

DOLLAR GENERAL CORP

FORM S-4

(Securities Registration: Business Combination)

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Sector	Consumer Cyclical
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Dollar General Corporation

(Exact name of registrant as specified in its charter)

Tennessee
(State of Incorporation)

5331
(Primary Standard Institute
Classification Code Number)

61-0502302
(I.R.S. Employer Identification No.)

**100 Mission Ridge
Goodlettsville, Tennessee 37072
(615) 855-4000**

(Address, including zip code, and telephone number, including area code, of registrants' principal executive offices)

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(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed exchange offer:
As soon as practicable after this Registration Statement is declared effective.**

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Note	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
10.625% Senior Notes due 2015	\$1,175,000,000	100%	\$1,175,000,000	\$36,072.50
11.875%/12.625% Senior Subordinated Toggle Notes due 2017	\$725,000,000	100%	\$725,000,000	\$22,257.50
Guarantees of 10.625% Senior Notes due 2015(2)	N/A(3)	N/A(3)	N/A(3)	N/A(3)
Guarantees of 11.875%/12.625% Senior Subordinated Toggle Notes due 2017(2)	N/A(3)	N/A(3)	N/A(3)	N/A(3)

- (1) Estimated solely for the purpose of calculating the registration fee under Rule 457(f) of the Securities Act of 1933, as amended (the "Securities Act").
- (2) See inside facing page for registrant guarantors.
- (3) Pursuant to Rule 457(n) under the Securities Act, no separate filing fee is required for the guarantees.

The registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

TABLE OF REGISTRANT GUARANTORS

Exact Name of Registrant as Specified in its Charter (or Other Organizational Document)	State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification Number (IF NONE WRITE N/A)	Address, Including Zip Code, of Registrant's Principal Executive Offices	Telephone Number, Including Area Code, of Registrant's Principal Executive Offices
DC Financial, LLC	Tennessee	N/A	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
DG Logistics, LLC	Tennessee	62-1805098	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
DG Promotions, Inc.	Tennessee	62-1792083	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
DG Retail, LLC	Tennessee	36-4577242	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
DG Transportation, Inc.	Tennessee	37-1517488	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
DGC Properties LLC	Delaware	36-4498859	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
DGC Properties of Kentucky LLC	Delaware	37-1432210	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
DolgenCorp of New York, Inc.	Kentucky	62-1829863	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
DolgenCorp of Texas, Inc.	Kentucky	61-1193136	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
DolgenCorp, Inc.	Kentucky	61-0852764	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
Dollar General Investment, Inc.	Delaware	48-1268966	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
Dollar General Merchandising, Inc.	Tennessee	82-0577749	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
Dollar General Partners	Kentucky	61-1193137	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
South Boston FF&E, LLC	Delaware	26-0411224	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
South Boston Holdings, Inc.	Delaware	20-5220571	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
Sun-Dollar, L.P.	California	95-4629930	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000

Subject to Completion Dated December 21, 2007



Dollar General Corporation

**Offer to Exchange
All Outstanding
10.625% Senior Notes due 2015
(\$1,175,000,000 principal amount outstanding)
and All Outstanding 11.875%/12.625% Senior Subordinated Toggle Notes due 2017
(\$725,000,000 principal amount outstanding)
for
10.625% Senior Notes due 2015
and 11.875%/12.625% Senior Subordinated Toggle Notes due 2017
which have been
registered under the Securities Act of 1933**

The Exchange Offer:

- We will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes that are freely tradable.
- You may withdraw tenders of outstanding notes at any time prior to the expiration date of the exchange offer.
- The exchange offer expires at 5:00 p.m., New York City time, on _____, 2008, unless extended. We do not currently intend to extend the expiration date.
- The exchange of outstanding notes for exchange notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes.
- We will not receive any proceeds from the exchange offer.

The Exchange Notes:

- We are offering exchange notes to satisfy certain of our obligations under the registration rights agreement entered into in connection with the private offering of the outstanding notes.
- The terms of the exchange notes are substantially identical to the outstanding notes, except that the exchange notes will be freely tradeable.

Resales of the Exchange Notes:

- The exchange notes may be sold in the over-the-counter-market, in negotiated transactions or through a combination of such methods. We do not plan to list the exchange notes on a national market.

See "Risk Factors" beginning on page 21 for a discussion of certain risks that you should consider before participating in the exchange offer.

You may not offer or sell any untendered outstanding notes unless the outstanding notes are registered or exempt from registration under, or are offered or sold in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, we do not currently anticipate that we will register the outstanding notes under the Securities Act of 1933.

Each broker-dealer that receives exchange notes for its own account in the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of those exchange notes. The letter of transmittal states that by so acknowledging and delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding notes where the broker-dealer acquired such outstanding notes as a result of market-making or other trading activities.

We have agreed that, for a period of 180 days after the consummation of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the exchange notes to be distributed in the exchange offer or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2008.

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We have not authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in this prospectus. You must not rely on unauthorized information or representations.

This prospectus does not offer to sell nor ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities. The information in this prospectus is current only as of the date on its cover and may change after that date.

MARKET AND INDUSTRY DATA

We obtained the industry, market and competitive position data used throughout this prospectus from our own internal estimates and research as well as from industry publications and research, surveys and studies conducted by third parties. Industry publications, studies and surveys generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that each of these publications, studies and surveys is reliable, we have not independently verified industry, market and competitive position data from third-party sources. While we believe our internal business research is reliable and the market definitions are appropriate, neither such research nor these definitions have been verified by any independent source.

SUMMARY

This summary highlights information appearing elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider before participating in the exchange offer. You should carefully read this summary together with the entire prospectus, including the information presented under the section entitled "Risk Factors."

Unless the context otherwise requires, references in this prospectus to "Dollar General," "we," "our," "us" and "the Company" refer to Dollar General Corporation and its consolidated subsidiaries, both before and after the Transactions (as defined below), and references to the "Issuer" refer to Buck Acquisition Corp. ("Buck"), prior to its merger into Dollar General Corporation (the "Merger") and, thereafter, to Dollar General Corporation. Financial information identified in this prospectus as "pro forma" gives effect to the consummation of the Transactions. This prospectus contains references to years 2007, 2006, 2005, 2004, 2003 and 2002, which represent fiscal years ending or ended February 1, 2008, February 2, 2007, February 3, 2006, January 28, 2005, January 30, 2004 and January 31, 2003, respectively, unless the context otherwise requires.

Our Company

We are the largest discount retailer in the United States by number of stores, with 8,204 stores located in 35 states, primarily in the southern, southwestern, midwestern and eastern United States, as of November 2, 2007. We serve a broad customer base and offer a focused assortment of everyday items, including basic consumable merchandise and other home, apparel and seasonal products. A majority of our products are priced at \$10 or less and approximately 30% of our products are priced at \$1 or less. In 2006, our average customer purchase was \$9.31.

We offer a compelling value proposition for our customers based on convenient store locations, easy in and out shopping and highly competitive prices. We believe our combination of value and convenience distinguishes us from other discount, convenience and drugstore retailers, who typically focus on either value or convenience. Our business model is focused on strong and sustainable sales growth, attractive margins and limited maintenance capital expenditure and working capital needs, which result in significant operational cash flows (before interest).

We have expanded rapidly in recent years, increasing our total number of stores from 5,540 as of February 1, 2002 to 8,229 as of February 2, 2007 (representing an 8.2% compound annual growth rate, or CAGR). Over the same period, we grew our net sales from \$5.3 billion to \$9.2 billion (representing an 11.5% CAGR), driven by growth in number of stores as well as a five-year average same store sales growth of 3.7%. For the 39 week period ended November 2, 2007, we generated net sales of \$6.9 billion, an increase of 4.8% over the prior year period, including a same store sales increase of 2.8%. We have temporarily decelerated our new store growth rate to enable us to focus on improving the performance of existing stores, including remodeling or relocating a number of stores to improve productivity and enhance the shopping experience for our customers.

Stores

The traditional Dollar General® store has, on average, approximately 6,900 square feet of selling space and generally serves customers who live within five miles of the store. Of our 8,204 stores as of November 2, 2007, more than half serve communities with populations of 20,000 or less. We believe that our target customers prefer the convenience of a small, neighborhood store with a focused merchandise assortment at value prices.

We aggressively manage our overhead cost structure and typically seek to locate stores in neighborhoods where rental and operating costs are relatively low. Our stores typically have low fixed costs, with lean staffing of usually two to three employees in the store at any time. In 2005 and 2006, we implemented "EZstore™", our initiative designed to improve inventory flow from our distribution

centers, or DCs, to consumers. EZstore has allowed us to reallocate store labor hours to more customer-focused activities, improving the work content in our stores.

We also attempt to control operating costs by implementing new technology when feasible, including improvements in recent years to our store labor scheduling and store replenishment systems in addition to other improvements to our supply chain and warehousing systems.

Merchandise

Our merchandise strategy combines a low-cost operating structure with a focused assortment of products that allows us to offer our customers a compelling value proposition, consisting of quality merchandise at competitive prices. We believe our merchandising strategy generates frequent repeat customer purchases and our focused merchandise assortment encourages customers to shop at Dollar General stores for their everyday household needs. We separate our merchandise into the following four categories for reporting purposes: highly consumable, seasonal, home products and basic clothing. Highly consumable consists of packaged food, candy, snacks and refrigerated products, health and beauty aids, home cleaning supplies and pet supplies; seasonal consists of seasonal and other holiday-related items, toys, stationery and hardware; and home products consists of housewares and domestics.

We maintain approximately 4,900 core stock-keeping units, or SKUs, per store and an additional 8,000 non-core SKUs that get rotated in and out of the store over the course of a typical year. The percentage of net sales of each of our four categories of merchandise for the periods indicated below was as follows:

	2006	2005	2004
Highly consumable	65.7%	65.3%	63.0%
Seasonal	16.4%	15.7%	16.5%
Home products	10.0%	10.6%	11.5%
Basic clothing	7.9%	8.4%	9.0%

Our home products and seasonal categories typically account for the highest gross profit margin, and the highly consumable category typically accounts for the lowest gross profit margin.

We purchase our merchandise from a wide variety of suppliers. Approximately 11% of our purchases in 2006 were from The Procter & Gamble Company. Our next largest supplier accounted for approximately 5% of our purchases in 2006. We directly imported approximately 9% of our purchases at cost in 2006.

Customers

We serve the basic consumable, household, apparel and seasonal needs of customers, primarily in rural and small markets. According to AC Nielsen's 2006 Homescan® data, in 2006 approximately 41% of our customers had household gross income of less than \$30,000 per year. We are also increasingly focused on serving higher income customers and estimate that, in 2006, approximately 38% of our customers were from households with \$30,000 to \$70,000 of annual income. Our merchandising and operating strategies are primarily designed to meet the needs of these consumers. Approximately 21% of our customers were from households with annual income greater than \$70,000.

Recent Strategic Initiatives

In 2006, we launched strategic initiatives aimed at improving our merchandising and real estate strategies, which we refer to collectively as "Project Alpha." Project Alpha was based upon a comprehensive analysis of the performance of each of our stores and the impact of our inventory model on our ability to effectively serve our customers.

Our merchandising initiative is meant to move away from our traditional inventory packaway model, where unsold inventory items were stored on-site and returned to the sales floor to be sold the next year, year after year, until the items were eventually sold, damaged or discarded. Our initiative is an attempt to better meet our customers' needs and to ensure an appealing, fresh merchandise selection. With few exceptions, we plan to eliminate, through end-of-season and other markdowns, existing seasonal, home products and basic clothing packaway merchandise by the end of fiscal 2007. With the exception of certain holiday seasonal and winter apparel items, substantially all of the inventory targeted by this initiative had been sold or eliminated as of November 2, 2007. In addition, beginning in fiscal 2007, we have started selling virtually all current-year non-replenishable merchandise by taking end-of-season markdowns, allowing for increased levels of newer, current-season merchandise. We believe this strategy change will enhance the appearance of our stores and will positively impact customer satisfaction as well as the store employees' ability to manage stores, ultimately resulting in higher sales, increased gross profit margins, lower employee turnover, and decreased inventory shrink and damages. We also expect that this improved inventory management will result in more appropriate per store inventory levels. We expect to increase our sales mix of merchandise categories with higher gross profit margin items, such as home products, basic clothing and seasonal merchandise (which were the primary elements of packaway inventory), as we become increasingly able to improve our merchandise assortments and stock our stores with more current inventory.

In 2006, we also initiated a new store layout that we believe will further drive sales growth and margin enhancement through an improved merchandising mix. The new layout was launched in a test mode in early 2006, was improved during the year, and became our standard new and remodeled store format by the end of 2006. As a result of the opening of new stores and the re-formatting of a limited number of existing stores, there were 817 stores operating in this new format as of November 2, 2007. The results have been encouraging, as we have seen additional sales from these new and remodeled stores, including an increased mix of higher margin goods. Additionally, improved merchandise adjacencies and wider, more open aisles have enhanced the overall guest shopping experience.

We also initiated significant improvements to our real estate practices beginning in 2006. We are fully integrating the functions of site selection, lease renewals, relocations, remodels and store closings and have defined and are implementing rigorous analytical processes for decision-making in those areas. We continue to analyze our real estate performance and to look for ways to further refine and improve our practices. As a first step in our initiative to revitalize our store base, we performed a comprehensive real estate review resulting in the identification of approximately 400 underperforming stores all of which we closed by the end of our second fiscal quarter of 2007. Additionally, in connection with the Transactions (as defined below), management approved a plan to close an additional 60 stores prior to February 1, 2008. These closings are in addition to stores that are typically closed in the normal course of business, which over the last 10 years constituted approximately 1% to 2% of our store base per year. We do not currently expect any additional closures beyond those to be closed in the normal course of business; although, as part of our ongoing real estate practices, we will continue to evaluate our store base for underperforming stores. We have also temporarily decelerated our new store growth rate to enable us to focus on improving the performance of existing stores, including remodeling or relocating a number of stores to improve productivity and enhance the shopping experience for our customers.

Our Industry

We compete in the deep discount segment of the U.S. retail industry. Excluding supercenters (e.g., Wal-Mart), this segment generates approximately \$43 billion in sales per year and grew at a 10.2% CAGR between 2000 and 2005. Our competitors are both traditional "dollar stores", as well as other retailers offering discounted items or convenience (e.g., Walgreens and CVS). The "dollar store" sector differentiates itself from other forms of retailing in the deep discount segment by offering consistently low prices in a convenient, small-store format. Unlike other formats that have suffered with the rise of

Wal-Mart and other discount supercenters, the "dollar store" sector has grown despite the presence of the discount supercenters.

We believe it is our substantial convenience advantage, at prices comparable to those of supercenters, that allows Dollar General to compete so effectively. As such, Dollar General stores have performed well in the presence of increased competition from Wal-Mart and drugstores. Based on a sample of markets that had relatively high concentrations of Wal-Mart stores, Dollar General stores typically have a higher net sales per square foot and operating profit compared to its stores in markets with lower concentrations of Wal-Mart stores. Similarly, Dollar General stores in a sample of markets that had relatively high concentrations of CVS stores are more productive on net sales per square foot and operating profit bases while maintaining similar operating margins.

We believe that there is considerable room for growth in the "dollar store" sector. According to AC Nielsen and Retail Forward, "dollar stores" have been able to increase their penetration across all income brackets in the last 6 years. Though traditional "dollar stores" have high customer penetration, the sector as a whole accounts for only approximately 1.4% of total consumer product goods spending, which we believe leaves ample room for growth. Our merchandising initiatives are aimed at increasing our stores' share of customer spending.

Our Competitive Strengths

Market Leader in an Attractive Sector with a Growing Customer Base. We are the largest discount retailer in the U.S. by number of stores, with 8,204 stores in 35 states as of November 2, 2007. We are the largest player in the U.S. deep discount segment with a nearly 21% market share, almost 1.5 times that of our nearest competitor. We believe we are well positioned to further increase our market share as we continue to execute our business strategy and implement our operational initiatives. Our target customers include the approximately 70% of U.S. individuals who earn less than \$50,000 per year. According to Nielsen Media Research, in 2006, approximately 65% of households shopped at least once at a discount store (up from 59% in 2001).

Consistent Sales Growth and Strong Cash Flow Generation. For over 15 consecutive years, Dollar General has experienced positive annual same store sales growth. Nearly two-thirds of our net sales come from the sale of consumable products, which are less susceptible to economic pressures (such as increased fuel costs and unemployment), with the remaining one-third comprised mainly of basic clothing, seasonal and home products, which are subject to little trend or fashion risk. We have a low cost operating model with attractive margins, low capital expenditures (approximately 2% of net sales for the 39 weeks ended November 2, 2007) and low working capital needs, resulting in significant cash flow generation (before interest).

Differentiated Value Proposition. Our ability to deliver highly competitive prices in a convenient location and shopping format provides our customers with a compelling shopping experience and distinguishes us from other discount retailers, as well as convenience and drugstore retailers.

Compelling Unit Economics. The traditional Dollar General store size, design and location requires minimal initial investment and low maintenance capital expenditures, which, when combined with strong average unit volumes, or AUV, provides for a quick recovery of store start-up costs. In fiscal 2006, our traditional stores that were open for the entire period had an AUV of \$1,115,477 and an average investment in inventory and fixtures of approximately \$250,000. The ability of our stores to generate strong cash flows with minimal investment results in a short payback period.

Efficient Supply Chain. We believe our distribution network is an integral component of our efforts to reduce transportation expenses and effectively support our growth. In recent years, we have made significant investments in technological improvements and upgrades, which have increased our efficiency and capacity to support store growth.

Experienced and Motivated Management Team. Over the past two years, we have strengthened our management team with the hiring of David Beré, our President, Chief Operating Officer and Interim Chief Executive Officer, and Beryl Buley, our Division President, Merchandising, Marketing & Supply Chain, and we have replaced a majority of our senior merchandising and real estate teams. Our leadership team has significant experience and is balanced between industry and Dollar General veterans. In connection with the Transactions, we entered into agreements with certain members of management (the "Senior Management Participants") pursuant to which they elected to invest in Dollar General in an aggregate amount of approximately \$10.4 million, including \$3.2 million in rollover equity. See "The Transactions."

