$35 million related to new leased stores, primarily for leasehold improvements, fixtures and equipment. During the 2017 period, we opened 293 new stores and remodeled or relocated 301 stores.

Capital expenditures for 2018 are currently projected to be in the range of \$725 million to \$800 million. We anticipate funding 2018 capital requirements with a combination of some or all of the following: existing cash balances, cash flows from operations, availability under our Revolving Facility and/or the issuance of additional CP Notes. We plan to continue to invest in store growth through the development of new stores and the remodel or relocation of existing stores. Capital expenditures in 2018 are anticipated to support our store growth as well as our remodel and relocation initiatives, including capital outlays for leasehold improvements, fixtures and equipment; the construction of new stores; costs to support and enhance our supply chain initiatives including new and existing distribution center facilities and our private fleet; technology and other strategic initiatives; as well as routine and ongoing capital requirements.

*Cash flows from financing activities.* Net proceeds from the issuance of the 2028 Senior Notes in the 2018 period were \$499.5 million and net proceeds from the issuance of the 2027 Senior Notes in the 2017 period were \$599.6 million. In the 2018 period, we redeemed the 2018 Senior Notes for \$400.0 million. In the 2017 period, we redeemed the 2017 Senior Notes for \$500.0 million and made a principal payment on the Term Facility of \$250.0 million. We had a net decrease in commercial paper borrowings in the 2018 period of \$237.2 million. There were no borrowings or repayments under the Revolving Facility during the 2018 or 2017 periods. Also during the 2018 and 2017 periods, we repurchased 1.6 million and 1.3 million shares of our common stock at a total cost of \$150.0 million and \$88.8 million, respectively, and paid cash dividends of \$77.7 million and \$71.3 million, respectively.

*Share Repurchase Program*

At May 4, 2018, our common stock repurchase program had a total remaining authorization of approximately \$1.2 billion, which included the increase of \$1.0 billion to the authorization available under this common stock repurchase program approved by our Board of Directors on March 14, 2018. 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. The authorization has no expiration date and may be modified or terminated from time to time at the discretion of our Board of Directors. For more information about our share repurchase program, see Note 8 to the condensed consolidated financial statements contained in Part I, Item 1 of this report and Part II, Item 2 of this report.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

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 2, 2018.

**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 Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this report. 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) or Rule 15d-15(f)) during the quarter ended May 4, 2018 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 6 to the unaudited condensed consolidated financial statements under the heading “Legal proceedings” contained in Part I, Item 1 of this report 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 2, 2018.

### 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 4, 2018 by or on behalf of Dollar General or any “affiliated purchaser,” as defined by Rule 10b-18(a)(3) of the Exchange Act:

#### Issuer Purchases of Equity Securities

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)
02/03/18-02/28/18	—	\$ —	—	\$ 353,617,000
03/01/18-03/31/18	685,527	\$ 93.36	685,527	\$ 1,289,615,000
04/01/18-05/04/18	903,269	\$ 95.21	903,269	\$ 1,203,616,000
Total	1,588,796	\$ 94.41	1,588,796	\$ 1,203,616,000

- (a) On September 5, 2012, the Company announced a program permitting the Company to repurchase a portion of its outstanding shares not to exceed a dollar maximum established by the Company’s Board of Directors. The program was most recently amended on March 14, 2018 to increase the repurchase authorization by \$1.0 billion, bringing the total value of authorized share repurchases under the program to \$6.0 billion. 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. This repurchase authorization has no expiration date.

### ITEM 6. EXHIBITS.

See the Exhibit Index to this report immediately before 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” included in Part I, Item 2, and “Note 6. Commitments and Contingencies” included in Part I, Item 1, among others. 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,” “aim,” “goal,” “opportunity,” “intend,” “could,” “can,” “would,” “committed,” “likely,” “scheduled to,” “predict,” “seek,” “potential,” “strive,” “subject to,” “focused on,” “continue,” or “will result in,” and similar expressions that concern our strategy, plans, initiatives, 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, and expectations regarding, future operations, economic and competitive market conditions, growth or initiatives, including the number of planned store openings, remodels and relocations, store format plans, progress of merchandising and margin enhancing initiatives, trends in sales of consumable and non-consumable products, results of the investment in and training of our personnel; potential future stock repurchases and cash dividends; anticipated borrowing under certain of our credit facilities; the potential impact of legal or regulatory changes and our responses thereto; efforts to improve distribution and transportation efficiencies, including anticipated timing of distribution center openings; 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:

- economic conditions and other economic factors, including but not limited to employment levels, credit availability and spending patterns, inflation, commodity prices, fuel prices, interest rates, measures that create barriers to or increase the costs associated with international trade (including increased import duties or tariffs), and healthcare and housing costs, and their effect on, as applicable, consumer demand, customer traffic, customer disposable income, our ability to execute our strategic initiatives, our costs of goods sold, our SG&A expenses and real estate costs;
- failure to successfully execute our strategies and initiatives, including those relating to merchandising, marketing, real estate and new store development, digital, sourcing, shrink, private brand, inventory management, distribution and transportation, store operations, store formats, budgeting and expense reduction, and technology;
- failure to open, relocate and remodel stores profitably and on schedule, as well as failure of our new store base to achieve sales and operating levels consistent with our expectations;
- effective response to competitive pressures and changes in the competitive environment and the geographic and product markets where we operate, including, but not limited to, pricing, the creation of a more convenient customer online and in-store shopping experience, and consolidation;
- levels of inventory shrinkage;
- failure to successfully manage inventory balances;
- failure to maintain the security of information that we hold, whether as a result of cybersecurity attacks or otherwise;
- disruptions, unanticipated or unusual expenses or operational failures in our supply chain including, without limitation, a decrease in transportation capacity for overseas shipments, increases in transportation costs (including increased fuel costs and carrier rates or driver wages), work stoppages or other labor disruptions that could impede the receipt of or delivery of merchandise, or delays in constructing or opening new distribution centers;

- risks and challenges associated with sourcing merchandise from suppliers, including, but not limited to, those related to international trade;
- unfavorable publicity or consumer perception of our products, including, but not limited to, related product liability;
- risks and challenges associated with our private brands, including, but not limited to, our level of success in improving our gross profit rate;
- the impact of changes in or noncompliance with governmental laws and regulations (including, but not limited to, environmental compliance, product safety or labeling, food safety, information security and privacy, and labor and employment laws, as well as tax laws, the interpretation of existing tax laws, or our failure to sustain our reporting positions negatively affecting our tax rate) and developments in or outcomes of private actions, class actions, administrative proceedings, regulatory actions or other litigation;
- incurrence of material uninsured losses, excessive insurance costs or accident costs;
- natural disasters, unusual weather conditions (whether or not caused by climate change), pandemic outbreaks, terrorist acts and geo-political events;
- damage or interruption to our information systems or failure of technology initiatives to deliver desired or timely results;
- ability to attract, train and retain qualified employees, while controlling labor costs and other labor issues;
- loss of key personnel, inability to hire additional qualified personnel or disruption of executive management as a result of retirements or transitions;
- seasonality of our business;
- deterioration in market conditions, including market disruptions, limited liquidity and interest rate fluctuations, or a lowering of our credit ratings;
- new accounting guidance, or changes in the interpretation or application of existing guidance, such as changes to guidance related to leases;
- factors disclosed under “Risk Factors” in Part I, Item 1A of our Form 10-K for the fiscal year ended February 2, 2018; 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 Securities and Exchange Commission filings and public communications. You should evaluate forward-looking statements in the context of these risks and uncertainties and are cautioned to not place undue reliance on such forward-looking statements. 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, and specifically disclaim any duty, 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.