Our Business Strategy

Our mission is "Serving Others." To carry out this mission, we have developed a business strategy of providing our customers with a focused assortment of attractively priced merchandise in a convenient, small-store format. We believe this strategy will expand our leadership position within the deep discount segment of the U.S. retail industry while increasing our profitability and maximizing our cash flows.

Continue to Deliver Value to Our Customers. Our ability to deliver highly competitive prices in a convenient shopping format provides our customers with a compelling shopping experience and distinguishes us from other discount retailers, as well as convenience and drugstore retailers. We plan to continue to improve on this value proposition to our customers by implementing operational improvements as described herein that will further enhance our business model.

Drive Financial Performance through Operating Improvements. After a period of rapid store growth in the mid to late 1990s and early 2000s and the transition from a close-out retailer, we are now increasingly focused on growing profitability and in the early stages of implementing certain targeted retail practices which are expected to have a substantial impact on our gross profit margins, sales productivity and capital efficiency. We expect to expand on these efforts by:

- completing Project Alpha, particularly the final steps in the transition from a packaway inventory management model to a model that clears seasonal merchandise at season end;
- optimizing our real estate selection and existing site management through comprehensive real estate reviews and more robust analytics and technology, with enhanced management directing more disciplined processes;
- better merchandising and category management, SKU rationalization and space reallocation with an increased focus on gross profit margin, returns per square foot and shrink reduction. In addition, we expect significant ancillary improvements from SKU rationalization, including the optimization of inventory levels, reduction of stock-outs and increased store organization and cleanliness;
- refining our existing pricing strategy. We plan to optimize pricing over the next two years primarily by varying pricing to reflect differences in costs and competition by geographic region. Currently, we offer our products at virtually uniform price points across all of our stores while most of our competitors vary prices by geographic region;
- increasing foreign direct sourcing. We imported approximately \$550 million of goods in 2006, and we plan to substantially increase this amount over the next five years;
- increasing our private label penetration and the consistency and quality of our private label products. We plan to grow our core private label penetration over the next five years. Currently, highly consumable private label products represent approximately 10% of our net sales; and
- improving our distribution and transportation logistics and efficiency.

Pursue Measured Store Growth. While our operational initiatives are focused on increasing our store productivity and profitability and decreasing near term store openings, we believe there are significant opportunities for additional longer term store growth within our existing footprint as well as in new markets. Given our customer demographics and current market penetration, we expect a majority of our new stores to be opened within our existing markets, taking advantage of our local brand awareness while maximizing operating efficiencies.

We were founded in 1939 as J.L. Turner and Son, Wholesale. We opened our first dollar store in 1955, when we were first incorporated as a Kentucky corporation under the name J.L. Turner & Son, Inc. We changed our name to Dollar General Corporation in 1968 and reincorporated as a Tennessee corporation in 1998. Our principal executive offices are located at 100 Mission Ridge, Goodlettsville, Tennessee 37072, and our telephone number is (615) 855-4000. Our website address is www.dollargeneral.com. The information on our website is not part of this prospectus.

Summary of the Terms of The Exchange Offer

On July 6, 2007, we completed the private offering of the outstanding notes. In this prospectus, the term "outstanding notes" refers to the 10.625% Senior Notes due 2015 and the 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 all issued in the private offering. The term "exchange notes" refers to the 10.625% Senior Notes due 2015 and the 11.875%/12.625% Senior Subordinated Toggle Notes due 2017, all as offered by this prospectus and registered under the Securities Act of 1933, as amended (the "Securities Act"). The term "notes" refers to both the outstanding notes and the exchange notes.

General	<p>In connection with the private offering, we entered into a registration rights agreement with Goldman, Sachs & Co., Citigroup Global Markets, Inc., Lehman Brothers Inc. and Wachovia Capital Markets, LLC, (collectively, the "Initial Purchasers"), the Initial Purchasers of the outstanding notes, in which we and the guarantors agreed, among other things, to use our reasonable best efforts to complete the exchange offer for the outstanding notes within 270 days after the date of issuance of the outstanding notes. You are entitled to exchange in the exchange offer your outstanding notes for exchange notes, which are identical in all material respects to the outstanding notes except:</p> <ul style="list-style-type: none">• the exchange notes have been registered under the Securities Act;• the exchange notes are not entitled to any registration rights which are applicable to the outstanding notes under the registration rights agreement; and• certain additional interest rate provisions are no longer applicable.
The exchange offer	<p>We are offering to exchange up to:</p> <ul style="list-style-type: none">• \$1,175,000,000 in principal amount of 10.625% Senior Notes due 2015, which have been registered under the Securities Act, for any and all outstanding Senior Notes due 2015.• \$725,000,000 in principal amount of 11.875%/12.625% Senior Subordinated Toggle Notes due 2017, which have been registered under the Securities Act, for any and all outstanding Senior Subordinated Toggle Notes due 2017. <p>You may only exchange outstanding notes in denominations of \$2,000 and integral multiples of \$1,000 in excess of \$2,000.</p> <p>Subject to the satisfaction or waiver of specified conditions, we will exchange the exchange notes for all respective outstanding notes that are validly tendered and not validly withdrawn prior to the expiration of the exchange offer. We will cause the exchange to be effected promptly after the expiration of the exchange offer.</p>

Resale:	<p>Based on interpretations by the staff of the Securities and Exchange Commission, or the "SEC", set forth in no-action letters issued to third parties referred to below, we believe that you may resell or otherwise transfer exchange notes issued in the exchange offer without complying with the registration and prospectus delivery requirements of the Securities Act, if:</p> <ol style="list-style-type: none">(1) you are acquiring the exchange notes in the ordinary course of your business;(2) you do not have an arrangement or understanding with any person to participate in a distribution of the exchange notes;(3) you are not an "affiliate" of the Issuer within the meaning of Rule 405 under the Securities Act; and(4) you are not engaged in, and do not intend to engage in, a distribution of the exchange notes. <p>If you are not acquiring the exchange notes in the ordinary course of your business, or if you are engaging in, intend to engage in, or have any arrangement or understanding with any person to participate in, a distribution of the exchange notes, or if you are an affiliate of Dollar General, then:</p> <ol style="list-style-type: none">(1) you cannot rely on the position of the staff of the SEC enunciated in Morgan Stanley & Co., Inc. (available June 5, 1991), Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the SEC's letter to Shearman & Sterling dated July 2, 1993, or similar no-action letters; and(2) in the absence of an exception from the position of the SEC stated in (1) above, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale or other transfer of the exchange notes. <p>If you are a broker-dealer and receive exchange notes for your own account in exchange for outstanding notes that you acquired as a result of market-making or other trading activities, you must acknowledge that you will deliver a prospectus, as required by law,</p>
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	in connection with any resale or other transfer of the exchange notes that you receive in the exchange offer. See "Plan of Distribution."
Expiration date	The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2008, unless extended by us. We do not currently intend to extend the expiration date of the exchange offer.
Withdrawal	You may withdraw the tender of your outstanding notes at any time prior to the expiration date of the exchange offer. We will return to you any of your outstanding notes that are not accepted for any reason for exchange, without expense to you, promptly after the expiration or termination of the exchange offer.

Interest on the exchange notes and the outstanding notes	Each exchange note will bear interest at the rate per annum set forth on the cover page of this prospectus from the most recent date on which interest has been paid on the outstanding notes. The interest on the notes is payable on January 15 and July 15 of each year, beginning on January 15, 2008. No interest will be paid on outstanding notes following their acceptance for exchange.
Conditions to the exchange offer	The exchange offer is subject to customary conditions, which we may assert or waive. See "The Exchange Offer—Conditions to the exchange offer."
Procedures for tendering outstanding notes	If you wish to participate in the exchange offer, you must complete, sign and date the accompanying letter of transmittal, or a facsimile of the letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must then mail or otherwise deliver the letter of transmittal, or a facsimile of the letter of transmittal, together with the outstanding notes and any other required documents, to the exchange agent at the address set forth on the cover page of the letter of transmittal. If you hold outstanding notes through The Depository Trust Company, or "DTC", and wish to participate in the exchange offer, you must comply with the Automated Tender Offer Program procedures of DTC.
	Signing, or agreeing to be bound by, the letter of transmittal, represents to us that, among other things:
	(1) you are acquiring the exchange notes in the ordinary course of your business;
	(2) you do not have an arrangement or understanding with any person to participate in a distribution of the exchange notes;
	(3) you are not an "affiliate" of the Issuer within the meaning of Rule 405 under the Securities Act; and
	(4) you are not engaged in, and do not intend to engage in, a distribution of the exchange notes.
	If you are a broker-dealer and receive exchange notes for your own account in exchange for outstanding notes that you acquired as a result of market-making or other trading activities, you must represent to us that you will deliver a prospectus, as required by law, in connection with any resale or other transfer of such exchange notes. If you are not acquiring the exchange notes in the ordinary course of your business, or if you are engaged in, or intend to engage in, or have an arrangement or understanding with any person to participate in, a distribution of the exchange notes, or if you are an affiliate of the Issuer, then you cannot rely on the positions and interpretations of the staff of the SEC and

Special procedures for beneficial owners	you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale or other transfer of the exchange notes. If you are a beneficial owner of outstanding notes that are held in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender those outstanding notes in the exchange offer, you should promptly instruct such person to tender those outstanding notes on your behalf.
Guaranteed delivery procedures	If you wish to tender your outstanding notes and they are not immediately available or you cannot deliver them, the letter of transmittal or any other documents required by the letter of transmittal or you cannot comply with the DTC procedures for book-entry transfer prior to the expiration date, then you must tender your outstanding notes according to the guaranteed delivery procedures described under "The Exchange Offer—Guaranteed delivery procedures."
Effect on holders of outstanding notes	In connection with the sale of the outstanding notes, we entered into a registration rights agreement with the Initial Purchasers of the outstanding notes. By making the exchange offer, we will have fulfilled a covenant under that agreement and will not be obligated to pay additional interest as described in that agreement. If you do not tender your outstanding notes in the exchange offer, you will continue to be entitled to all the rights and limitations applicable to the outstanding notes as set forth in the applicable indenture, except we will not have any further obligation to you to register outstanding notes under the registration rights agreement, and we will not be obligated to pay additional interest as described in that agreement. See "Registration Rights."
Consequences of failure to exchange	To the extent that outstanding notes are tendered and accepted in the exchange offer, the trading market for outstanding notes could be adversely affected. All untendered outstanding notes will continue to be subject to the restrictions on transfer set forth in the outstanding notes and in the applicable indenture. In general, the outstanding notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities

Act and applicable state securities laws. Other than in connection with the exchange offer, we do not currently anticipate that we will register the outstanding notes under the Securities Act.

Material income tax considerations

The exchange of outstanding notes for exchange notes in the exchange offer will not be a taxable event for United States

	federal income tax purposes. See "United States Federal Income Tax Consequences of the Exchange Offer."
Use of proceeds	We will not receive any cash proceeds from the issuance of exchange notes in the exchange offer.
Exchange agent	Wells Fargo Bank, National Association, whose address and telephone number are set forth in the section captioned "The Exchange Offer—Exchange agent" of this prospectus, is the exchange agent for the exchange offer.

Risk Factors

Investing in the notes involves substantial risk. You should consider carefully all of the information set forth in this prospectus prior to exchanging your outstanding notes. In particular, we urge you to review the factors set forth under the heading "Risk Factors."

Summary of the Terms of the Exchange Notes

The summary below, which is not intended to be complete, describes the principal terms of the exchange notes. Certain of the terms and conditions summarized below are subject to important limitations and exceptions. The "Description of Senior Notes" and "Description of Senior Subordinated Notes" sections of this prospectus contain more detailed descriptions of the terms and conditions of the outstanding notes and exchange notes. The exchange notes will have terms identical in all material respects to the outstanding notes, except that the exchange notes will not contain terms with respect to transfer restrictions, registration rights and additional interest for failure to observe certain obligations in the registration rights agreement.

Issuer	Dollar General.
Securities	<p>\$1.9 billion in aggregate principal amount of notes, consisting of:</p> <ul style="list-style-type: none"> • \$1.175 billion in aggregate principal amount of 10.625% senior notes due 2015; and • \$725.0 million in aggregate principal amount of 11.875% /12.625% senior subordinated notes due 2017.
Maturity Dates	<p>The senior notes will mature on July 15, 2015. The senior subordinated notes will mature on July 15, 2017.</p>
Interest Payment Dates	Interest on the notes will be payable on January 15 and July 15 of each year, beginning on January 15, 2008.
Interest Rates and Forms of Payment	<p>The senior notes will bear interest at a rate of 10.625% per annum. Cash interest on the senior subordinated notes will accrue at a rate of 11.875% per annum, and PIK Interest will accrue at a rate of 12.625% per annum. The initial interest payment on the senior subordinated notes will be payable in cash. For any interest period commencing on or after January 15, 2008 through July 15, 2011 we may elect to pay interest on the senior subordinated notes (i) in cash; (ii) by increasing the principal amount of the senior subordinated notes or by issuing new senior subordinated notes ("PIK Notes") (such increase or issuance, "PIK Interest") or (iii) by paying interest on half of the principal amount of the senior subordinated notes in cash and half in PIK Interest. If we elect to pay PIK Interest, we will increase the principal amount of the senior subordinated notes or issue PIK Notes, in each case, in an amount equal to the amount of PIK Interest for the applicable interest payment period (rounded up to the nearest \$1,000 in the case of global notes and to the nearest whole dollar in the case of senior subordinated notes in certificated form) to holders of the senior subordinated notes on the relevant record date. The senior subordinated notes will bear interest on the increased principal amount thereof from and after the applicable interest payment date on which a payment of PIK Interest is made. We must elect the form of interest payment with respect to each interest period no later than 30 days before the beginning of the applicable interest period. In the absence of such an election or proper notification of such</p>
Original Issue Discount	<p>election to the trustee, interest will be payable in accordance with the last election made for the previous interest period. We will have the option to pay interest on the senior subordinated notes in cash interest or PIK Interest for any interest payment period after the initial interest payment through July 15, 2011. For U.S. federal income tax purposes, the existence of this option means that none of the interest payments on the senior subordinated notes will be qualified stated interest even if we never exercise the option to pay PIK Interest. Consequently, the senior subordinated notes will be treated as issued with original issue discount, and U.S. holders will be required to include the original issue discount in gross income on a constant yield to maturity basis, regardless of whether interest is paid currently in cash. For more information, see "United States Federal Income Tax Consequences of the Exchange Offer."</p>
Security	None. The notes will be unsecured obligations of the Issuer and the subsidiary guarantors.
Guarantees	<p>The senior notes will be unconditionally guaranteed, jointly and severally, on an unsecured senior basis, and the senior subordinated notes will be unconditionally guaranteed, jointly and severally, on an unsecured senior subordinated basis, in each case, by each of our wholly owned subsidiaries that has guaranteed our New Credit Facilities (as defined below). Our non-guarantor subsidiaries accounted for approximately \$107.4 million of net revenues and approximately \$20.5 million of net income, in each case, for 2006 and</p>

	approximately \$243.0 million of total assets and approximately \$187.0 million of total liabilities, in each case, as of February 2, 2007. Included in these net revenues, net income, total assets and total liabilities balances are certain intercompany balances that are eliminated in consolidation.
Ranking	The outstanding senior notes are and the exchange senior notes will be our senior unsecured obligations and will: <ul style="list-style-type: none">• rank senior in right of payment to our existing and future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the senior notes, including the senior subordinated notes;• rank equally in right of payment to all of our existing and future senior debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the senior notes; and• be effectively subordinated to all of our existing and future secured debt (including obligations under the New Credit Facilities), to the extent of the value of the assets securing such debt, and be structurally subordinated to all obligations of each of our subsidiaries that is not a guarantor of the senior notes.

Similarly, the senior note guarantees will be senior unsecured obligations of the guarantors and will:

- rank senior in right of payment to all of the applicable guarantor's existing and future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the senior notes, including the applicable guarantor's guarantee under the senior subordinated notes;
- rank equally in right of payment to all of the applicable guarantor's existing and future senior debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the senior notes; and
- be effectively subordinated in right of payment to all of the applicable guarantor's existing and future secured debt (including the applicable guarantor's guarantee under the New Credit Facilities), to the extent of the value of the assets securing such debt, and be structurally subordinated to all obligations of any subsidiary of a guarantor if that subsidiary is not also a guarantor of the senior notes.

The outstanding senior subordinated notes are and the exchange senior subordinated notes will be our unsecured senior subordinated obligations and will:

- be subordinated in right of payment to our existing and future senior debt, including our New Credit Facilities and the senior notes;
- rank equally in right of payment to all of our existing and future senior subordinated debt and other obligations that are not, by the terms of the senior subordinated notes, expressly made senior;
- be effectively subordinated to all of our existing and future secured debt (including obligations under our New Credit Facilities), to the extent of the value of the assets securing such debt, and be structurally subordinated to all obligations of any subsidiaries that do not guarantee the senior subordinated notes; and
- rank senior in right of payment to all of our future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the senior subordinated notes.

Similarly, the senior subordinated note guarantees will be unsecured senior subordinated obligations of the guarantors and will:

- be subordinated in right of payment to all of the applicable guarantor's existing and future senior debt, including such guarantor's guarantee under our New Credit Facilities and the senior notes;
- rank equal in right of payment to all of the applicable guarantor's future senior subordinated debt and other

obligations that are not, by the terms of the senior subordinated notes, expressly made senior;

- be effectively subordinated to all of the applicable guarantor's existing and future secured debt (including such guarantor's guarantee under our New Credit Facilities), to the extent of the value of the assets securing such debt, and be structurally subordinated to all obligations of any subsidiary of a guarantor if that subsidiary is not also a guarantor of the senior subordinated notes; and
- rank senior in right of payment to all of the applicable guarantor's future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the guarantees of the senior subordinated notes.

As of November 2, 2007, (1) the notes and related guarantees rank effectively junior to approximately \$2,602.0 million of senior secured indebtedness and \$30.4 million of payment obligations relating to capital lease and financing obligations and other indebtedness, (2) the senior notes and related guarantees rank senior to the \$725.0 million of senior subordinated notes, (3) the senior subordinated notes and related guarantees rank junior to the senior notes, and (4) we had an additional \$710.5 million of unutilized capacity under our new senior secured asset-based revolving credit facility.