## EXHIBIT INDEX

4.1	<a href="#"><u>Seventh Supplemental Indenture, dated as of April 10, 2018, between Dollar General Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Current Report on Form 8-K dated April 10, 2018, filed with the SEC on April 10, 2018 (file no. 001-11421))</u></a>
4.2	<a href="#"><u>Form of 4.125% Senior Notes due 2028 (included in Exhibit 4.1) (incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Current Report on Form 8-K dated April 10, 2018, filed with the SEC on April 10, 2018 (file no. 001-11421))</u></a>
10.1	<a href="#"><u>Form of Senior Vice President Employment Agreement with attached Schedule of executive officers who have executed the Senior Vice President Employment Agreement</u></a>
10.2	<a href="#"><u>Form of Executive Vice President Employment Agreement with attached Schedule of Executive Vice Presidents who have executed the Executive Vice President Employment Agreement (incorporated by reference to Exhibit 99 to Dollar General Corporation's Current Report on Form 8-K dated April 5, 2018, filed with the SEC on April 11, 2018 (file no. 001-11421))</u></a>
10.3	<a href="#"><u>Form of Stock Option Award Agreement (approved March 21, 2018) for awards beginning March 2018 to certain employees of Dollar General Corporation pursuant to the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.7 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 2, 2018, filed with the SEC on March 23, 2018 (file no. 001-11421))</u></a>
10.4	<a href="#"><u>Form of Performance Share Unit Award Agreement (approved March 21, 2018) for awards beginning March 2018 to certain employees of Dollar General Corporation pursuant to the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.15 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 2, 2018, filed with the SEC on March 23, 2018 (file no. 001-11421))</u></a>
10.5	<a href="#"><u>Form of Restricted Stock Unit Award Agreement (approved March 21, 2018) for awards beginning March 2018 to certain employees of Dollar General Corporation pursuant to the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.19 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 2, 2018, filed with the SEC on March 23, 2018 (file no. 001-11421))</u></a>
10.6	<a href="#"><u>Dollar General Corporation 2018 Teamshare Bonus Program for Named Executive Officers (incorporated by reference to Exhibit 10.35 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 2, 2018, filed with the SEC on March 23, 2018 (file no. 001-11421))</u></a>
10.7	<a href="#"><u>Dollar General Corporation Executive Relocation Policy, as amended (effective March 21, 2018) (incorporated by reference to Exhibit 10.37 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 2, 2018, filed with the SEC on March 23, 2018 (file no. 001-11421))</u></a>
15	<a href="#"><u>Letter re unaudited interim financial information</u></a>
31	<a href="#"><u>Certifications of CEO and CFO under Exchange Act Rule 13a-14(a)</u></a>
32	<a href="#"><u>Certifications of CEO and CFO under 18 U.S.C. 1350</u></a>
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

**SIGNATURE**

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 officer of the Registrant.

DOLLAR GENERAL CORPORATION

Date: May 31, 2018

By: /s/ John W. Garratt

John W. Garratt

Executive Vice President & Chief Financial Officer

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”), effective [April 1, 2018] (“Effective Date”), is made and entered into by and between **DOLLAR GENERAL CORPORATION** (the “Company”), and [Name of Executive Officer] (“Employee”).

**WITNESSETH:**

**WHEREAS**, Company desires to employ or cause any wholly-owned subsidiary of the Company 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 or to cause any wholly-owned subsidiary of the Company to employ (any such wholly-owned subsidiary caused by the Company to employ Employee being hereinafter referred to as the “Subsidiary”) Employee as [Title] of the Company or the Subsidiary, as the case may be.

**2. Term.** The term of this Agreement shall end March 31, 2021 (“Term”), unless otherwise terminated pursuant to Sections 8, 9, 10, 11 or 12 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 (6) 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 and, if applicable, the Subsidiary. Employee agrees to promote the best interests of the Company and, if applicable, the Subsidiary 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 without the express approval of the CEO 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, if required pursuant to Company policy, the Board of Directors of the Company ("Board") (or an authorized Board committee).

4. Work Standard. Employee agrees to comply with all terms and conditions set forth in this Agreement, as well as all applicable Company and, if applicable, Subsidiary 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 or shall cause the Subsidiary to pay to Employee, and Employee shall accept, an annual base salary ("Base Salary") of no less than [xxx,xxx Dollars]. The Base Salary shall be paid in accordance with the Company's or the Subsidiary's, as applicable, 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 by the Company or caused by the Company to be paid by the Subsidiary, as applicable, 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 Employee no later than two and one-half (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 four weeks paid vacation time within the first year of employment. 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 or the Subsidiary's, as applicable, 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, and if applicable the Company shall cause the Subsidiary to provide, 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. Cooperation.** Employee agrees to cooperate with the Company and, if applicable, the Subsidiary in the investigation, review, audit, or assessment, whether internal or external, of any matters involving the Company or, if applicable, the Subsidiary as well as the defense or prosecution of any claims or other causes of action made against or on behalf of the Company or, if applicable, the Subsidiary, including any claims or actions against its affiliates, officers, directors and employees. Employee's cooperation in connection with such matters includes, without limitation, being available (upon reasonable notice and without unreasonably interfering with his/her other professional obligations) to meet with the Company and, if applicable, the Subsidiary and its legal or

other designated advisors regarding any matters in which Employee has been involved; to prepare for any proceeding (including, without limitation, depositions, consultation, discovery or trial); to provide truthful affidavits; to assist with any audit, inspection, proceeding or other inquiry; and to act as a witness to provide truthful testimony in connection with any legal proceeding affecting the Company or, if applicable, the Subsidiary. Employee further agrees that if Employee is contacted by any person or entity regarding matters Employee knows or reasonably should know to be adverse to the Company or, if applicable, the Subsidiary, Employee shall promptly (within forty-eight (48) hours) notify the Company in writing by sending such notification to the General Counsel, Dollar General Corporation, 100 Mission Ridge, Goodlettsville, Tennessee 37072; facsimile (615) 855-5517. The Company agrees to reimburse or cause the Subsidiary to reimburse, as applicable, Employee for any reasonable documented expenses incurred in providing such cooperation.

7. **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 7, 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.

8. **Termination for Cause.** This Agreement is not intended to change the at-will nature of Employee's employment with the Company or the Subsidiary, as applicable, 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 the Company or the Subsidiary, as applicable, 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;
- 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 subsidiaries or 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 by the Company or the Subsidiary, as applicable, under the Company's or, if applicable, Subsidiary'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 or, if applicable, the Subsidiary has given Employee written notice of its or of the Subsidiary's intention to terminate for Cause, describing those acts or omissions that are believed to constitute Cause, and has given Employee ten (10) days to respond.

**9. 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.

**10. Disability.** If a Disability (as defined below) of Employee occurs during the Term, unless otherwise prohibited by law, the Company or the Subsidiary, as applicable, may notify Employee of the Company's or the Subsidiary'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 or the Subsidiary's, as applicable, 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 10(b), unless otherwise required by law, the existence of a Disability shall be determined by the Company or the Subsidiary, as applicable, only upon receipt of a written medical opinion from a qualified physician selected by or acceptable to the Company or the Subsidiary, as applicable. In this circumstance, to the extent permitted by law, Employee shall, if reasonably requested by the Company or the Subsidiary, as applicable, submit to a physical examination by that qualified physician. Nothing in this Section 10(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.

**11. 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 the Company and, if applicable, the Subsidiary (and in the event that Employee is providing notice of termination for Good Reason, Employee must provide such notice within thirty (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 Section

12 below unless Employee terminates employment for Good Reason, as defined below, or unless Section 12(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 or the Subsidiary's, as applicable, 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:

(i) A reduction by the Company or the Subsidiary, as applicable, in Employee's Base Salary or target bonus level (i.e., percentage of Base Salary for which a bonus may be earned under the Company's annual bonus program);

(ii) The Company or the Subsidiary, as applicable, shall fail to continue offering or providing Employee any significant Company-sponsored compensation plan or benefit (without replacing it with a similar plan or with a compensation equivalent), unless (A) such failure is in connection with across-the-board plan changes or terminations similarly affecting at least ninety-five percent (95%) of all officers of the Company or one hundred percent (100%) of officers at the same grade level; or (B) such failure occurs after having received notice of Employee's voluntary resignation or retirement;

(iii) The Company's or the Subsidiary's, as applicable, 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 or the Subsidiary's, as applicable, principal executive offices;

(iv) Without Employee's written consent, the assignment to Employee by the Company or the Subsidiary, as applicable, 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 or the Subsidiary for business reasons that leaves Employee at the same rate of Base Salary, annual target bonus opportunity, and officer level (i.e., Senior 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 Section 12 below, the Company shall have the opportunity to cure or to cause the Subsidiary, if applicable, to cure any claimed event of Good Reason within thirty (30) days after receiving written notice from Employee specifying the same.