Optional Redemption

We may redeem some or all of the senior notes at any time on or after July 15, 2011 and we may redeem some or all of the senior subordinated notes at any time on or after July 15, 2012, in each case at the redemption prices set forth in this prospectus.

We may redeem some or all of the senior notes prior to July 15, 2011 and some or all of the senior subordinated notes prior to July 15, 2012, in each case at a price equal to 100% of the principal amount of the notes redeemed plus the applicable "make-whole"

premium as described in this prospectus.

On or before July 15, 2010, we may also redeem up to 35% of the senior notes and 35% of the senior subordinated notes, in each case, at the redemption prices set forth in this prospectus, using the proceeds of certain equity offerings.

Mandatory Principal Redemption

If the senior subordinated notes would otherwise constitute "applicable high yield discount obligations" within the meaning of Section 163(i)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), at the end of each accrual period ending after the fifth anniversary of the senior subordinated notes' issuance (each "AHYDO redemption date"), we will be required to redeem for cash a portion of each senior subordinated note then outstanding equal to the "Mandatory Principal Redemption Amount" (such

redemption, a "Mandatory Principal Redemption"). The redemption price for the portion of each senior subordinated note redeemed pursuant to a Mandatory Principal Redemption will be 100% of the principal amount of such portion plus any accrued interest thereon on the date of redemption. The "Mandatory Principal Redemption Amount" means, as of each AHYDO redemption date, the excess, if any, of (a) the aggregate amount of accrued and unpaid interest and all accrued and unpaid "original issue discount" (as defined in Section 1273(a)(1) of the Code) with respect to the senior subordinated notes, over (b) an amount equal to the product of (i) the "issue price" (as defined in Sections 1273(b) and 1274(a) of the Code) of the senior subordinated notes multiplied by (ii) the "yield to maturity" (as defined in the Treasury Regulation Section 1.1272-1(b)(1)(i)) of the senior subordinated notes. No partial redemption or repurchase of the senior subordinated notes prior to any AHYDO redemption date pursuant to any other provision of the indenture governing the senior subordinated notes will alter the Issuer's obligation to make the Mandatory Principal Redemption with respect to any senior subordinated notes that remain outstanding on any AHYDO redemption date.

Change of Control
and Asset Sales

If we sell certain assets under certain circumstances, or experience certain change of control events, each holder of senior notes or senior subordinated notes, as applicable, may require us to purchase all or a portion of its notes at the purchase prices set forth in this prospectus, plus accrued and unpaid interest and special interest, if any, to the purchase date. See "Description of Senior Notes—Repurchase at the Option of Holders" and "Description of Senior Subordinated Notes—Repurchase at the Option of Holders." Our New Credit Facilities or other agreements may restrict us from repurchasing any of the notes, including any purchase we may be required to make as a result of a change of control or certain asset sales. See "Risk Factors—Risks Related to the Notes—We may not have the ability to raise the funds necessary to finance the change of control offer required by the indentures governing the notes."

Certain Covenants

The indentures governing the notes restrict our ability and the ability of our restricted subsidiaries to, among other things:

- incur additional indebtedness, issue disqualified stock or issue certain preferred stock;
- pay dividends and make certain distributions, investments and other restricted payments;
- create certain liens or encumbrances;
- sell assets;
- enter into transactions with affiliates;

- limit the ability of restricted subsidiaries to make payments to us;
- merge, consolidate, sell or otherwise dispose of all or substantially all of our assets; and
- designate our subsidiaries as unrestricted subsidiaries.

These covenants are subject to important exceptions and qualifications described under the headings "Description of Senior Notes" and "Description of Senior Subordinated Notes."

Use of Proceeds

We will not receive any cash proceeds from the issuance of the exchange notes in the exchange offer. See "Use of Proceeds."

(benefit)	190.6	194.5	82.4	55.1	12.0	(34.4)	(88.0)	(75.5)
Net income (loss)	\$ 344.2	\$ 350.2	\$ 137.9	\$ 87.9	\$ (8.0)	\$ (60.2)	\$ (156.1)	\$ (113.3)

Statement of Cash Flows

Data:

Net cash provided by (used in):

Operating activities	\$ 391.5	\$ 555.5	\$ 405.4	\$ 19.8	\$ 201.9	\$ (33.8)
Investing activities	(259.2)	(264.4)	(282.0)	(239.4)	(66.9)	(6,815.3)
Financing activities	(245.4)	(323.3)	(134.7)	109.9	25.3	6,939.6
Total capital expenditures	(288.3)	(284.1)	(261.5)	(221.0)	(56.2)	(44.7)
New stores	(80.7)	(93.6)	(62.6)	(44.4)	(28.7)	(17.7)
Existing stores and other	(207.6)	(190.5)	(198.9)	(176.6)	(27.5)	(27.0)

Other Financial and Operating Data:

Same store sales growth	3.2%	2.2%	3.3%	2.3%	2.6%	3.3%
Number of stores (at period end)	7,320	7,929	8,229	8,251	8,205	8,204
Selling square feet in thousands (at period end)	50,015	54,753	57,299	57,305	57,379	58,207
Net sales per square foot(4)	\$ 159.6	\$ 159.8	\$ 162.6	\$ 163.3	\$ 163.9	\$ 165.4
Highly consumable sales	63.0%	65.3%	65.7%	67.8%	66.7%	69.3%
Seasonal sales	16.5%	15.7%	16.4%	14.7%	15.4%	13.6%
Home products sales	11.5%	10.6%	10.0%	9.6%	9.2%	8.7%
Basic clothing sales	9.0%	8.4%	7.9%	7.9%	8.7%	8.4%
Rent expense	\$ 268.8	\$ 312.3	\$ 343.9	\$ 253.9	\$ 149.0	\$ 116.8

Balance Sheet Data (at period end):

Cash and cash equivalents and short-term investments	\$ 275.8	\$ 209.5	\$ 219.2	\$ 120.3	\$ 115.9
Total assets	2,841.0	2,980.3	3,040.5	3,206.3	8,931.7
Total debt	271.3	278.7	270.0	503.8	4,509.8
Total shareholders' equity	1,684.5	1,720.8	1,745.7	1,702.9	2,685.5

	Historical							Pro Forma		
	Predecessor						Successor			
	Fiscal Year Ended									39
	January 31, 2003	January 30, 2004	January 28, 2005	February 3, 2006(1)	February 2, 2007(2)	39 Weeks Ended November 3, 2006(2)	February 3, 2007 through July 6, 2007(2)	July 7, 2007 through November 2, 2007(3)	Fiscal Year Ended February 2, 2007	Weeks Ended November 2, 2007
Ratios of earnings to fixed charges(5)										
Actual	4.9x	5.6x	5.6x	5.3x	2.5x	2.0x	1.1x	(7)		
Pro forma(6)								2.5x	(8)	

(1) The fiscal year ended February 3, 2006 was comprised of 53 weeks.

(2) Includes the effects of certain strategic merchandising and real estate initiatives as further described in "Management's Discussion and Analysis of Results of Operations and Financial Condition."

(3) Includes the results of Buck for the period prior to the merger with and into Dollar General Corporation from March 6, 2007 (its formation) through July 6, 2007 and the post-merger results of Dollar General Corporation for the period from July 7, 2007 through November 2, 2007.

(4) For the 39 week periods ended November 3, 2006 and November 2, 2007, net sales per square foot was calculated based on the last four quarters' sales divided by average quarterly selling area. For the fiscal year ended February 3, 2006, net sales per square foot was calculated based on 52 weeks' sales.

(5) For purposes of computing the ratio of earnings to fixed charges, (a) earnings consist of net income (loss) before income taxes plus fixed charges less capitalized expenses related to indebtedness (amortization expense for capitalized interest is not significant) and (b) fixed charges consist of all interest expense (whether expensed or capitalized), amortization of debt issue costs and discounts related to indebtedness, and a portion of rent expense representative of interest factored therein.

(6) To give effect to the increase in interest expense resulting from the portion of the notes proceeds used to retire the \$198.3 million of our 8⁵ / 8 % unsecured notes due June 15, 2010, as if such transactions had occurred at the beginning of the periods presented.

(7) For the period from July 7, 2007 through November 2, 2007, fixed charges exceeded earnings by \$94.6 million.

(8) For the 39 weeks ended November 2, 2007, pro forma fixed charges exceeded earnings by \$91.4 million.

RISK FACTORS

You should carefully consider the risk factors set forth below as well as the other information contained in this prospectus before participating in the exchange offer. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. However, the risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. In such a case, the trading price of the exchange notes could decline or we may not be able to make payments of principal and interest on the exchange notes, and you may lose all or part of your original investment.

Risks Related to the Exchange Offer

If you do not exchange your outstanding notes in the exchange offer, the transfer restrictions currently applicable to your outstanding notes will remain in force and the market price of your outstanding notes could decline.

If you do not exchange your outstanding notes for exchange notes in the exchange offer, then you will continue to be subject to the transfer restrictions on the outstanding notes as set forth in the offering memorandum distributed in connection with the private offering of the outstanding notes. In general, the outstanding notes may not be offered or sold unless they are registered or exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the outstanding notes under the Securities Act. You should refer to "Summary—Summary of the Terms of the Exchange Offer" and "The Exchange Offer" for information about how to tender your outstanding notes.

The tender of outstanding notes under the exchange offer will reduce the principal amount of each series of the outstanding notes, which may have an adverse effect upon, and increase the volatility of, the market prices of the outstanding notes due to reduction in liquidity.

Your ability to transfer the notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the notes.

We do not intend to apply for listing of the exchange notes on a securities exchange or on any automated dealer quotation system. The exchange notes are a new issue of securities for which there is no established public market. The initial purchasers in the private offering of the outstanding notes have advised us that they intend to make a market in the exchange notes as permitted by applicable laws and regulations; however, the initial purchasers are not obligated to make a market in any of the exchanges notes, and they may discontinue their market-making activities at any time without notice. In addition, such market making activity may be limited during the pendency of the exchange offer. Therefore, an active market for any of the exchange notes may not develop or, if developed, it may not continue. Historically, the market for non investment-grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the exchange notes. The market, if any, for any of the exchange notes may not be free from similar disruptions, and any such disruptions may adversely affect the prices at which you may sell your exchange notes. In addition, subsequent to their initial issuance, the exchange notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our performance and other factors.

Risks Related to Our Indebtedness

The fact that we are substantially leveraged could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our obligations under the notes.

We are highly leveraged. As of November 2, 2007, our total indebtedness was approximately \$4.5 billion, including the notes. We also had an additional \$710.5 million available for borrowing under our new senior secured asset-based revolving credit facility at that date. The following chart shows our level of indebtedness and certain other information as of November 2, 2007 after giving effect to the Transactions.

	As of November 2, 2007
	(Dollars in millions)
Senior secured asset-based revolving credit facility(1)	\$ 302.0
Senior secured term loan facility(2)	2,300.0
Senior notes, net of discount	1,152.4
Senior subordinated notes	725.0
Other existing debt(3)	30.4
Total	\$ 4,509.8

- (1) Upon the closing of the Merger, we entered into a \$1.125 billion senior secured asset-based revolving credit facility with a six-year maturity, of which \$350.0 million is available for letters of credit. This facility consists of Tranche A Loans and Tranche A-1 Loans. All loans under the facility shall be made as Tranche A-1 Loans until such time as all commitments under the Tranche A-1 Loans have been funded or there is no further availability under the Tranche A-1 Loans, at which point loans under the facility shall be made as Tranche A Loans. Any payments made on the principal amount of the loans outstanding will first be applied to all the Tranche A Loans outstanding before any amount will be applied to the Tranche A-1 Loans. As of November 2, 2007, we had \$302.0 million in borrowings outstanding under our new senior secured asset-based revolving credit facility. See "Description of Other Indebtedness."
- (2) Upon the closing of the Merger, we entered into a new \$2.3 billion senior secured term loan facility with a seven-year maturity, the full amount of which was borrowed on the closing date. See "Description of Other Indebtedness."
- (3) Consists of financing and capital lease obligations and other debt instruments. See "Capitalization."

Our high level of debt could have important consequences for you, including:

- making it more difficult for us to make payments on the notes;
- increasing our vulnerability to general economic and industry conditions;
- requiring a substantial portion of our cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- exposing us to the risk of interest rate fluctuations as certain of our borrowings bear interest based on market interest rates;

- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged.

In addition, the borrowings under our New Credit Facilities bear interest at variable rates and other debt we incur could likewise be variable-rate debt. If market interest rates increase, variable-rate debt will create higher debt service requirements, which could adversely affect our cash flow. While we have and may in the future enter into agreements limiting our exposure to higher interest rates, any such agreements may not offer complete protection from this risk. We and our subsidiaries may be able to incur substantial additional indebtedness in the future, subject to the restrictions contained in our New Credit Facilities and the indentures governing the notes. If new indebtedness is added to our current debt levels, the related risks that we now face could intensify. Our pro forma cash interest expense for the year ended February 2, 2007 was \$421.3 million. At November 2, 2007, we had \$302.0 million of debt under our senior asset-based revolving secured credit facility in addition to \$2.3 billion of debt under our senior secured term loan facility, which are based on a floating rate index. A 1% increase in these floating rates would increase our annual interest expense by approximately \$34.4 million assuming all available amounts under our New Credit Facilities were drawn.

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

Our New Credit Facilities and the indentures governing the notes contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit our and our restricted subsidiaries' ability to, among other things:

- incur additional indebtedness, issue disqualified stock or issue certain preferred stock;
- pay dividends and make certain distributions, investments and other restricted payments;
- create certain liens or encumbrances;
- sell assets;
- enter into transactions with our affiliates;
- limit the ability of restricted subsidiaries to make payments to us;
- merge, consolidate, sell or otherwise dispose of all or substantially all of our assets; and
- designate our subsidiaries as unrestricted subsidiaries.

A breach of any of these covenants could result in a default under the agreement governing such indebtedness. Upon our failure to maintain compliance with these covenants, the lenders could elect to declare all amounts outstanding thereunder to be immediately due and payable and terminate all commitments to extend further credit thereunder. If the lenders under such indebtedness accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay those borrowings, as well as our other indebtedness, including the notes. We have pledged a significant portion of our assets as collateral under the New Credit Facilities. If we were unable to repay those amounts, the lenders under our New Credit Facilities could proceed against the collateral granted to them to secure that indebtedness. Additional borrowings under the senior secured asset-based revolving credit facility will, if excess availability under such facility is less than a certain amount, be subject to the satisfaction of a specified financial ratio. Our ability to meet this financial ratio can be affected by events beyond our control, and we cannot assure you that we will meet this ratio and other covenants.

Risks Related to Our Business

General economic factors may adversely affect our financial performance.

General economic conditions in one or more of the markets we serve may adversely affect our financial performance. A general slowdown in the economy, higher interest rates, higher fuel and other energy costs, inflation, higher levels of unemployment, higher consumer debt levels, higher tax rates and other changes in tax laws, tightening of the credit markets, and other economic factors could adversely affect consumer demand for the products we sell, change our sales mix of products to one with a lower average gross profit and result in slower inventory turnover and greater markdowns on inventory. Higher interest rates, higher commodities rates, higher fuel and other energy costs, transportation costs, inflation, higher costs of labor, insurance and healthcare, foreign exchange rate fluctuations, higher tax rates and other changes in tax laws, changes in other laws and regulations and other economic factors increase our cost of sales and operating, selling, general and administrative expenses, and otherwise adversely affect the operations and operating results of our stores.

Our plans depend significantly on initiatives designed to improve the efficiencies, costs and effectiveness of our operations, and failure to achieve or sustain these plans could affect our performance adversely.

We have had, and expect to continue to have, initiatives (such as those relating to marketing, advertising, merchandising, promotions and real estate) in various stages of testing, evaluation, and implementation, upon which we expect to rely to improve our results of operations and financial condition. These initiatives are inherently risky and uncertain, even when tested successfully, in their application to our business in general. It is possible that successful testing can result partially from resources and attention that cannot be duplicated in broader implementation. Testing and general implementation also can be affected by other risk factors described herein that reduce the results expected. Successful systemwide implementation relies on consistency of training, stability of workforce, ease of execution, and the absence of offsetting factors that can influence results adversely. Failure to achieve successful implementation of our initiatives or the cost of these initiatives exceeding management's estimates could adversely affect our results of operations and financial condition. See the discussion of the initiatives in "Management's Discussion and Analysis of Results of Operations and Financial Condition."

Because our business is moderately seasonal, with the highest portion of sales occurring during the fourth quarter, adverse events during the fourth quarter could materially affect our financial statements as a whole.

We generally recognize a significant portion of our net sales and operating income during the Christmas selling season, which occurs in the fourth quarter of our fiscal year. In anticipation of this holiday, we purchase substantial amounts of seasonal inventory and hire many temporary employees. A seasonal merchandise inventory imbalance could result if for any reason our net sales during the Christmas selling season were to fall below either seasonal norms or expectations. If for any reason our fourth quarter results were substantially below expectations, our financial performance and operating results could be adversely affected by unanticipated markdowns, especially in seasonal merchandise. Lower than anticipated sales in the Christmas selling season would also negatively affect our ability to absorb the increased seasonal labor costs.

We face intense competition that could limit our growth opportunities and adversely impact our financial performance.

The retail business is highly competitive. We operate in the discount retail merchandise business, which is highly competitive with respect to price, store location, merchandise quality, assortment and

presentation, in-stock consistency, and customer service. This competitive environment subjects us to the risk of adverse impact to our financial performance because of the lower prices, and thus the lower margins, required to maintain our competitive position. Also, companies operating in the discount retail merchandise sector (due to customer demographics and other factors) have limited ability to increase prices in response to increased costs (including vendor price increases). This limitation may adversely affect our margins and financial performance. We compete for customers, employees, store sites, products and services and in other important aspects of our business with many other local, regional and national retailers. We compete with retailers operating discount, mass merchandise, drug, convenience, variety and specialty stores, supermarkets and supercenter-type stores. Certain of our competitors have greater financial, distribution, marketing and other resources than we do. These other competitors compete in a variety of ways, including aggressive promotional activities, merchandise selection and availability, services offered to customers, location, store hours, in-store amenities and price. If we fail to respond effectively to competitive pressures and changes in the retail markets, it could adversely affect our financial performance. See "Business—Our Industry and—Competition" for additional discussion of our competitive situation.