**12. Termination without Cause or by Employee for Good Reason.**

a. The continuation of Base Salary and other payments and benefits described in Section 12(b) shall be triggered *only* upon one or more of the following circumstances:

(i) The Company or the Subsidiary, as applicable, 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 (3)-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 or the Subsidiary, as applicable, within sixty (60) days after such failure, unless such failure is accompanied by a mutually agreeable severance arrangement between the Company or the Subsidiary, as applicable, and Employee or is the result of Employee's retirement or

other termination from the Company or the Subsidiary, as applicable, 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 12(a)(i) through (iii) above, then, on the sixtieth (60th) day after Employee's termination of employment, but subject to the six (6)-month delay (called the "409A Deferral Period") provided in Section 24(o)(iii) below, if applicable, and contingent upon the execution and effectiveness of the Release attached hereto and made a part hereof, 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 eighteen (18) months, payable in accordance with the Company's or the Subsidiary's, as applicable, normal payroll cycle and procedures (but not less frequently than monthly) with a lump sum payment on the sixtieth (60th) day (or at the end of six (6) months if the 409A Deferral Period applies) after Employee's termination of employment of the amounts Employee would otherwise have received during the sixty (60) days (or six (6) months if the 409A Deferral Period applies) after Employee's termination had the payments begun immediately after Employee's termination of employment.

(ii) A lump sum payment of one and one-half (1.5) times: the amount of the average percentage of target bonus paid to Employee under the Company's annual bonus program with respect to the Company's two (2) most recently completed fiscal years (not including a completed fiscal year for which financial performance has not yet been certified by the Compensation Committee) for which annual bonuses have been paid to executives under such program (referred to hereinafter as the "applicable fiscal years") multiplied by (A) Employee's target bonus level (applicable as of the date immediately preceding the termination of Employee's employment or, if the termination of employment is for Good Reason due to the reduction of Employee's target bonus level, then Employee's target bonus level applicable immediately prior to such reduction) and (B) Employee's Base Salary (applicable as of the date immediately preceding the termination of Employee's employment or, if the termination of employment is for Good Reason due to the reduction of Employee's Base Salary, then Employee's Base Salary applicable immediately prior to such reduction). If Employee

was not eligible for a bonus with respect to one of the two (2) applicable fiscal years due to length of employment, then such amount shall be calculated based upon the percentage of target bonus to Employee for the applicable fiscal year for which a bonus was paid. If no bonus was paid with respect to the applicable fiscal years due to length of employment, then no amount shall be paid under this Section 12(b)(ii). If no bonus was paid to Employee with respect to one or both of the applicable fiscal years due to Company or individual performance, then such bonus amount shall be zero (0) in calculating the amount of the average.

(iii) A lump sum payment in an amount equal to one and one-half (1.5) times the annual contribution that would have been made by the Company or the Subsidiary, as applicable, 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 or the Subsidiary, as applicable, for one year or until other employment is secured, whichever comes first.

All payments and benefits otherwise provided to Employee pursuant to this Section 12 shall be forfeited if a copy of the Release attached hereto executed by Employee is not provided to the Company and, if applicable, the Subsidiary 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 and, if applicable, the Subsidiary's receipt of the Release and the expiration of the period of revocation provided in the Release.

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 12 shall be forfeited and the Company and, if applicable, the Subsidiary shall retain any other rights available to it under law or equity. Any payments or reimbursements under this Section 12 shall not be deemed the continuation of Employee's employment for any purpose. Except as specifically enumerated in the Release, the Company's obligations under this Section 12 will not negate or reduce (i) any amounts otherwise due but not yet paid to Employee by the Company or the Subsidiary, as applicable, 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 or cause the Subsidiary to make, as applicable, a lump-sum payment of any or all amounts, or any or all remaining amounts, due to Employee under this Section 12 if, or to the extent, the payment is not subject to Section 409A of the Internal Revenue Code.

d. To the extent permitted by applicable law, in the event that the Company or the Subsidiary, as applicable, reasonably believes that Employee engaged in conduct during his or her employment that would have resulted in his or her termination for Cause as defined under Section 8, any unpaid amounts under Section 12 of this Agreement may be forfeited and the Company or the Subsidiary, as applicable, may seek to recover such portion of any amounts paid under Section 12.

**13. Effect of 280G.** Any payments and benefits due under Section 12 that constitute “parachute payments” within the meaning of Section 280G of the Internal Revenue Code (“Code Section 280G”), plus all other “parachute payments” as defined under Code Section 280G that might otherwise be due to Employee (collectively, with payments and benefits due under Section 12, “Total Payments”), shall 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 Total 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 12 hereof, Employee’s Total Payments shall not be limited to the Capped Amount if it is determined that Employee would receive at least fifty thousand dollars (\$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 Total Payments 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 Section 409A of the Internal Revenue Code to be in non-compliance with Section 409A of the Internal Revenue Code), in the event the Total Payments are to be reduced, the Company shall, or shall cause the Subsidiary, as applicable, to 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). 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.

**14. Publicity; No Disparaging Statement.** Except as otherwise provided in Sections 15 and 23 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 any of the Company’s subsidiaries or affiliates or interfere with their existing or prospective business relationships of either party hereto or the Company’s subsidiaries or affiliates.

**15. 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 or, if applicable, the Subsidiary from performing any duty or obligation that shall arise as a matter of law. Specifically, Employee, the Company and, if applicable, the Subsidiary 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, the Company’s or the Subsidiary’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. To the extent Employee accepts any payments under this Agreement and signs and does not revoke the Release, Employee expressly waives and releases any right to recover any future monetary recovery directly from the Company or the Subsidiary, as applicable, including Company or Subsidiary payments that result from any complaints or charges that Employee files with any federal, state, or local government agency or that are filed on Employee’s behalf as they relate to any matters released by Employee.

**16. 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 16, 17, 18, 19 and 20 herein.

b. Definitions. For purposes of Sections 16, 17, 18, 19, 20 and 21 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 basics or general merchandise retail business), including but not limited to such other similar businesses as Albertsons/Safeway, ALDI, Big Lots, Casey's General Stores, Circle K, Costco, CVS, Dollar Tree Stores, Family Dollar Stores, Fred's, Kmart, Kroger, 99 Cents Only Stores, The Pantry, Pilot Flying J, Rite-Aid, Sam's Club, 7-Eleven, Target, Tractor Supply, Walgreen's and Wal-Mart, 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 subsidiaries or 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 or, if applicable, the Subsidiary, other than "Trade Secrets" (as defined below), which is of tangible or intangible value to the Company or, if applicable, the Subsidiary and the details of which are not generally known to the competitors of the Company or, if applicable, the Subsidiary. 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 and, if applicable, the Subsidiary maintains stores at Employee's termination date or those states in which the Company and, if applicable, the Subsidiary has specific and demonstrable plans to open stores within six (6) months of Employee's termination date.

(vi) "Trade Secrets" shall mean information or data of or about the Company and, if applicable, the Subsidiary, 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 or, if applicable, the Subsidiary that were conceived, discovered, created, written, revised or developed by Employee while employed by the Company or the Subsidiary, as applicable.

**17. Nondisclosure: Ownership of Proprietary Property.**

a. In recognition of the Company’s and, if applicable, the Subsidiary’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 or the Subsidiary, as applicable, 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 and, if applicable, the Subsidiary of any unauthorized disclosure or use of any Trade Secrets or Confidential Information of which Employee becomes aware. Employee shall assist the Company and, if applicable, the Subsidiary, 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 or the Subsidiary, as applicable. 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 or the Subsidiary, as applicable, 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 or the Subsidiary, as applicable, any transfers, assignments, documents or other instruments which the Company or the Subsidiary, as applicable, 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 or the Subsidiary, as applicable.

**18. 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 six (6) months) to leave or cease such employment for any reason whatsoever.

**19. Non-Interference with Business Relationships.**

a. Employee acknowledges that, in the course of employment, Employee will learn about the Company’s and, if applicable, the Subsidiary’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 and, if applicable, the Subsidiary 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 and, if applicable, the Subsidiary has a strong business reason to keep secret information relating to Company’s or, if applicable, the Subsidiary’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 the Company and, if applicable, the Subsidiary and with whom Employee had contact while employed, if such contact or communication would likely interfere with the Company's or, if applicable, the Subsidiary's business relationships or result in an unfair competitive advantage over the Company or, if applicable, the Subsidiary.