Although the retail industry as a whole is highly fragmented, certain segments of the retail industry have recently undergone and continue to undergo some consolidation, which can significantly alter the competitive dynamics of the retail marketplace. This consolidation may result in competitors with greatly improved financial resources, improved access to merchandise, greater market penetration and other improvements in their competitive positions. These business combinations could result in the provision of a wider variety of products and services at competitive prices by these consolidated companies, which could adversely affect our financial performance. Competition for customers has intensified in recent years as larger competitors have moved into, or increased their presence in, our geographic markets. We remain vulnerable to the marketing power and high level of consumer recognition of these larger competitors and to the risk that these competitors or others could venture into the "dollar store" industry in a significant way. Generally, we expect an increase in competition.

Natural disasters, unusually adverse weather conditions, pandemic outbreaks, boycotts and geo-political events could adversely affect our financial performance.

The occurrence of one or more natural disasters, such as hurricanes and earthquakes, unusually adverse weather conditions, pandemic outbreaks, boycotts and geo-political events, such as civil unrest in countries in which our suppliers are located and acts of terrorism, or similar disruptions could adversely affect our operations and financial performance. These events could result in physical damage to one or more of our properties, increases in fuel (or other energy) prices, the temporary or permanent closure of one or more of our stores or distribution centers, delays in opening new stores, the temporary lack of an adequate work force in a market, the temporary or long-term disruption in the supply of products from some local and overseas suppliers, the temporary disruption in the transport of goods from overseas, delay in the delivery of goods to our distribution centers or stores, the temporary reduction in the availability of products in our stores and disruption to our information systems. These events also can have indirect consequences such as increases in the costs of insurance following a destructive hurricane season. These factors could otherwise disrupt and adversely affect our operations and financial performance.

Risks associated with the domestic and foreign suppliers from whom our products are sourced could adversely affect our financial performance.

The products we sell are sourced from a wide variety of domestic and international suppliers. Approximately 11% of our purchases in 2006 were from The Procter & Gamble Company. Our next largest supplier accounted for approximately 5% of our purchases in 2006. We directly imported approximately 9% of our purchases at cost in 2006, but many of our domestic vendors directly import

their products or components of their products. Political and economic instability in the countries in which foreign suppliers are located, the financial instability of suppliers, suppliers' failure to meet our supplier standards, labor problems experienced by our suppliers, the availability of raw materials to suppliers, merchandise quality or safety issues, currency exchange rates, transport availability and cost, inflation, and other factors relating to the suppliers and the countries in which they are located or from which they import are beyond our control. In addition, the United States' foreign trade policies, tariffs and other impositions on imported goods, trade sanctions imposed on certain countries, the limitation on the importation of certain types of goods or of goods containing certain materials from other countries and other factors relating to foreign trade are beyond our control. Disruptions due to labor stoppages, strikes or slowdowns, or other disruptions, involving our vendors or the transportation and handling industries also may negatively affect our ability to receive merchandise and thus may negatively affect sales. These and other factors affecting our suppliers and our access to products could adversely affect our financial performance. In addition, our ability to obtain indemnification from foreign suppliers may be hindered by the manufacturers' lack of understanding of U.S. product liability or other laws, which may make it more likely that we may be required to respond to claims or complaints from customers as if we were the manufacturer of the products. As we increase our imports of merchandise from foreign vendors, the risks associated with foreign imports will increase.

We are dependent on attracting and retaining qualified employees while also controlling labor costs.

Our future performance depends on our ability to attract, retain and motivate qualified employees. Many of these employees are in entry-level or part-time positions with historically high rates of turnover. Availability of personnel varies widely from location to location. Our ability to meet our labor needs generally, including our ability to find qualified personnel to fill positions that become vacant at our existing stores and distribution centers, while controlling our labor costs, is subject to numerous external factors, including the level of competition for such personnel in a given market, the availability of a sufficient number of qualified persons in the work force of the markets in which we are located, unemployment levels within those markets, prevailing wage rates and changes in minimum wage laws, changing demographics, health and other insurance costs and changes in employment legislation. Increased turnover also can have significant indirect costs, including more recruiting and training needs, store disruptions due to management changeover and potential delays in new store openings or adverse customer reactions to inadequate customer service levels due to personnel shortages. Competition for qualified employees exerts upward pressure on wages paid to attract such personnel. In addition, to the extent a significant portion of our employee base unionizes, or attempts to unionize, our labor costs could increase. Our ability to pass along those costs is constrained.

Also, our stores are decentralized and are managed through a network of geographically dispersed management personnel. Our inability to effectively and efficiently operate our stores, including the ability to control losses resulting from inventory and cash shrinkage, may negatively affect our sales and/or operating margins.

Our planned future growth will be impeded, which would adversely affect sales, if we cannot open new stores on schedule or if we close a number of stores materially in excess of anticipated levels.

Our growth is dependent on both increases in sales in existing stores and the ability to open new stores. Our ability to timely open new stores and to expand into additional market areas depends in part on the following factors: the availability of attractive store locations; the absence of occupancy delays; the ability to negotiate favorable lease terms; the ability to hire and train new personnel, especially store managers; the ability to identify customer demand in different geographic areas; general economic conditions; and the availability of sufficient funds for expansion. In addition, many of these factors affect our ability to successfully relocate stores. Many of these factors are beyond our control. In addition, our substantial debt, particularly combined with the recent tightening of the credit markets,

has made it more difficult for our real estate developers to obtain loans for our build-to-suit stores and to locate investors for those properties after they have been developed. If this trend continues, it could materially adversely impact our ability to open build-to-suit stores in desirable locations.

Delays or failures in opening new stores, or achieving lower than expected sales in new stores, or drawing a greater than expected proportion of sales in new stores from existing stores, could materially adversely affect our growth. In addition, we may not anticipate all of the challenges imposed by the expansion of our operations and, as a result, may not meet our targets for opening new stores or expanding profitably.

Some of our new stores may be located in areas where we have little or no meaningful experience. Those markets may have different competitive conditions, market conditions, consumer tastes and discretionary spending patterns than our existing markets, which may cause our new stores to be less successful than stores in our existing markets.

Some of our new stores will be located in areas where we have existing units. Although we have experience in these markets, increasing the number of locations in these markets may cause us to over-saturate markets and temporarily or permanently divert customers and sales from our existing stores, thereby adversely affecting our overall financial performance.

We are dependent upon the smooth functioning of our distribution network, the capacity of our distribution centers, and the timely receipt of inventory.

We rely upon the ability to replenish depleted inventory through deliveries to our distribution centers from vendors and from the distribution centers to our stores by various means of transportation, including shipments by sea and truck. Labor shortages in the transportation industry and/or labor inefficiencies associated with certain "driver hours of service" regulations adopted by the Federal Motor Carriers Safety Administration could negatively affect transportation costs. In addition, long-term disruptions to the national and international transportation infrastructure that lead to delays or interruptions of service would adversely affect our business.

The efficient operation of our business is heavily dependent upon our information systems.

We depend on a variety of information technology systems for the efficient functioning of our business. We rely on certain software vendors to maintain and periodically upgrade many of these systems so that they can continue to support our business. The software programs supporting many of our systems were licensed to us by independent software developers. The inability of these developers or us to continue to maintain and upgrade these information systems and software programs would disrupt or reduce the efficiency of our operations if we were unable to convert to alternate systems in an efficient and timely manner. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations. We also rely heavily on our information technology staff. If we cannot meet our staffing needs in this area, we may not be able to fulfill our technology initiatives while continuing to provide maintenance on existing systems.

We are subject to governmental regulations, procedures and requirements. A significant change in, or noncompliance with, these regulations could have a material adverse effect on our financial performance.

Our business is subject to numerous federal, state and local regulations. Changes in these regulations, particularly those governing the sale of products, may require extensive system and operating changes that may be difficult to implement and could increase our cost of doing business. Untimely compliance or noncompliance with applicable regulations or untimely or incomplete execution

of a required product recall can result in the imposition of penalties, including loss of licenses or significant fines or monetary penalties, in addition to reputational damage.

Our current insurance program may expose us to unexpected costs and negatively affect our financial performance.

Historically, our insurance coverage has reflected deductibles, self-insured retentions, limits of liability and similar provisions that we believe are prudent based on the dispersion of our operations. However, there are types of losses we may incur but against which we cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of war, employee and certain other crime and some natural disasters. If we incur these losses, our business could suffer. Certain material events may result in sizable losses for the insurance industry and adversely impact the availability of adequate insurance coverage or result in excessive premium increases. To offset negative insurance market trends, we may elect to self-insure, accept higher deductibles or reduce the amount of coverage in response to these market changes. In addition, we self-insure a significant portion of expected losses under our workers' compensation, automobile liability, general liability and group health insurance programs. Unanticipated changes in any applicable actuarial assumptions and management estimates underlying our recorded liabilities for these losses, including expected increases in medical and indemnity costs, could result in materially different amounts of expense than expected under these programs, which could have a material adverse effect on our financial condition and results of operations. Although we continue to maintain property insurance for catastrophic events, we are effectively self-insured for losses up to the amount of our deductibles. If we experience a greater number of these losses than we anticipate, our financial performance could be adversely affected.

Litigation may adversely affect our business, financial condition and results of operations.

Our business is subject to the risk of litigation by employees, consumers, suppliers, shareholders, government agencies, or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to these lawsuits may remain unknown for substantial periods of time. In addition, certain of these lawsuits, if decided adversely to us or settled by us, may result in liability material to our financial statements as a whole or may negatively affect our operating results if changes to our business operation are required. The cost to defend future litigation may be significant. There also may be adverse publicity associated with litigation that could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation may adversely affect our business, financial condition and results of operations. See "Business—Legal Proceedings" for further details regarding certain of these pending matters.

In addition, from time to time, third parties may claim that our trademarks or product offerings infringe upon their proprietary rights. Any such claim, whether or not it has merit, could be time-consuming and distracting for executive management, result in costly litigation, cause changes to our private label offerings or delays in introducing new private label offerings, or require us to enter into royalty or licensing agreements. As a result, any such claim could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to the Notes

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may be unable to maintain a level of cash flow from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the notes.

If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our senior secured credit agreement and the indentures governing the notes will restrict our ability to dispose of assets and use the proceeds from such disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due.

Repayment of our debt, including each series of notes, is dependent on cash flow generated by our subsidiaries and their ability to make distributions to us.

Our subsidiaries own a significant portion of our assets and conduct a significant portion of our operations. Accordingly, repayment of our indebtedness, including each series of notes, is dependent, to a significant extent, on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of the notes, our subsidiaries do not have any obligation to pay amounts due on the notes or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the notes. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indentures governing the notes will limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the notes.

U.S. Holders will be required to pay U.S. federal income tax on any PIK Interest received on the senior subordinated notes.

We have the option to pay interest on the senior subordinated notes in cash interest or PIK Interest. For U.S. federal income tax purposes, the existence of this option means that none of the interest payments on the notes will be qualified stated interest even if we never exercise the option to pay PIK Interest. Consequently, the senior subordinated notes will be treated as issued at a discount, and U.S. holders will be required to include original issue discount in gross income for U.S. federal income tax purposes in advance of the receipt of cash payments on such notes. See "Description of Senior Subordinated Notes—Principal, Maturity and Interest" and "United States Federal Income Tax Consequences of the Exchange Offer."

Claims of noteholders will be structurally subordinated to the claims of creditors of our non-guarantor subsidiaries.

The notes will not be guaranteed by all of our subsidiaries. For example, our subsidiaries that do not guarantee the New Credit Facilities will not guarantee the notes. Accordingly, claims of holders of the notes will be structurally subordinate to the claims of creditors of these non-guarantor subsidiaries, including trade creditors. All obligations of our non-guarantor subsidiaries will have to be satisfied

before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to us or a guarantor of the notes.

Our non-guarantor subsidiaries accounted for approximately \$107.4 million of net revenues and approximately \$20.5 million of net income, in each case, for 2006 and approximately \$243.0 million of total assets, and approximately \$187.0 million, of total liabilities, in each case as of February 2, 2007. Included in these net revenues, net income, total assets and total liabilities balances are certain intercompany balances that are eliminated in consolidation.

Your right to receive payments on each series of notes is effectively junior to those lenders who have a security interest in our assets.

Our obligations under the outstanding notes and the exchange notes and our guarantors' obligations under their guarantees of the notes are unsecured, but our obligations under our New Credit Facilities and each guarantor's obligations under its respective guarantee of the New Credit Facilities are secured by a security interest in substantially all of our domestic tangible and intangible assets, including the stock of most of our wholly owned U.S. subsidiaries, and a portion of the assets and a portion of the stock of certain of our non-U.S. subsidiaries. If we are declared bankrupt or insolvent, or if we default under our New Credit Facilities, the lenders could declare all of the funds borrowed thereunder, together with accrued interest, immediately due and payable. If we were unable to repay such indebtedness, the lenders could foreclose on the pledged assets to the exclusion of holders of the notes, even if an event of default exists under the indentures governing the notes at such time. Furthermore, if the lenders foreclose and sell the pledged equity interests in any subsidiary guarantor under the notes, then that guarantor will be released from its guarantee of the notes automatically and immediately upon such sale. In any such event, because the notes will not be secured by any of our assets or the equity interests in subsidiary guarantors, it is possible that there would be no assets remaining from which your claims could be satisfied or, if any assets remained, they might be insufficient to satisfy your claims fully. See "Description of Other Indebtedness."

As of November 2, 2007, we had \$2.6 billion of senior secured indebtedness, comprised of financing and capital lease obligations, other debt instruments and indebtedness under our New Credit Facilities, not including unused capacity of \$710.5 million under our revolving asset-based credit facility, subject to borrowing base availability. The indentures governing the notes will permit us and our restricted subsidiaries to incur substantial additional indebtedness in the future, including senior secured indebtedness.

Your right to receive payments on the senior subordinated notes will be junior to our existing and future senior indebtedness, including borrowings under our New Credit Facilities and the senior notes.

The senior subordinated notes and the related guarantees will be contractually subordinated to all of our current and future senior indebtedness (other than trade payables), including our borrowings under our New Credit Facilities and the senior notes, and all of our and the guarantors' future borrowings (other than trade payables), except any future indebtedness that expressly provides that it ranks equal with, or subordinated in right of payment to, the senior subordinated notes and the related guarantees. As a result of such subordination, in the event of the bankruptcy, liquidation or dissolution of us or any subsidiary guarantor, our assets or the assets of the applicable subsidiary guarantor would be available to pay obligations under the senior subordinated notes and our other senior subordinated obligations only after all payments had been made on our senior indebtedness or the senior indebtedness of the applicable subsidiary guarantor. Sufficient assets may not remain after all of these payments have been made to make any payments on the senior subordinated notes and our other senior subordinated obligations, including payments of interest when due. In addition, all payments on the senior subordinated notes and the related guarantees will be blocked in the event of a payment

default on senior debt and may be blocked for up to 179 of 360 consecutive days in the event of certain non-payment defaults on senior debt.

In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to us or the guarantors, holders of the senior subordinated notes will participate with trade creditors and all other holders of our and the guarantors' subordinated indebtedness in the assets remaining after we and the guarantors have repaid all of our senior debt. However, because the indenture governing the senior subordinated notes requires that amounts otherwise payable to holders of the senior subordinated notes in a bankruptcy or similar proceeding be paid to holders of senior debt instead, holders of the senior subordinated notes may receive less, ratably, than holders of trade payables in any such proceeding. In any of these cases, we and the guarantors may not have sufficient funds to pay all of our creditors and holders of senior subordinated notes may receive less, ratably, than the holders of our senior debt.

As of November 2, 2007, the senior subordinated notes and the related guarantees are subordinated to \$3.785 billion of senior debt, \$2.632 billion of which is secured debt, and up to \$710.5 million is available for borrowing as additional senior secured debt under our New Credit Facilities, subject to borrowing base availability.

If we default on our obligations to pay our indebtedness, we may not be able to make payments on the notes.

Any default under the agreements governing our indebtedness, including a default under the senior secured credit agreements, that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness, could prevent us from paying principal, premium, if any, and interest on the notes and substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants in the instruments governing our indebtedness (including covenants in our New Credit Facilities and the indentures under which the outstanding notes were, and the exchange notes will be, issued), we could be in default under the terms of the agreements governing such indebtedness, including our senior secured credit agreements and the indentures under which the outstanding notes were, and the exchange notes will be issued. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under our New Credit Facilities could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to obtain waivers from the required lenders under our New Credit Facilities to avoid being in default. If we breach our covenants under our New Credit Facilities and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under our senior secured credit agreements, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indentures governing the notes.

Upon the occurrence of a "change of control," as defined in the indentures governing the notes, we must offer to buy back the notes at a price equal to 101% of the principal amount, together with any accrued and unpaid interest, if any, to the date of the repurchase. Our failure to purchase, or give notice of purchase of, the senior notes or the senior subordinated notes, as applicable, would be a default under each of the indentures governing the notes, which would also be a default under our New Credit Facilities.

If a change of control occurs, it is possible that we may not have sufficient assets at the time of the change of control to make the required repurchase of notes or to satisfy all obligations under our New Credit Facilities and the indentures under which the outstanding notes were, and the exchange notes will be, issued. In order to satisfy our obligations, we could seek to refinance the indebtedness under our New Credit Facilities and the indentures or obtain a waiver from the lenders or you as a holder of notes. We cannot assure you that we would be able to obtain a waiver or refinance our indebtedness on terms acceptable to us, if at all.

The lenders under our New Credit Facilities have the discretion to release the guarantors under the senior secured credit agreements in a variety of circumstances, which will cause those guarantors to be released from their guarantees of the notes.