**20. 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 eighteen (18) months from the termination of Employee's employment.

**21. Acknowledgements Regarding Sections 16 – 20.**

a. Employee and the Company expressly covenant and agree that the scope, territorial, time and other restrictions contained in Sections 16 through 20 of this Agreement constitute the most reasonable and equitable restrictions possible to protect the business interests of the Company and, if applicable, the Subsidiary given: (i) the business of the Company and, if applicable, the Subsidiary; (ii) the competitive nature of the Company's and, if applicable, the Subsidiary'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 and 12 are also in consideration of his/her covenants and agreements contained in Sections 16 through 20 hereof and that a breach by Employee of the obligations contained in Sections 16 through 20 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 16 through 20 will likely cause the Company and/or, if applicable, the Subsidiary irreparable injury and that, in such event, the Company and/or, if applicable, the Subsidiary 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 16 through 20 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.

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

**23. Whistleblower and Other Protections.** Nothing in this Agreement is intended to or will be used in any way to limit Employee's rights to voluntarily communicate with, file a claim or report with, or to otherwise participate in an investigation with, any federal, state, or local government agency, as provided for, protected under or warranted by applicable law. Employee does not need prior approval before making any such communication, report, claim, disclosure or participation and is not required to notify the Company or, if applicable, the Subsidiary that such communication, report, claim, or participation has been made. Additionally, federal law provides certain protections to individuals who disclose a Trade Secret to their attorney, a court, or a government official in certain, confidential circumstances. Specifically, Employee may not be held criminally or civilly liable under any state or federal trade secret law for the disclosure of a Trade Secret that: (i) is made (A) in confidence to a state, federal or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding; or (iii) in a lawsuit alleging retaliation by the Company or, if applicable, the Subsidiary against Employee for reporting a suspected violation of law, Employee discloses to Employee's attorney and uses in the court proceeding, as long as any document containing the Trade Secret is filed under seal and Employee does not disclose the Trade Secret except pursuant to a court order.

**24. 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 not, and shall not cause the Subsidiary to, as applicable, reserve or specifically set aside funds for the payment of the Company's or the Subsidiary's obligations under this Agreement, and such obligations shall be paid solely from the general assets of the Company or the Subsidiary, as applicable.

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 or the Subsidiary, as applicable, 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 the Subsidiary to: [name of subsidiary]  
c/o 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. Arbitration. If any contest or dispute arises between the parties with respect to this Agreement, such contest or dispute shall be submitted to binding arbitration for resolution in Nashville, Tennessee in accordance with the rules and procedures of the Employment Dispute Resolution Rules of the American Arbitration Association then in effect. The Company and Employee shall each bear fifty percent (50%) of the costs related to such arbitration (the Company may obtain reimbursement of its share of the costs from the

Subsidiary, if applicable). If the arbitrator determines that Employee is the prevailing party in the dispute, then the Company shall or, if applicable, shall cause the Subsidiary to reimburse Employee for his/her reasonable legal or other fees and expenses incurred in such arbitration subject to and within ten (10) days after his/her request for reimbursement accompanied by evidence that the fees and expenses were incurred. Any reimbursement hereunder shall be paid to Employee promptly and in no event later than the end of the year next following the date the expense was incurred. The decision of the arbitrator shall be final and binding upon all parties hereto and shall be rendered pursuant to a written decision, which contains a detailed recital of the arbitrator's reasoning. Notwithstanding the foregoing, Employee acknowledges and agrees that the Company, its subsidiaries and any of their respective affiliates shall be entitled to injunctive or other relief in order to enforce the covenant not to compete, covenant not to solicit and/or confidentiality covenants as set forth in Sections 14, 16 through 20, and 22 of this Agreement.

j. 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.

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

l. 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.

m. 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.

n. 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.

o. 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.

(ii) Neither Employee nor the Company shall take any action or cause the Subsidiary to take any action, as applicable, 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.

(iii) If Employee is a specified employee for purposes of Code Section 409A(a)(2)(B)(i), any payments or benefits under this Agreement that are deferred compensation subject to Code Section 409A, as determined by the Company, and that are paid 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 benefits 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) 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.