While any obligations under our New Credit Facilities remain outstanding, any guarantee of the notes may be released without action by, or consent of, any holder of the notes or the trustee under the indentures governing the notes, at the discretion of lenders under our New Credit Facilities, if such guarantor is no longer a guarantor of obligations under our New Credit Facilities or any other indebtedness. See "Description of Senior Notes—Guarantees" and "Description of Senior Subordinated Notes—Guarantees." The lenders under our New Credit Facilities have the discretion to release the guarantees under our New Credit Facilities in a variety of circumstances. You will not have a claim as a creditor against any subsidiary that is no longer a guarantor of the notes, and the indebtedness and other liabilities, including trade payables, whether secured or unsecured, of those subsidiaries will effectively be senior to claims of noteholders.

Federal and state fraudulent transfer laws may permit a court to void the guarantees, and, if that occurs, you may not receive any payments on the notes.

Federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the notes and the incurrence of the guarantees. Under federal bankruptcy law and comparable provisions of state fraudulent transfer or conveyance laws, which may vary from state to state, the notes or guarantees could be voided as a fraudulent transfer or conveyance if (1) we or any of the guarantors, as applicable, issued the notes or incurred the guarantees with the intent of hindering, delaying or defrauding creditors or (2) we or any of the guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for either issuing the notes or incurring the guarantees and, in the case of (2) only, one of the following is also true at the time thereof:

- we or any of the guarantors, as applicable, were insolvent or rendered insolvent by reason of the issuance of the notes or the incurrence of the guarantees;
- the issuance of the notes or the incurrence of the guarantees left us or any of the guarantors, as applicable, with an unreasonably small amount of capital to carry on the business;
- we or any of the guarantors intended to, or believed that we or such guarantor would, incur debts beyond our or such guarantor's ability to pay as they mature; or
- we or any of the guarantors was a defendant in an action for money damages, or had a judgment for money damages docketed against us or such guarantor if, in either case, after final judgment, the judgment is unsatisfied.

If a court were to find that the issuance of the notes or the incurrence of the guarantee was a fraudulent transfer or conveyance, the court could void the payment obligations under the notes or such guarantee or further subordinate the notes or such guarantee to presently existing and future indebtedness of ours or of the related guarantor, or require the holders of the notes to repay any amounts received with respect to such guarantee. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the notes. Further, the voidance of the

notes could result in an event of default with respect to our and our subsidiaries' other debt that could result in acceleration of such debt.

As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or an antecedent debt is secured or satisfied. A debtor will generally not be considered to have received value in connection with a debt offering if the debtor uses the proceeds of that offering to make a dividend payment or otherwise retire or redeem equity securities issued by the debtor.

We cannot be certain as to the standards a court would use to determine whether or not we or the guarantors were solvent at the relevant time or, regardless of the standard that a court uses, that the issuance of the guarantees would not be further subordinated to our or any of our guarantors' other debt.

Our Investors control us and may have conflicts of interest with us or you now or in the future.

KKR, GS Capital Partners VI Fund, L.P. and affiliated funds (affiliates of Goldman, Sachs & Co.), Citi Private Equity, Wellington Management Company, LLP, CPP Investment Board (USRE II) Inc., and other equity co-investors (collectively, the "Investors") indirectly own a substantial portion of our capital stock through their investment in Buck Holdings, L.P. ("Parent"). As a result, the Investors have control over our decisions to enter into any corporate transaction and have the ability to prevent any transaction that requires the approval of shareholders regardless of whether noteholders believe that any such transactions are in their own best interests. For example, the Investors could cause us to make acquisitions that increase the amount of indebtedness that is secured or that is senior to the notes or to sell assets, which may impair our ability to make payments under the notes.

Additionally, the Investors are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. The Investors may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. So long as the Investors, or other funds controlled by or associated with the Investors, continue to indirectly own a significant amount of the outstanding shares of our common stock, even if such amount is less than 50%, the Investors will continue to be able to strongly influence or effectively control our decisions.

STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This prospectus contains "forward-looking statements" within the meaning of the federal securities laws, which involve risks and uncertainties. You can identify forward-looking statements because they are not solely statements of historical fact or they contain words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," or "anticipates" or similar expressions that concern our strategy, plans or intentions. All statements we make relating to our estimated and projected earnings, costs, expenditures, cash flows, growth rates and financial results, our plans and objectives for future operations, growth or initiatives, or the expected outcome or impact of pending or threatened litigation are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. All forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations ("cautionary statements") are disclosed under "Risk Factors" and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements as well as other cautionary statements that are made from time to time in our other SEC filings and public communications. You should evaluate all forward-looking statements made in this prospectus in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not contain all of the material factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or 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 included in this prospectus are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

THE TRANSACTIONS

On March 11, 2007, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Parent and Buck. Parent is and Buck was (prior to the Merger) controlled by investment funds affiliated with KKR. On July 6, 2007, we consummated a merger of Buck with and into Dollar General, with Dollar General surviving the Merger as a subsidiary of Parent. Pursuant to the Merger Agreement, the former holders of our common stock received \$22.00 per share, or approximately \$6.9 billion. The Merger consideration was funded through the use of our available cash, cash equity contributions from the Investors, equity contributions of certain members of our management and the debt financings discussed below. Our outstanding common stock is now owned by Parent and certain members of management. Our common stock is no longer registered with the Securities and Exchange Commission ("SEC") and is no longer traded on a national securities exchange.

The following transactions occurred in conjunction with the Merger:

- We entered into a credit agreement and related security and other agreements consisting of a \$2.3 billion senior secured term loan facility, which matures on July 6, 2014.
- We entered into a credit agreement and related security and other agreements consisting of a senior secured asset-based revolving credit facility of up to \$1.125 billion (of which \$432.3 million was drawn at closing and \$132.3 million was paid down on the same day), subject to borrowing base availability, which matures July 6, 2013.
- We terminated the revolving loans and paid in full all interest and all other amounts due in connection with such termination under the pre-Merger senior credit facility. We also terminated commercial letters of credit totaling approximately \$141.2 million and standby letters of credit totaling approximately \$40.7 million and replaced those letters of credit with new letters of credit under the asset-based revolving credit facility.
- We issued \$1.175 billion aggregate principal amount of 10.625% senior notes due 2015, which mature on July 15, 2015, and \$725 million aggregate principal amount of 11.875%/12.625% senior subordinated toggle notes due 2017, which mature on July 15, 2017. We entered into a registration rights agreement with respect to the senior notes and the senior subordinated notes pursuant to which we have agreed to use commercially reasonable efforts to register with the SEC new notes having substantially identical terms as the senior notes and new notes having substantially identical terms as the senior subordinated notes.
- We completed a cash tender offer (the "Tender Offer") for the 2010 Notes. Approximately 99% of the 2010 Notes were validly tendered and accepted for payment in that tender offer. We also executed a supplemental indenture governing the 2010 Notes that were not tendered in the tender offer which eliminated substantially all of the restrictive covenants contained in the indenture pursuant to which the 2010 Notes were issued.
- We entered into a monitoring agreement and an indemnity agreement with affiliates of certain of the Investors pursuant to which we will pay to those entities an aggregate annual management fee of \$5 million, which amount will increase by 5% annually, along with reimbursement of out-of-pocket expenses incurred in connection with the provision of services under the agreement. We also paid those entities other fees in connection with certain services provided in connection with the Merger and related transactions. See "Certain Relationships and Related Party Transactions—Relationships with the Investors." Those entities are also entitled to receive a fee equal to 1% of the gross transaction value in connection with certain subsequent financing, acquisition, disposition, and change in control transactions, as well as a termination fee in the event of an initial public offering or under certain other circumstances. Pursuant to the terms of

the indemnity agreement, we have agreed to customary exculpation and indemnification provisions in favor of these entities and their affiliates.

- We named David L. Beré as our Interim Chief Executive Officer and entered into an employment agreement with him upon the resignation of our former Chief Executive Officer, David A. Perdue.
- We entered into agreements with the Senior Management Participants pursuant to which they invested in Dollar General, as the surviving corporation in the Merger, through a cash investment, a rollover of employee stock options, a rollover of shares of Dollar General common stock, or a combination thereof. In addition, we offered other employees (the "Other Management Participants," together with the Senior Management Participants, the "Management Participants"), a similar investment opportunity to participate in our common equity.
- We entered into stockholder agreements with certain members of management that, among other things, contain agreements among the parties with respect to restrictions on the transfer of the shares, including tag-along rights, drag-along rights, registration rights (including customary indemnification provisions) and call options and put options.

The offering of the notes, the initial borrowings under our New Credit Facilities, the equity investment by the Investors in Parent, the equity investment in Dollar General by the Management Participants, the Merger, the Tender Offer, the replacement of certain credit facilities and of certain letters of credit, the payment of related fees and expenses and other related transactions are collectively referred to in this prospectus as the "Transactions."

The sources and uses of the funds for the Transactions are shown in the table below.

	Amount		Amount
	(Dollars in millions)		(Dollars in millions)
Sources of Funds:		Uses of Funds:	
New Credit Facilities:		Purchase price	\$ 7,024.9
Revolving asset-based credit facility(1)	\$ 432.3	Rollover equity(5)	3.2
Term loan facility(2)	2,300.0	Refinance existing indebtedness(6)	215.6
Senior notes, net of discount	1,151.8	Other retained indebtedness(3)	66.7
Senior subordinated notes	725.0	Fees and expenses(7)	287.0
Other retained indebtedness(3)	66.7		
Equity contribution(4)	2,767.0		
Rollover equity(5)	3.2		
Excess cash on hand	151.4		
	<hr/>		<hr/>
Total Sources	\$ 7,597.4	Total Uses	\$ 7,597.4
	<hr/>		<hr/>

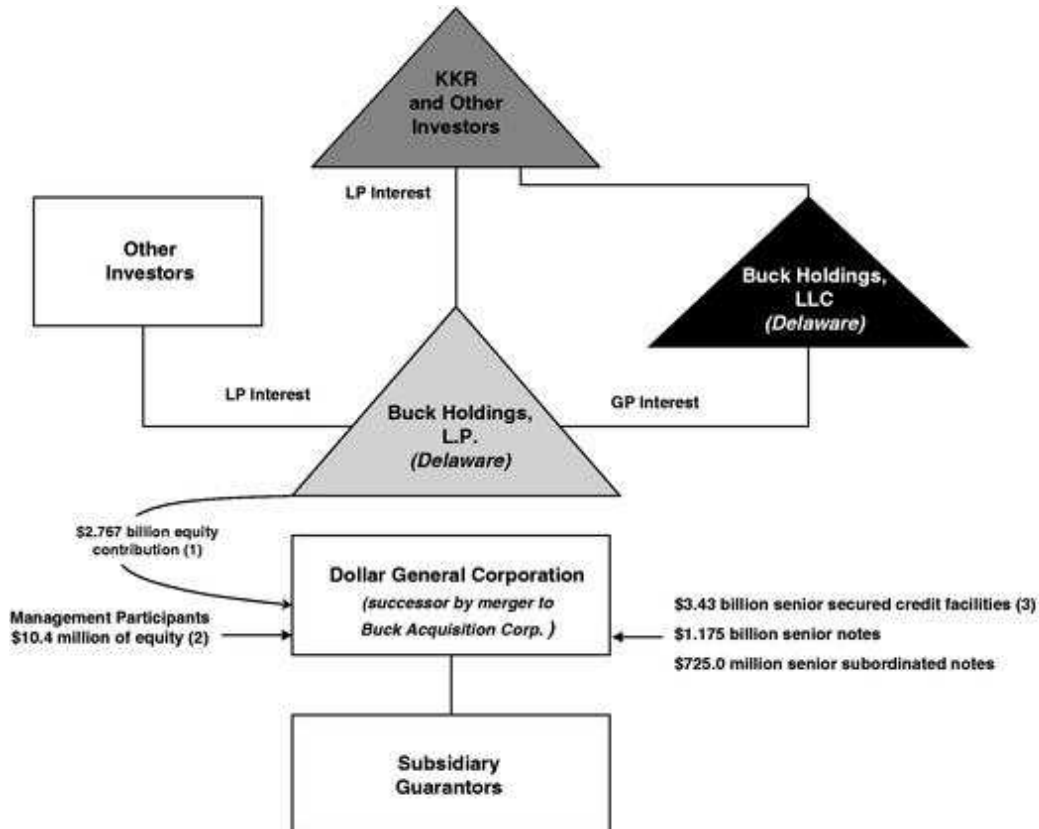
- (1) Upon the closing of the Merger, we entered into a \$1.125 billion senior secured asset-based revolving credit facility with a six-year maturity, of which \$350.0 million is available for letters of credit, subject to borrowing base limitations. This facility consists of Tranche A Loans and Tranche A-1 Loans. All loans under the facility shall be made as Tranche A-1 Loans until such time as all commitments under the Tranche A-1 Loans have been funded or there is no further availability under the Tranche A-1 Loans, at which point loans under the facility shall be made as Tranche A Loans. Any payments made on the principal amount of the loans outstanding will first be applied to all the Tranche A Loans outstanding before any amount will be applied to the Tranche A-1

Loans. As of November 2, 2007, we had \$302 million in borrowings outstanding under our new senior secured asset-based revolving credit facility. See "Description of Other Indebtedness".

- (2) Upon the closing of the Merger, we entered into a \$2.3 billion senior secured term loan facility with a seven-year maturity, the full amount of which was borrowed on the closing date. This facility consists of two tranches, one of which is a "first-loss" tranche, which, in certain circumstances, will be subordinated in right of payment to the other tranche. See "Description of Other Indebtedness".
- (3) Consists of certain financing and capital lease obligations and other debt instruments. See "Capitalization".
- (4) Represents the cash equity investment of approximately \$2.767 billion made in Parent and Parent's general partner by the Investors.
- (5) Represents approximately \$3.2 million invested directly in Dollar General by the Senior Management Participants, in the form of a rollover of their existing equity interests in Dollar General to equity interests in Dollar General following the Merger or through cash investments in Dollar General. In addition, following the Merger we offered certain other employees a similar opportunity to participate in our common equity.
- (6) We repurchased \$198.3 million in aggregate principal amount of the 2010 Notes at the closing of the Tender Offer substantially concurrently with the closing of the Merger. 2010 Notes not repurchased pursuant to the Tender Offer remained outstanding. Includes expenses and a premium (a portion of which includes a consent payment) of \$17.3 million.
- (7) Reflects our fees, expenses and other costs associated with the Transactions. Such fees and expenses include placement and other financing fees, advisory fees, transaction fees paid to affiliates of certain of the Investors, and other transaction costs and professional fees. See "Certain Relationships and Related Party Transactions."

OWNERSHIP AND CORPORATE STRUCTURE

The diagram below sets forth our corporate structure following consummation of the Transactions. All of our issued and outstanding capital stock is held by Parent and the Management Participants. Parent is managed by its general partner, Buck Holdings, LLC, a Delaware limited liability company, which is currently controlled by investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P. (the "Sponsor"). Following consummation of the Transactions, the Investors own approximately 96.5% of the issued and outstanding common stock of Dollar General through their investment in Parent (with certain co-investors holding limited partnership interests in Parent and certain co-investors and the Sponsor holding a general partnership interest in Parent through their control of Buck Holdings, LLC) and the remaining approximately 3.5% is held directly by the Management Participants, in each case on a fully diluted basis. See "The Transactions" and "Security Ownership of Certain Beneficial Owners and Management." This structure was achieved through a series of equity contributions that occurred in connection with the Merger. Parent, Buck Holdings, LLC and Buck were formed for the purpose of consummating the Transactions. We continue to own the same operating assets following consummation of the Transactions.



- (1) Represents the cash equity investments of approximately \$2.767 billion made in Parent by the Investors.
- (2) Represents approximately \$10.4 million invested directly in Dollar General by the Management Participants, either in the form of a rollover of their existing equity interests in Dollar General to equity interests in Dollar General following the Merger or through cash investments in Dollar General.
- (3) In connection with the Merger, we entered into (i) a \$1.125 billion senior secured asset-based revolving credit facility with a six-year maturity; and (ii) a \$2.3 billion senior secured term loan facility with a seven-year maturity, \$2.3 billion of which was borrowed on the closing date (collectively, the "New Credit Facilities"). As of November 2, 2007, we had \$302.0 million in borrowings outstanding under our new senior secured asset-based revolving credit facility and \$2.3 billion of borrowings outstanding under our new senior secured term loan facility.

USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the registration rights agreement that we entered into in connection with the private offering of the outstanding notes. We will not receive any cash proceeds from the issuance of the exchange notes in the exchange offer. As consideration for issuing the exchange notes as contemplated in this prospectus, we will receive in exchange a like principal amount of outstanding notes, the terms of which are identical in all material respects to the exchange notes, except that the exchange notes will not contain terms with respect to transfer restrictions or additional interest upon a failure to fulfill certain of our obligations under the registration rights agreements. The outstanding notes that are surrendered in exchange for the exchange notes will be retired and cancelled and cannot be reissued. As a result, the issuance of the exchange notes will not result in any change to our capitalization.

CAPITALIZATION

The following table sets forth our capitalization as of November 2, 2007. The information in this table should be read in conjunction with "The Transactions," "Unaudited Pro Forma Condensed Consolidated Financial Information," "Selected Historical Consolidated Financial and Other Data," "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the financial statements and notes thereto included elsewhere in this prospectus.

	As of November 2, 2007 (unaudited)	
	(in millions)	
Cash and cash equivalents	\$	90.5
Debt:		
New Credit Facilities:		
Revolving asset-based credit facility (1)	\$	302.0
Term loan facility (2)		2,300.0
Senior notes, net of discount		1,152.4
Senior subordinated notes		725.0
Tax increment financing due February 2035		14.5
Capital lease obligations and other		15.9
Total debt		4,509.8
Equity		2,685.5
Total capitalization	\$	7,195.3

- (1) Upon the closing of the Merger, we entered into a \$1.125 billion senior secured asset-based revolving credit facility with a six-year maturity, of which \$350.0 million is available for letters of credit, subject to borrowing base limitations. This facility consists of Tranche A Loans and Tranche A-1 Loans. All loans under the facility shall be made as Tranche A-1 Loans until such time as all commitments under the Tranche A-1 Loans have been funded or there is no further availability under the Tranche A-1 Loans, at which point loans under the facility shall be made as Tranche A Loans. Any payments made on the principal amount of the loans outstanding will first be applied to all the Tranche A Loans outstanding before any amount will be applied to the Tranche A-1 Loans. As of November 2, 2007, we had \$302.0 million in borrowings outstanding under our new senior secured asset-based revolving credit facility. See "Description of Other Indebtedness."
- (2) Upon the closing of the Merger, we entered into a new \$2.3 billion senior secured term loan facility with a seven-year maturity, the full amount of which was borrowed on the closing date. This facility consists of two tranches, one of which is a "first-loss" tranche, which, in certain circumstances, will be subordinated in right of payment to the other tranche thereof. See "Description of Other Indebtedness."

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated statements of operations have been developed by applying pro forma adjustments to our historical consolidated statements of operations. We were acquired on July 6, 2007 through a merger accounted for as a reverse acquisition. Although we continued as the same legal entity after the merger, the accompanying unaudited pro forma condensed consolidated financial information is presented for the "Predecessor" and "Successor" relating to the periods preceding and succeeding the merger, respectively. As a result of the Transactions, we applied purchase accounting standards and a new basis of accounting effective July 7, 2007. The unaudited pro forma condensed consolidated statements of operations for the year ended February 2, 2007 and the 39 weeks ended November 2, 2007 give effect to the Transactions as if they had occurred on February 4, 2006 and February 3, 2007, respectively. Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with these unaudited pro forma condensed consolidated financial statements.

The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable under the circumstances. The unaudited pro forma condensed consolidated financial information is presented for informational purposes only. The unaudited pro forma condensed consolidated financial information does not purport to represent what our results of operations would have been had the Transactions actually occurred on the dates indicated, and they do not purport to project our results of operations or financial condition for any future period. The unaudited pro forma condensed consolidated statements of operations should be read in conjunction with the information contained in "The Transactions," "Selected Historical Consolidated Financial and Other Data," "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the consolidated financial statements and related notes thereto appearing elsewhere in this prospectus. All pro forma adjustments and their underlying assumptions are described more fully in the notes to our unaudited pro forma condensed consolidated statements of operations.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands)

	Fiscal Year Ended February 2, 2007		
	Predecessor	Adjustments	Pro Forma
Net sales	\$ 9,169,822	\$ —	\$ 9,169,822
Cost of goods sold	6,801,617	1,532 (a)	6,803,149
Gross profit	2,368,205	(1,532)	2,366,673
Selling, general and administrative	2,119,929	61,016 (b)	2,180,945
Operating profit	248,276	(62,548)	185,728
Interest income	(7,002)	—	(7,002)
Interest expense	34,915	401,987 (d)	436,902
Income (loss) before income taxes	220,363	(464,535)	(244,172)
Provision (benefit) for income taxes	82,420	(170,404)(e)	(87,984)
Net income (loss)	\$ 137,943	\$ (294,131)	\$ (156,188)

See notes to unaudited pro forma condensed consolidated statements of operations.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands)

39 Weeks Ended
November 2, 2007

	Successor	Predecessor	Adjustments	Pro Forma
Net sales	\$ 3,011,920	\$ 3,923,753	\$ —	\$ 6,935,673
Cost of goods sold	2,180,397	2,852,178	695 (a)	5,033,270
Gross profit	831,523	1,071,575	(695)	1,902,403
Selling, general and administrative	770,603	960,930	25,461 (b)	1,756,994
Transaction and related costs	1,242	101,397	(101,397)(c)	1,242
Operating profit	59,678	9,248	75,241	144,167
Interest income	(2,421)	(5,046)	—	(7,467)
Interest expense	148,477	10,299	173,502 (d)	332,278
Loss on interest rate swaps	2,045	—	—	2,045
Loss on debt retirement	6,187	—	—	6,187
Income (loss) before income taxes	(94,610)	3,995	(98,261)	(188,876)
Provision (benefit) for income taxes	(34,403)	11,993	(53,139)(e)	(75,549)
Pro forma loss before non-recurring charges(c)	\$ (60,207)	\$ (7,998)	\$ (45,122)	\$ (113,327)

See notes to unaudited pro forma condensed consolidated statements of operations.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(a) Represents the estimated impact on cost of goods sold of the adjustment to fair value of the property and equipment at our distribution centers.

(b) Primarily represents depreciation and amortization of the fair value adjustments related to tangible and intangible long-lived assets. Identifiable intangible assets with a determinable life have been amortized on a straight-line basis in the unaudited pro forma consolidated statements of operations over a period ranging from 2 to 17.5 years. The primary fair value adjustments (on which the pro forma adjustments are based) were to leasehold interests (\$186 million), property and equipment (\$69 million) and internally developed software (\$12 million). These unaudited pro forma condensed consolidated financial statements reflect a preliminary allocation to tangible assets, liabilities, goodwill and other intangible assets. The final purchase price allocation may result in a different allocation for tangible and intangible assets than that presented in these unaudited pro forma condensed consolidated financial statements. An increase or decrease in the amount of purchase price allocated to amortizable assets would impact the amount of annual depreciation and amortization expense. This adjustment also includes annual management fees of \$5.0 million that will be payable to affiliates of certain of the Investors subsequent to the closing of the Transactions (which fee shall be increased by 5% for each succeeding year during the term of the agreement).

(c) Represents \$101.4 million of charges that are non-recurring in nature and directly attributable to the Transactions. Such charges are comprised of \$39.4 million of stock compensation expense from the acceleration of unvested stock options, restricted stock and restricted stock units as required by the Transactions and \$62.0 million of transaction costs we incurred that were expensed as one-time charges upon the close of the Transactions. Such adjustments do not include any adjustments to reflect the effects of our new stock based compensation plan.

(d) Reflects pro forma interest expense resulting from our new capital structure as follows:

	Predecessor	
	Fiscal Year Ended February 2, 2007	Period Ended July 6, 2007
Revolving credit facility(1)	\$ 21.4	\$ 8.9
Term loan facilities(2)	177.8	74.1
Notes(3)	210.9	87.9
Letter of credit fees(4)	1.7	0.7
Bank commitment fees(5)	2.3	1.0
Other existing debt obligations(6)	7.2	3.0
	421.3	175.6
Total cash interest expense	421.3	175.6
Amortization of capitalized debt issuance costs and debt discount(7)	9.8	4.1
Amortization of discounted liabilities(8)	8.5	3.5
Other(9)	(2.7)	0.6
	436.9	183.8
Total pro forma interest expense	436.9	183.8
Less historical interest expense	(34.9)	(10.3)
	402.0	173.5
Net adjustment to interest expense	\$ 402.0	\$ 173.5

(1) The \$1.125 billion revolving credit facilities are expected to carry an interest rate of 3-month LIBOR of 5.32% plus 1.50% for tranche A loans and 3-month LIBOR of 5.32% plus 2.25% for tranche A-1 loans. Reflects assumed borrowings of \$175.0 million under tranche A and

\$125.0 million under tranche A-1. Such levels of borrowings will fluctuate in future periods dependent upon short term cash needs. Changes in the levels of borrowings would impact interest expense.

- (2) Reflects interest on the \$2.3 billion term loan facility at a rate of LIBOR plus 2.75%. To hedge against interest rate risk, we have entered into a swap agreement with respect to a \$2.0 billion notional amount for 4.93%. This swap agreement became effective as a result of the acquisition on July 31, 2007 and will amortize on a quarterly basis until maturity at July 31, 2012. The unhedged portion of the facility is reflected at an interest rate of LIBOR of 5.32% plus 2.75%.
 - (3) Reflects interest on the senior notes and senior subordinated notes at the interest rates set forth on the cover of this prospectus. Assumes the cash interest payment option has been elected with respect to all of the senior subordinated notes.
 - (4) Represents fees on balances of trade letters of credit of \$141.2 million at 0.75% and standby letters of credit of \$40.7 million at 1.50%.
 - (5) Represents commitment fees of 0.375% on the \$612.1 million unutilized balance of the revolving credit facility at July 6, 2007. Outstanding letters of credit noted in (4) above reduce the availability under the revolving credit facility.
 - (6) Represents historical interest expense on other existing indebtedness.
 - (7) Represents debt issuance costs associated with the new bank facilities amortized using the effective interest method over 6 years for the revolving facility, 7 years for the term loan facility, 8 years for the new senior notes, 10 years for the new senior subordinated notes and 8 years for other capitalized debt issuance costs. Also includes the amortization of debt discount of the senior notes.
 - (8) Represents interest expense on long-term liabilities which were discounted as a result of the business combinations.
 - (9) Represents an adjustment to historical interest expense to reflect the effect of the adoption of current accounting standards for income taxes (see note (e)), offset by capitalized interest expense.
- (e) Represents the tax effect of the pro forma adjustments, calculated at effective rates of 54.1% for the 39-week period ended November 2, 2007 and 36.7% for the fiscal year ended February 2, 2007. The effective tax rate, a benefit, applied to the pro forma changes for the 39 week period ended November 2, 2007, reflects the pro forma elimination of non-deductible transaction costs from income before taxes. The pro forma income tax expense for the year ended February 2, 2007 has been adjusted to reflect changes required by FIN 48 as if FIN 48 had been adopted as of the beginning of the year.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following table sets forth selected historical consolidated financial and other data of Dollar General Corporation as of the dates and for the periods indicated. The selected historical statement of operations data and statement of cash flows data for the fiscal years ended January 28, 2005, February 3, 2006 and February 2, 2007, and balance sheet data as of February 3, 2006 and February 2, 2007, have been derived from our historical audited consolidated financial statements included elsewhere in this prospectus. The selected historical statement of operations data and statement of cash flows data for the fiscal years ended January 31, 2003 and January 30, 2004 and balance sheet data as of January 31, 2003, January 30, 2004 and January 28, 2005, presented in this table have been derived from audited consolidated financial statements not included in this prospectus.

The selected historical statement of operations data and statement of cash flows data for the 39-week period ended November 3, 2006, the period from February 3, 2007 through July 6, 2007 (Predecessor) and the period from July 7, 2007 through November 2, 2007 (Successor), and balance sheet data as of November 2, 2007, have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. The selected unaudited financial data presented have been prepared on a consistent basis with our audited consolidated financial statements, except for the adoption of FIN 48 effective February 3, 2007, and the adoption of SFAS 123(R) effective February 4, 2006 and the change in basis of accounting as a result of the Merger effective July 7, 2007. Due to the significance of the Transactions that occurred in 2007, the 2007 Successor financial information may not be comparable to that of previous periods presented in the accompanying table. In the opinion of management, such unaudited financial data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for those periods. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year or any future period.

The selected historical consolidated financial and other data set forth below should be read in conjunction with, and are qualified by reference to, "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the consolidated financial statements and related notes thereto appearing elsewhere in this prospectus.

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	Predecessor						Successor		
	Fiscal Year Ended						39 Weeks Ended November 3, 2006(2)	February 3, 2007 through July 6, 2007(2)	July 7, 2007 through November 2, 2007(3)
	January 31, 2003	January 30, 2004	January 28, 2005	February 3, 2006(1)	February 2, 2007(2)				
Statement Of Operations Data:									
Net sales	\$ 6,100.4	\$ 6,872.0	\$ 7,660.9	\$ 8,582.2	\$ 9,169.8	\$ 6,615.8	\$ 3,923.8	\$ 3,011.9	
Cost of goods sold	4,376.1	4,853.9	5,397.7	6,117.4	6,801.6	4,893.6	2,852.2	2,180.4	
Gross profit	1,724.3	2,018.1	2,263.2	2,464.8	2,368.2	1,722.3	1,071.6	831.5	
Selling, general and administrative(4)	1,271.3	1,510.1	1,706.2	1,903.0	2,119.9	1,557.1	960.9	770.6	
Transaction and related costs	—	—	—	—	—	—	101.4	1.2	
Operating profit	453.0	508.0	557.0	561.9	248.3	165.2	9.2	59.7	
Interest income	(4.3)	(4.1)	(6.6)	(9.0)	(7.0)	(4.8)	(5.0)	(2.4)	
Interest expense	46.9	35.6	28.8	26.2	34.9	27.0	10.3	148.5	
Loss on interest rate swaps	—	—	—	—	—	—	—	2.0	
Loss on debt retirement	—	—	—	—	—	—	—	6.2	
Income (loss) before taxes	410.3	476.5	534.8	544.6	220.4	143.0	4.0	(94.6)	
Income tax expense (benefit)	148.0	177.5	190.6	194.5	82.4	55.1	12.0	(34.4)	
Net income (loss)	\$ 262.4	\$ 299.0	\$ 344.2	\$ 350.2	\$ 137.9	\$ 87.9	\$ (8.0)	\$ (60.2)	
Statement of Cash Flows Data:									
Net cash provided by (used in):									
Operating activities	\$ 422.3	\$ 514.1	\$ 391.5	\$ 555.5	\$ 405.4	\$ 19.8	\$ 201.9	\$ (33.8)	
Investing activities	(133.4)	(256.7)	(259.2)	(264.4)	(282.0)	(239.4)	(66.9)	(6,815.3)	
Financing activities	(440.4)	(43.3)	(245.4)	(323.3)	(134.7)	109.9	25.3	6,939.6	
Total capital expenditures	(133.9)	(140.1)	(288.3)	(284.1)	(261.5)	(221.0)	(56.2)	(44.7)	
New stores	(48.2)	(59.6)	(80.7)	(93.6)	(62.6)	(44.4)	(28.7)	(17.7)	
Existing stores and other	(85.7)	(80.5)	(207.6)	(190.5)	(198.9)	(176.6)	(27.5)	(27.0)	
Other Financial and Operating Data:									
Same store sales growth	5.7%	4.0%	3.2%	2.2%	3.3%	2.3%	2.6%	3.3%	
Number of stores (at period end)	6,113	6,700	7,320	7,929	8,229	8,251	8,205	8,204	
Selling square feet (in thousands at period end)	41,201	45,354	50,015	54,753	57,299	57,305	57,379	58,207	
Net sales per square foot(5)	\$ 154.0	\$ 157.5	\$ 159.6	\$ 159.8	\$ 162.6	\$ 163.3	\$ 163.9	\$ 165.4	
Highly consumable sales	60.2%	61.2%	63.0%	65.3%	65.7%	67.8%	66.7%	69.3%	
Seasonal sales	16.3%	16.8%	16.5%	15.7%	16.4%	14.7%	15.4%	13.6%	
Home products sales	13.3%	12.5%	11.5%	10.6%	10.0%	9.6%	9.2%	8.7%	

Basic clothing sales		10.2%		9.5%		9.0%		8.4%		7.9%		7.9%		8.7%		8.4%
Rent expense	\$	203.1	\$	232.0	\$	268.8	\$	312.3	\$	343.9	\$	253.9	\$	149.0	\$	116.8
Balance Sheet Data (at period end):																
Cash and cash equivalents and short-term investments	\$	121.3	\$	414.6	\$	275.8	\$	209.5	\$	219.2	\$	120.3	\$		\$	115.9
Total assets		2,333.2		2,621.1		2,841.0		2,980.3		3,040.5		3,206.3				8,931.7
Total debt		346.5		282.0		271.3		278.7		270.0		503.8				4,509.8
Total shareholders' equity		1,288.1		1,554.3		1,684.5		1,720.8		1,745.7		1,702.9				2,685.5

- (1) The fiscal year ended February 3, 2006 was comprised of 53 weeks.
- (2) Includes the effects of certain strategic merchandising and real estate initiatives as further described in "Management's Discussion and Analysis of Results of Operations and Financial Condition."
- (3) Includes the results of Buck for the period prior to the merger with and into Dollar General Corporation from March 6, 2007 (its formation) through July 6, 2007 and the post-merger results of Dollar General Corporation for the period from July 7, 2007 through November 2, 2007.
- (4) Penalty expense of \$10 million in fiscal 2003 and \$29.5 million in litigation settlement proceeds in fiscal 2002 are included in SG&A.
- (5) For the 39-week periods ended November 3, 2006 and November 2, 2007, net sales per square foot was calculated based on last four quarters' sales divided by average quarterly selling area. For the fiscal year ended February 3, 2006, net sales per square foot was calculated based on 52 weeks' sales.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratio of our earnings to our fixed charges for the periods indicated.

Ratios of earnings to fixed charges(1)	Historical							Pro Forma		
	Predecessor						Successor			
	Fiscal Year Ended									
	January 31, 2003	January 30, 2004	January 28, 2005	February 3, 2006(1)	February 2, 2007(2)	39 Weeks Ended November 3, 2006	February 3, 2007 through July 6, 2007	July 7, 2007 through November 2, 2007	Fiscal Year Ended February 2, 2007	39 Weeks Ended November 2, 2007
Actual	4.9x	5.6x	5.6x	5.3x	2.5x	2.0x	1.1x	(3)		
Pro forma(2)									2.5x (4)	

- (1) For purposes of computing the ratio of earnings to fixed charges, (a) earnings consist of net income (loss) before income taxes plus fixed charges less capitalized expenses related to indebtedness (amortization expense for capitalized interest is not significant) and (b) fixed charges consist of all interest expense (whether expensed or capitalized), amortization of debt issue costs and discounts related to indebtedness, and a portion of rent expense representative of interest factored therein.
- (2) To give effect to the increase in interest expense resulting from the portion of the notes proceeds used to retire the \$198.3 million of our 8⁵/₈ % unsecured notes due June 15, 2010, as if such transactions had occurred at the beginning of the periods presented.
- (3) For the period from July 7, 2007 through November 2, 2007, fixed charges exceeded earnings by \$94.6 million.
- (4) For the 39 weeks ended November 2, 2007, pro forma fixed charges exceeded earnings by \$91.4 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis of our financial condition and results of operations covers periods prior to and following the closing of the Transactions. The discussion and analysis of historical periods prior to the closing of the Transactions does not reflect the significant impact that the Transactions have had and will have on us, including significantly increased leverage and liquidity requirements.

You should read the following discussion of our results of operations and financial condition with the "Unaudited Pro Forma Condensed Consolidated Financial Information," "Selected Historical Consolidated Financial and Other Data" and the audited and unaudited historical consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of this prospectus. Actual results may differ materially from those contained in any forward-looking statements.

General

Purpose of Discussion. We intend for this discussion to provide the reader with information that will assist in understanding our company and the critical economic factors that affect our company. In addition, we hope to help the reader understand our financial statements, the changes in certain key items in those financial statements from period to period, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our financial statements.