(v) 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 fifty percent (50%) of the average level of bona fide services performed over the immediately preceding thirty-six (36) month period.

(vi) 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 twelve (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).

(vii) 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 or the Subsidiary's, as applicable, reimbursement policies but in no event later than Employee's taxable year following Employee's taxable year in which the related expense is incurred.

(viii) 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.

(ix) Notwithstanding any other provision of this Agreement, neither the Company nor the Subsidiary, if applicable, shall 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.

p. Clawback. Employee acknowledges and agrees that Employee's rights, payments, and benefits with respect to any incentive compensation (in the form of cash or equity) shall be subject to any reduction, cancellation, forfeiture or recoupment, in whole or in part, upon the occurrence of certain specified events, as may be required by any rule or regulation of the Securities and Exchange Commission or by any applicable national exchange, or by any other applicable law, rule or regulation or as set forth in a separate "clawback" or recoupment policy as may be adopted from time to time by the Board or its Compensation Committee. To the extent allowed by state and federal law and as determined by the Board or its Compensation Committee, Employee agrees that such repayment may, in the discretion of the Compensation Committee, be accomplished by withholding of future compensation to be paid to Employee by the Company or the Subsidiary, as applicable. Any recovery of incentive compensation covered by Code Section 409A shall be implemented in a manner which complies with Code Section 409A.

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.

DOLLAR GENERAL CORPORATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

“EMPLOYEE”

/s/[Name of Executive Officer]  
\_\_\_\_\_  
**[Name of Executive Officer]**

Date:     [Date of Execution]    

Witnessed by:

\_\_\_\_\_  
**Name of Witness**

**Addendum to Employment Agreement with [Name of Executive Officer]**

**RELEASE AGREEMENT**

THIS RELEASE ("Release") is made and entered into by and between \_\_\_\_\_ ("Employee") and **DOLLAR GENERAL CORPORATION and, if applicable [NAME OF SUBSIDIARY]**, 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 Dollar General Corporation have previously entered into that certain Employment Agreement, effective \_\_\_\_\_ (the "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 Release.**

In exchange for receiving the payments and benefits described in Section 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 Release, 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 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 Release.**

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 12 but dies before receipt thereof, Employee's spouse or estate, as the case may be, the amounts provided in Section 12 of the Agreement.

5. **Publicity; No Disparaging Statement.** Except as otherwise provided in Section 15, Confidentiality and Legal Process, and Section 23, Whistleblower and Other Protections, 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: \_\_\_\_\_

**[SUBSIDIARY]**

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 \_\_\_\_\_

### SCHEDULE TO EXHIBIT

This Schedule of executive officers who have executed the Senior Vice President Employment Agreement is included pursuant to Instruction 2 of Item 601(a) of Regulation S-K for the purposes of setting forth the material details in which the specific agreements differ from the form of agreement filed herewith as Exhibit 10.1.

<b>Name of Executive Officer</b>	<b>Title</b>	<b>Base Salary</b>	<b>Date of Execution</b>
Anita C. Elliott	Senior Vice President and Chief Accounting Officer	\$ 398,115.00	April 9, 2018
Michael J. Kindy	Senior Vice President, Global Supply Chain	\$ 395,370.00	April 5, 2018

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May 31, 2018

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, and 333-163200 on Form S-8 and No. 333-216940 on Form S-3) of Dollar General Corporation of our report dated May 31, 2018, 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 4, 2018.

/s/ Ernst & Young LLP  
Nashville, Tennessee

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## CERTIFICATIONS

I, Todd J. Vasos, 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: May 31, 2018

/s/ Todd J. Vasos  
\_\_\_\_\_  
Todd J. Vasos  
Chief Executive Officer

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I, John W. Garratt, 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: May 31, 2018

/s/ John W. Garratt  
John W. Garratt  
Chief Financial Officer

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**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 4, 2018 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/ Todd J. Vasos  
Name: Todd J. Vasos  
Title: Chief Executive Officer  
Date: May 31, 2018

/s/ John W. Garratt  
Name: John W. Garratt  
Title: Chief Financial Officer  
Date: May 31, 2018

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