Accounting Periods. We follow the concept of a 52-53 week fiscal year that ends on the Friday nearest to January 31. The following text contains references to years 2007, 2006, 2005 and 2004, which represent fiscal years ending or ended February 1, 2008, February 2, 2007, February 3, 2006 and January 28, 2005, respectively. Fiscal year 2007 will be and fiscal years 2006 and 2004 were each 52-week accounting periods, while fiscal 2005 was a 53-week accounting period, which affects the comparability of certain amounts in the consolidated financial statements included elsewhere in this prospectus and financial ratios between 2005 and the other fiscal years reflected herein. As discussed below, we completed a merger transaction on July 6, 2007. The 2007 39-week period presented includes the 22-week Predecessor period of Dollar General Corporation through July 6, 2007 reflecting the historical basis of accounting, and a year-to-date Successor period, reflecting the impact of the business combination and associated purchase price allocation of the merger of Dollar General Corporation and Buck Acquisition Corp. ("Buck"), from July 7, 2007 to November 2, 2007. For comparison purposes, the discussion of results of operations below for the interim 39-week periods is generally based on the mathematical combination of the Successor and Predecessor periods for the 39-week period ended November 2, 2007 compared to the Predecessor 39-week period ended November 3, 2006, which we believe provides a meaningful understanding of the underlying business. Transactions relating to or resulting from the Merger are discussed separately. The combined results do not reflect the actual results we would have achieved absent the Merger and should not be considered indicative of future results of operations.

The Merger. On March 11, 2007, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Parent and Buck. Parent is and Buck was prior to the Merger controlled by investment funds affiliated with Kohlberg Kravis Roberts & Co., L.P. ("KKR"). On July 6, 2007, we consummated a merger (the "Merger") of Buck with and into Dollar General, with Dollar General surviving the Merger as a subsidiary of Parent. Pursuant to the Merger Agreement, the former holders of our common stock received \$22.00 per share, or approximately \$6.9 billion. In addition, fees and expenses related to the Merger and the related financing transactions totaling \$102.6 million, principally consisting of investment banking fees, management fees, legal fees and stock compensation expense (\$39.4 million) are reflected in the 2007 results of operations. Capitalized debt issuance costs related to

the Merger totaled \$86.8 million. The Merger consideration was funded through the use of our available cash, cash equity contributions from the Investors, equity contributions of certain members of our management and the debt financings discussed below. As a result of the Merger, our outstanding common stock is owned by Parent and certain members of management. Our common stock is no longer registered with the Securities and Exchange Commission ("SEC") and is no longer traded on a national securities exchange.

The following transactions occurred in conjunction with the Merger:

- We entered into a credit agreement and related security and other agreements consisting of a \$2.3 billion senior secured term loan facility. See "Description of Other Indebtedness."
- We entered into a credit agreement and related security and other agreements consisting of a senior secured asset-based revolving credit facility of up to \$1.125 billion (of which \$302.0 million is outstanding at November 2, 2007), subject to borrowing base availability. See "Description of Other Indebtedness."
- We terminated the revolving loans and paid in full all interest and all other amounts due in connection with such termination under the pre-Merger senior credit facility. We also terminated commercial letters of credit totaling approximately \$141.2 million and standby letters of credit totaling approximately \$40.7 million and replaced those letters of credit with new letters of credit under the asset-based revolving credit facility.
- We issued \$1.175 billion aggregate principal amount of senior notes and \$725 million aggregate principal amount of senior subordinated notes. We entered into a registration rights agreement with respect to the senior notes and the senior subordinated notes pursuant to which we have agreed to use commercially reasonable efforts to register with the SEC new notes having substantially identical terms as the senior notes and new notes having substantially identical terms as the senior subordinated notes. Once registered, we will offer to exchange the new notes for the outstanding senior notes and the outstanding senior subordinated notes. See "Description of Senior Notes" and "Description of Senior Subordinated Notes."
- We completed a cash tender offer for our 8 ⁵ / 8 % unsecured notes due June 15, 2010 (the "2010 Notes"). Approximately 99% of the 2010 Notes were validly tendered and accepted for payment in that tender offer. We also executed a supplemental indenture governing the 2010 Notes that were not tendered in the tender offer which eliminated substantially all of the restrictive covenants contained in the indenture pursuant to which the 2010 Notes were issued.
- We entered into a monitoring agreement and an indemnity agreement with affiliates of certain of the Investors pursuant to which we will pay to those entities an aggregate annual management fee of \$5 million, which amount will increase by 5% annually, along with reimbursement of out-of-pocket expenses incurred in connection with the provision of services under the agreement. Those entities are also entitled to receive a fee equal to 1% of the gross transaction value in connection with certain subsequent financing, acquisition, disposition, and change in control transactions, as well as a termination fee in the event of an initial public offering or under certain other circumstances. Pursuant to the terms of the indemnity agreement, we have agreed to customary exculpation and indemnification provisions in favor of these entities and their affiliates. See "Certain Relationships and Related Party Transactions."
- We named David L. Beré as our Interim Chief Executive Officer and entered into an employment agreement with him upon the resignation of our former Chief Executive Officer, David A. Perdue.
- We entered into agreements with certain members of management pursuant to which they elected to invest in Dollar General, as the surviving corporation in the Merger, through a cash

investment, a rollover of employee stock options, a rollover of shares of Dollar General common stock, or a combination thereof. See "Certain Relationships and Related Party Transactions."

- We entered into stockholder agreements with certain members of management that, among other things, contain agreements among the parties with respect to restrictions on the transfer of the shares, including tag-along rights, drag-along rights, registration rights (including customary indemnification provisions) and call options and put options. See "Certain Relationships and Related Party Transactions."

Executive Overview

We are the largest discount retailer in the United States by number of stores, with approximately 8,200 stores located in 35 states, primarily in the southern, southwestern, midwestern and eastern United States. We serve a broad customer base and offer a focused assortment of everyday items, including basic consumable merchandise and other home, apparel and seasonal products. A majority of our products are priced at \$10 or less and approximately 30% of our products are priced at \$1 or less. We offer a compelling value proposition for our customers based on convenient store locations, easy in and out shopping and highly competitive prices. We believe our combination of value and convenience distinguishes us from other discount, convenience and drugstore retailers, who typically focus on either value or convenience.

The nature of our business is moderately seasonal. Primarily because of sales of holiday-related merchandise, sales in the fourth quarter have historically been higher than sales achieved in each of the first three quarters of the fiscal year. Expenses and, to a greater extent, operating income vary by quarter. Results of a period shorter than a full year may not be indicative of results expected for the entire year. Furthermore, the seasonal nature of our business may affect comparisons between periods.

For the 39 weeks ended November 2, 2007, we had a net loss of \$68.2 million compared to net income of \$87.9 million for the 39 weeks ended November 2, 2006. In summary, net sales increased by \$319.8 million in the 2007 period, or 4.8%, aided by new stores and a same store net sales increase of 2.8%, our gross profit increased \$180.8 million, or 10.5%, resulting in a 141 basis point increase in gross profit as compared to the prior year period. The increase in gross profit was offset by an increase in selling, general and administrative ("SG&A") expenses of \$174.5 million, or 143 basis points as compared to the prior year period. In addition, the current year period included \$102.6 million of transaction related expenses and a \$131.8 million increase in interest expense resulting from long-term debt incurred to finance the merger. See detailed discussions below for additional comments on financial performance in the current year period as compared with the prior year period.

For 2006, we reported net income of \$137.9 million compared to net income of \$350.2 million for 2005. Net sales for 2006 increased by 6.8% over the prior year, aided by new stores and a same store net sales increase of 3.3% (based on the comparable 52-week period). The extra week in 2005 accounted for net sales of approximately \$162.9 million. Our gross profit margin was 25.8% in 2006 compared to 28.7% in 2005, primarily due to increased markdowns and expenses associated with our 2006 strategic initiatives as further discussed below under "Results of Operations." Operating expenses, as a percentage of net sales, were 23.1% in 2006 compared to 22.2% in 2005, resulting from charges directly related to the strategic store closings and a \$29.9 million increase in advertising expenses, a portion of which can be attributed to the inventory liquidation and store closing initiatives. Additionally, administrative salaries, incentive bonuses and related payroll taxes (excluding benefits) increased by \$25.0 million resulting from the approval of a \$9.6 million discretionary bonus to approximately 7,000 administrative and distribution center employees and the addition of executives and staff to support our strategic efforts, particularly in merchandising and real estate. Partially offsetting these amounts were insurance proceeds of \$13.0 million received during 2006 related to losses we experienced due to Hurricane Katrina.

We have made significant progress in our efforts, first announced in November 2006, to minimize the amount of merchandise in our stores that we carry over to subsequent periods ("packaway") as a part of Project Alpha. We identified the targeted packaway inventories in 2006 and launched programs to sell-through this inventory, eliminating over half of the targeted merchandise by the end of fiscal 2006. As of November 2, 2007 with the exception of certain holiday seasonal merchandise and winter apparel that we expect to sell in the fourth quarter, substantially all of the packaway inventory had been sold. In 2007 we have also taken end-of-season markdowns on current merchandise and going forward, we plan to sell virtually all current-year non-replenishable merchandise by taking end-of-season markdowns to permit increased levels of newer, current-season merchandise in the future.

In November 2006, we also announced the second element of Project Alpha—significant changes to our real estate strategy, including our intention to close, by the end of fiscal 2007, approximately 400 stores that do not meet our revised real estate criteria. For the 39 weeks ended November 2, 2007, we opened 323 new stores, closed 348 stores and, remodeled or relocated 214 stores. The majority of these new, remodeled and relocated stores are in our new "racetrack" store layout.

In addition to the strategic initiatives discussed above, we are now increasingly focused on generating increased cash flows and improving profitability and we are in the early stages of implementing certain targeted retail practices which are expected to positively impact our gross profit, sales productivity and capital efficiency, including:

- better merchandising and category management, SKU rationalization and space reallocation with an increased focus on gross profit margin, returns per square foot and shrink reduction;
- optimizing our real estate strategies by establishing a comprehensive real estate review program based on new processes and technology directed with a more disciplined approach;
- implementing zone pricing across our store base;
- increasing foreign direct sourcing;
- increasing private label penetration with greater consistency; and
- improving distribution and transportation logistics.

Results of Operations

The following table contains results of operations data for the 39-week period ended November 3, 2006 (Predecessor), compared to the combined 39-week period ended November 2, 2007, comprised of

the total of the Successor and Predecessor periods as disclosed elsewhere in this document. Dollar and percentage variances are based on the comparable 39-week periods:

(amounts in millions)	39 Weeks Ended November 2, 2007(a)	39 Weeks Ended November 3, 2006	2007 vs 2006	
			Amount change	% change
Net sales by category:				
Highly consumable	\$ 4,701.4	\$ 4,482.7	\$ 218.7	4.9%
% of net sales	67.79 %	67.76 %		
Seasonal	1,013.4	970.7	42.7	4.4%
% of net sales	14.61 %	14.67 %		
Home products	626.2	638.4	(12.3)	(1.9)%
% of net sales	9.03 %	9.65 %		
Basic clothing	594.8	524.1	70.7	13.5%
% of net sales	8.58 %	7.92 %		
Net sales	6,935.7	6,615.8	319.8	4.8%
Cost of goods sold	5,032.6	4,893.6	139.0	2.8%
% of net sales	72.56 %	73.97 %		
Gross profit	1,903.1	1,722.3	180.8	10.5%
% of net sales	27.44 %	26.03 %		
Selling, general and administrative	1,731.5	1,557.1	174.5	11.2%
% of net sales	24.97 %	23.54 %		
Transaction and related costs	102.6	—	102.6	—
% of net sales	1.48 %	—		
Operating profit	68.9	165.2	(96.3)	(58.3)%
% of net sales	0.99 %	2.50 %		
Interest income	(7.5)	(4.8)	(2.7)	55.8%
% of net sales	(0.11)%	(0.07)%		
Interest expense	158.8	27.0	131.8	487.5%
% of net sales	2.29 %	0.41 %		
Loss on interest rate swaps	2.0	—	2.0	—
% of net sales	0.03 %	—		
Loss on debt retirement	6.2	—	6.2	—
% of net sales	0.09 %	—		
Income (loss) before income taxes	(90.6)	143.0	(233.6)	—
% of net sales	(1.31)%	2.16 %		
Income tax expense (benefit)	(22.4)	55.1	(77.5)	—
% of net sales	(0.32)%	0.83 %		
Net income (loss)	\$ (68.2)	\$ 87.9	\$ (156.1)	—
% of net sales	(0.98)%	1.33 %		

(a) The 39 weeks ended November 2, 2007 represents the mathematical combination of the Predecessor through July 6, 2007 and Successor from July 7, 2007 through November 2, 2007 as included in the condensed consolidated financial statements. These results also include the operations of Buck for the period prior to the Merger from March 6, 2007 (Buck's date of formation) through July 6, 2007 (primarily the change in fair value of interest rate swaps.) This presentation does not comply with generally accepted accounting principles, but we believe this combination provides a meaningful method of comparison.

39 Weeks Ended November 2, 2007 and November 3, 2006

Net Sales. For the 39-week period ended November 2, 2007, we had net sales of \$6.94 billion, an increase of \$319.8 million, or 4.8%, compared to net sales of \$6.62 billion for the 2006 period. This increase included a same-store sales increase of 2.8% for the 2007 period compared to the 2006 period,



which accounted for approximately \$176.6 million of the increase in sales. Same store net sales were positively impacted by an increase in the average dollar value of transactions during the period, partially offset by a slight decrease in the number of same store transactions.

We monitor our sales internally by the four major categories noted above: highly consumable, seasonal, home products and basic clothing. Generally, over the past several years, sales in the highly consumable category have become a greater percentage of our overall sales mix while the sales of home products and basic clothing have declined as a percentage of net sales, which has had a negative impact on our gross profit, as a percentage of sales. We believe the shift has been caused in part by changes in customers' needs and also by our efforts to attract and retain customers by broadening our consumable products offering and including more recognizable brands. Because of the impact of sales mix on gross profit, we continually review our merchandise mix and strive to adjust it when appropriate.

Gross Profit. For the 2007 period, our gross profit increased by approximately \$180.8 million and our gross profit as a percentage of sales increased to 27.4% from 26.0% in the 2006 period, which included Alpha-related below-cost markdowns of \$71.2 million (or 1.1% as a percentage of sales). The remainder of the increase in the 2007 period resulted from various factors, including higher purchase markups, partially offset by higher shrink and higher markdowns, including markdowns incurred to eliminate our inventory packaway strategy. We are on schedule to achieve our plans with regard to the sale of existing packaway inventories by the end of fiscal 2007, and we intend to continue our initiative to sell virtually all current-year non-replenishable merchandise by taking end-of-season markdowns to permit increased levels of newer, current-season merchandise in the future.

SG&A Expense. For the 2007 period, SG&A increased by \$174.5 million, to 25.0% of sales from 23.5% of sales in the 2006 period. SG&A includes approximately \$54.3 million in the 2007 period relating to expenses incurred in connection with eliminating packaway inventories and closing the remaining stores identified in our November 2006 strategic review, including lease contract termination costs, incremental labor and advertising, repairs, fixed asset disposals and third-party contractors. In addition, SG&A in the 2007 period includes amortization of \$13.4 million resulting from the capitalization of below market leases in the asset revaluation, \$12.3 million of accrued employee incentive compensation expense (none in the 2006 period) resulting from meeting certain financial targets to date, and approximately \$12.0 million relating to the probable loss associated with the restructuring of leases related to certain of our distribution centers. SG&A in the 2006 period was net of insurance proceeds of \$13.0 million received during the period for business interruption insurance coverage relating to Hurricane Katrina, partially offset by an \$8.0 million impairment charge relating to the strategic store closings. Excluding the impact of amortization, store closing and distribution center related expenses, incentive compensation and the Hurricane Katrina related insurance proceeds, SG&A as a percentage of sales was essentially flat.

Transaction and Related Costs. The \$102.6 million of expenses recorded in the 2007 period reflect \$63.2 million of expenses related to the Merger, such as investment banking and legal fees, as well as \$39.4 million of compensation expense related to stock options, restricted stock and restricted stock units.

Interest Income. Interest income increased by approximately \$2.7 million in the 2007 period as compared to the 2006 period due to higher average levels of cash and short-term investments on hand during the period.

Interest Expense. Interest expense increased by \$131.8 million in the 2007 period, primarily in the 17-week Successor period, as compared to the 2006 period due to interest on long-term obligations incurred to finance the Merger. See further discussion under "Liquidity and Capital Resources" below.

Loss on Debt Retirement. During the 2007 period, we recorded \$6.2 million in expenses related to consent fees and other costs associated with a tender offer for our 2010 Notes. Approximately 99% of the 2010 Notes were retired as a result of the tender offer.

Loss on Interest Rate Swaps. During the 2007 period, we recorded an unrealized loss of \$3.7 million related to the change in the fair value of interest swaps prior to designating such swaps as cash flow hedges. This loss was offset by earnings of \$1.7 million under the contractual provisions of the swap agreements.

Income Taxes. The effective income tax rates for the 2007 and 2006 periods were 24.7% and 38.6%, respectively. The tax rate for the 2007 period, a benefit, is lower than that of the 2006 period due principally to non-deductible expenses incurred in association with the Merger.

Fiscal Years Ended February 2, 2007, February 3, 2006 and January 28, 2005

The following discussion of our financial performance is based on the consolidated financial statements included elsewhere in this prospectus. The following table contains results of operations data for the 2006, 2005 and 2004 fiscal years, and the dollar and percentage variances among those years.

	2006(a)	2005(b)	2004	2006 vs. 2005		2005 vs. 2004	
				\$ change	% change	\$ change	% change
(dollars in millions)							
Net Sales by category:							
Highly consumable	\$ 6,022.0	\$ 5,606.5	\$ 4,825.1	\$ 415.5	7.4%	\$ 781.4	16.2%
% of net sales	65.67%	65.33%	62.98%				
Seasonal	1,510.0	1,348.8	1,264.0	161.2	12.0	84.8	6.7
% of net sales	16.47%	15.72%	16.50%				
Home products	914.4	907.8	879.5	6.5	0.7	28.4	3.2
% of net sales	9.97%	10.58%	11.48%				
Basic clothing	723.5	719.2	692.4	4.3	0.6	26.8	3.9
% of net sales	7.89%	8.38%	9.04%				
Net sales	\$ 9,169.8	\$ 8,582.2	\$ 7,660.9	\$ 587.6	6.8%	\$ 921.3	12.0%
Cost of goods sold	6,801.6	6,117.4	5,397.7	684.2	11.2	719.7	13.3
% of net sales	74.17%	71.28%	70.46%				
Gross profit	2,368.2	2,464.8	2,263.2	(96.6)	(3.9)	201.6	8.9
% of net sales	25.83%	28.72%	29.54%				
SG&A expenses	2,119.9	1,903.0	1,706.2	217.0	11.4	196.7	11.5
% of net sales	23.12%	22.17%	22.27%				
Operating profit	248.3	561.9	557.0	(313.6)	(55.8)	4.9	0.9
% of net sales	2.71%	6.55%	7.27%				
Interest income	(7.0)	(9.0)	(6.6)	2.0	(22.2)	(2.4)	36.9
% of net sales	(0.08)%	(0.10)%	(0.09)%				
Interest expense	34.9	26.2	28.8	8.7	33.1	(2.6)	(8.9)
% of net sales	0.38%	0.31%	0.38%				
Income before income taxes	220.4	544.6	534.8	(324.3)	(59.5)	9.9	1.8
% of net sales	2.40%	6.35%	6.98%				
Income taxes	82.4	194.5	190.6	(112.1)	(57.6)	3.9	2.1
% of net sales	0.90%	2.27%	2.49%				
Net income	\$ 137.9	\$ 350.2	\$ 344.2	\$ (212.2)	(60.6)%	\$ 6.0	1.7%
% of net sales	1.50%	4.08%	4.49%				

(a) Includes the impacts of certain strategic initiatives as more fully described in the "Executive Overview" above.

(b) The 2005 fiscal year was comprised of 53 weeks.



Net Sales. Increases in 2006 net sales resulted primarily from opening additional stores, including 300 net new stores in 2006, and a same store net sales increase of 3.3% for 2006 compared to 2005. Same store net sales increases are calculated based on the comparable calendar weeks in the prior year. Accordingly, the same store net sales percentages discussed herein exclude sales from the 53rd week of 2005 as there was no comparable week in 2006 or 2004. The increase in same store net sales accounted for \$265.4 million of the increase in net sales, while stores opened since the beginning of 2006 were the primary contributors to the remaining \$322.2 million net sales increase during 2006. The increase in same store net sales is primarily attributable to an increase in average customer purchase. We also believe that our strategic merchandising and real estate initiatives had a positive impact on 2006 net sales.

By merchandise category, our net sales increase in 2006 compared to 2005 was primarily attributable to the highly consumable category, which increased by \$415.5 million, or 7.4%. An increase in net sales of seasonal merchandise of \$161.2 million, or 12.0%, also contributed to overall net sales growth. We believe that our increased sales were supported by additions to our product offerings and increased promotional activities, including the use of advertising circulars and clearance activities.

Increases in 2005 net sales resulted primarily from opening additional stores, including 609 net new stores in 2005, and a same store net sales increase of 2.2% for 2005 compared to 2004. The increase in same store net sales accounted for \$164.5 million of the increase in net sales. Stores opened since the beginning of 2004, as well as the \$162.9 million impact of the 53rd week of sales in 2005 for all stores, were the primary contributors to the remaining \$756.8 million net sales increase during 2005. The increase in same store net sales was primarily attributable to an increase in average customer purchase.

Gross Profit. The gross profit margin decline in 2006 as compared with 2005 was due primarily to a significant increase in markdown activity as a percentage of net sales, including below-cost markdowns, as a result of our inventory liquidation and store closing initiatives. While we believe these initiatives had a positive impact on net sales, they had a negative impact on our gross profit margin in 2006. In total, our gross margin rate declined by 289 basis points to 25.8% in 2006 compared to 28.7% in 2005. Significantly impacting our gross profit margin, as a result of the related effect on cost of goods sold, were total markdowns of \$279.1 million at cost taken during 2006, compared with total markdowns of \$106.5 million at cost taken in 2005. The 2006 markdowns reflect \$179.9 million at cost taken during the fourth quarter of 2006 compared to \$39.0 million of markdowns at cost taken during the fourth quarter of 2005. The fourth quarter 2006 change in merchandising strategy also resulted in our ending inventory being valued lower than under our historical practices, as ending inventory on-hand as of February 2, 2007 reflects the immediate impact of the markdowns at the time such markdowns were taken. Markdowns which were expected to reduce inventory below cost were considered in our lower of cost or market estimate and recorded at such time as the utility of the underlying inventory was deemed to be impaired. During the third quarter of fiscal 2006, we recorded a lower of cost or market inventory impairment estimate related to the initiatives discussed above, and this estimate was revised slightly in the fourth quarter such that the impact for fiscal 2006 was \$70.2 million, which reduced 2006 gross profit by a corresponding amount. Markdowns which are not below cost impact our gross profit in the period in which such markdowns are taken. A portion of the total markdowns taken during the fourth quarter were related to the inventory included in our lower of cost or market estimate, thereby reducing our estimated reserve for such inventory as of the end of fiscal 2006 to \$49.2 million. Other factors included, but were not limited to: a decrease in the markups on purchases, primarily attributable to purchases of highly consumable products (including nationally branded products, which generally have lower average markups) and an increase in our shrink rate.

Our gross profit margin declined by 82 basis points in 2005 as compared with 2004 due to a number of factors, including but not limited to: lower net sales (as a percentage of total net sales) in

our seasonal, home products and basic clothing categories, which have higher than average markups; an increase in markdowns as a percentage of net sales primarily as a result of our initiative to reduce per-store inventory; higher transportation expenses, primarily attributable to increased fuel costs; an increase in our shrink rate; and an estimated \$5.2 million reduction resulting from the expansion of the number of departments utilized for the gross profit calculation from 10 to 23, as further described below under "Critical Accounting Policies and Estimates." These factors were partially offset by higher average mark-ups on our beginning inventory in 2005 as compared with 2004.

In 2006, 2005 and 2004, we experienced inventory shrinkage, stated as a percentage of net sales, of 3.40%, 3.22% and 3.05%, respectively.

SG&A Expense. The increase in SG&A expense as a percentage of net sales in 2006 as compared with 2005 was due to a number of factors, including but not limited to increases in the following expense categories: impairment charges on leasehold improvements and store fixtures totaling \$9.4 million, including \$8.0 million related to the planned closings of approximately 400 underperforming stores, 128 of which closed in 2006 and the remainder of which closed in 2007, as further discussed above in the "Executive Overview"; lease contract terminations totaling \$5.7 million related to these stores; higher store occupancy costs (increased 12.1%) due to higher average monthly rentals associated with our leased store locations; higher debit and credit card fees (increased 40.6%) due to the increased customer usage of debit cards and the acceptance of VISA credit and check cards at all locations; higher administrative labor costs (increased 29.9%) primarily related to additions to our executive team, particularly in merchandising and real estate, and the expensing of stock options; higher advertising costs (increased 198.3%) related primarily to the distribution of several advertising circulars in 2006 and to promotional activities related to the inventory clearance and store closing activities discussed above; and higher incentive compensation primarily related to a \$9.6 million discretionary bonus authorized by the Board of Directors for 2006. These increases were partially offset by insurance proceeds of \$13.0 million received during 2006 related to losses incurred due to Hurricane Katrina, and depreciation and amortization expenses that remained relatively constant in fiscal 2006 as compared to fiscal 2005.

The decrease in SG&A expense as a percentage of net sales in 2005 as compared with 2004 was due to a number of factors, including but not limited to the following expense categories that either declined or increased less than the 12.0% increase in net sales: employee incentive compensation expense (decreased 37.8%), based upon our fiscal 2005 financial performance; professional fees (decreased 32.3%), primarily due to the reduction of consulting fees associated with the EZstore project and 2004 fees associated with our initial Sarbanes-Oxley compliance effort; and employee health benefits (decreased 10.0%), due in part to a downward revision in claim lag assumptions based upon review and recommendation by our outside actuary and decreased claims costs as a percentage of net sales. Partially offsetting these reductions in SG&A expense were current year increases in store occupancy costs (increased 17.6%), primarily due to rising average monthly rentals associated with our leased store locations, and store utilities costs (increased 22.7%), primarily related to increased electricity and gas expense.

Interest Income. The decline in interest income in 2006 compared to 2005 was due primarily to the acquisition of the entity which held legal title to our South Boston distribution center in June 2006 and the related elimination of the notes receivable which represented debt issued by this entity from which we formerly leased the South Boston distribution center. The increase in interest income in 2005 compared to 2004 was due primarily to earnings on short-term investments due to increased interest rates on these investments.

Interest Expense. The increase in interest expense in 2006 was primarily attributable to increased interest expense of \$6.5 million under our former revolving credit facility, primarily due to increased borrowings; an increase in tax-related interest of \$4.1 million, principally due to the non-recurrence in

2006 of a 2005 reduction in accrued interest related to contingent tax liabilities, partially offset by a reduction in interest expense associated with the elimination of the financing obligation associated with the June 2006 acquisition of the entity which held legal title to the South Boston distribution center as discussed above. The decrease in interest expense in 2005 is primarily attributable to a reduction in tax-related interest expense of \$1.4 million, principally due to the reversal of interest accruals pertaining to certain income tax related contingencies that were resolved during 2005. We had variable-rate debt of \$14.5 million as of February 2, 2007 and February 3, 2006. The remainder of our outstanding indebtedness at February 2, 2007 and February 3, 2006 was fixed rate debt.

Income Taxes. The effective income tax rates for 2006, 2005 and 2004 were 37.4%, 35.7% and 35.6%, respectively.

The 2006 income tax rate was higher than the 2005 rate by 1.7%. Factors contributing to this increase include additional expense of approximately \$0.9 million related to the adoption of a new tax system in the State of Texas, which resulted in the elimination of certain deferred tax assets that had been recorded in prior years; an increase of approximately \$0.9 million in expense related to our current year tax liability under the revised State of Texas tax system; a reduction in the contingent income tax reserve due to the resolution of contingent liabilities that was \$2.0 million less than the decrease that occurred in 2005; an increase in the deferred tax valuation allowance of approximately \$3.2 million related to state income tax credits; and an increase of \$2.6 million related to a benefit recognized in 2005 resulting from an internal restructuring. Offsetting these rate increases was a reduction in the income tax rate related to federal income tax credits. Due to the reduction in our 2006 income before tax, a small increase in the amount of federal income tax credits earned yielded a much larger percentage reduction in the income tax rate for 2006 versus 2005.

While the 2005 and 2004 rates were similar overall, the rates contained offsetting differences. Factors causing the 2005 tax rate to increase when compared to the 2004 tax rate include a reduction in federal jobs credits of approximately \$1.0 million, additional net foreign income tax expense of approximately \$0.8 million and a decrease in the contingent income tax reserve due to resolution of contingent liabilities that was \$3.6 million less than the decrease that occurred in 2004. Factors causing the 2005 tax rate to decrease when compared to the 2004 tax rate include the recognition of state tax credits of approximately \$2.3 million related to the construction of our Indiana distribution center and a benefit of approximately \$2.6 million related to an internal restructuring that was completed during 2005. The overall effect of these items increased the 2005 effective tax rate by approximately 0.8%.

Effects of Inflation

We believe that inflation and/or deflation had a minimal impact on our overall operations during the fiscal years 2006, 2005 and 2004, and the interim periods of fiscal 2007.

Liquidity and Capital Resources

Current Financial Condition / Recent Developments. At November 2, 2007, we had total debt (including the current portion of long-term obligations) of \$4,509.8 million and cash and cash equivalents of \$90.5 million. Our net debt position increased significantly during the first 39 weeks of 2007 due to the financings that occurred in conjunction with the Merger. We also had an additional \$710.5 million available for borrowing under our new senior secured asset-based revolving credit facility at that date. Our liquidity needs are significant, primarily due to our debt service and other obligations.

Management believes our cash flow from operations and existing cash balances, combined with availability under the New Credit Facilities (defined and described below), will provide sufficient liquidity to fund our current obligations, projected working capital requirements and capital spending for a period that includes the next twelve months.

Inventory Management. Our inventory balance represented approximately 47% of our total assets exclusive of goodwill and other intangible assets as of November 2, 2007. Our proficiency in managing our inventory balances can have a significant impact on our cash flows from operations during a given period or fiscal year. In addition, inventory purchases can be somewhat seasonal in nature, such as the purchase of warm-weather or Christmas-related merchandise. Inventory turns, calculated on a rolling annualized basis using balances from each quarter, were 4.6 times for the period ended November 2, 2007 compared to 4.1 times for the period ended November 3, 2006 (a 53-week period).

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

Considerations regarding distribution center leases. The Merger and certain of the related financing transactions may be interpreted as giving rise to certain trigger events (which may include events of default) under our three distribution center leases. In that event, our additional cost of acquiring the underlying land and building assets could approximate \$112 million. At this time, we do not believe such issues would result in the purchase of these distribution centers; however, the payments associated with such an outcome would have a negative impact on our liquidity. To minimize the uncertainty associated with such possible interpretations, we are negotiating the restructuring of these leases and the related underlying debt. We have concluded that a probable loss exists in connection with the restructurings and have recorded associated SG&A expenses in the Successor financial statements for the year-to-date period ended November 2, 2007 totaling \$12.0 million. The ultimate resolution of these negotiations may result in changes in the amounts of such losses, which changes may be material.

Credit ratings. On June 12, 2007 Standard & Poor's revised our long-term debt rating to B, and left our long-term debt ratings on negative watch. Moody's revised our long-term debt rating to B3 with a stable outlook. These current ratings are considered non-investment grade. Our current credit ratings, as well as future rating agency actions, could (1) negatively impact our ability to obtain financings to finance our operations on satisfactory terms; (2) have the effect of increasing our financing costs; and (3) have the effect of increasing our insurance premiums and collateral requirements necessary for our self-insured programs.

Our debt includes a six-year \$1.125 billion senior secured asset-based revolving credit facility. This facility consists of Tranche A and Tranche A-1 Loans. The Tranche A-1 Loans will be funded first until all commitments under the Tranche A-1 loans have been funded and paid off last until after all Tranche A Loans have been paid. As of November 2, 2007, we had \$302.0 million in borrowings outstanding under our senior asset-based revolving credit facility. Our availability was also reduced by \$68.8 million of standby letters of credit and \$43.7 million of commercial letters of credit. In addition, we have a seven year \$2.3 billion senior secured term loan facility. This facility consists of two tranches, one of which is a "first-loss" tranche, which, in certain circumstances, will be subordinated in right of payment to the other tranche. See "Description of Other Indebtedness." We also issued \$1,175.0 million of eight-year 10.625% senior notes and \$725 million of 11.875%/12.625% senior subordinated toggle notes due 2017. See "Description of Notes."

Cash flows

The discussion of the cash flows from operating, investing and financing activities included below is generally based on the 39-week periods ended November 2, 2007 and November 3, 2006, which we believe provides a more meaningful understanding of our liquidity and capital resources for the time periods presented.

Cash flows from operating activities. Among the most significant components of the change in cash flows from operating activities in the 39 weeks ended November 2, 2007 as compared to the 39 weeks ended November 3, 2006 were changes in inventory balances, which increased by approximately 4% overall during the 39 weeks ended November 2, 2007 compared to a 14% overall increase during the 39 weeks ended November 3, 2006. Significant changes in inventory levels occurred in the highly consumable category, which increased by \$24.8 million, or 4%, in the 39 weeks ended November 2, 2007 as compared to a \$66.8 million, or 11%, increase in the 39 weeks ended November 3, 2006; the seasonal category, which increased by \$11.4 million, or 3%, in the 39 weeks ended November 2, 2007 as compared to a \$129.0 million, or 37%, increase in the 39 weeks ended November 3, 2006; and the home products category, which declined by \$14.4 million, or 9%, in the 39 weeks ended November 2, 2007 as compared to a \$11.5 million, or 6%, increase in the 39 weeks ended November 3, 2006; all of which were partially offset by the basic clothing category, which increased by \$32.0 million, or 14%, in the 39 weeks ended November 2, 2007 as compared to \$5.6 million, or 2%, decrease in the 39 weeks ended November 3, 2006. The decline in net income, as described in more detail above, and which includes \$102.6 million of Transaction and related costs in the 2007 period, partially offset other increases in cash flows from operating activities in the 2007 period as compared to the 2006 period. The decline in net income was a principal factor in the reduction in income taxes paid in the 2007 period as compared to the 2006 period. Also offsetting the decline in net income were changes in accrued expenses in the 2007 period as compared to the 2006 period which increased primarily due to accrued interest, the accrued loss in connection with ongoing negotiations to restructure our DC leases as discussed above, and accruals for lease liabilities on closed stores as discussed above.

Cash flows from operating activities for 2006 compared to 2005 declined by \$150.1 million. The most significant component of the decline in cash flows from operating activities in 2006 as compared to 2005 was the reduction in net income, as described in detail under "Results of Operations" above. Partially offsetting this decline are certain noncash charges included in net income, including below-cost markdowns on inventory balances and property and equipment impairment charges totaling \$78.1 million, and a \$13.8 million increase in noncash depreciation and amortization charges in 2006 as compared to 2005. In addition, the reduction in 2006 year end inventory balances reflect the effect of below-cost markdowns and our efforts to sell through excess inventories, as compared with increases in 2005 and 2004. Seasonal inventory levels increased by 2% in 2006 as compared to a 10% increase in 2005, home products inventory levels declined by 25% in 2006 as compared to a 2% increase in 2005, while basic clothing inventory levels declined by 21% in 2006 as compared to a 5% decline in 2005. Total merchandise inventories at the end of 2006 were \$1.43 billion compared to \$1.47 billion at the end of 2005, a 2.9% decrease overall, and a 6.4% decrease on a per store basis, reflecting both our focus on liquidating packaway merchandise and the effect of below-cost markdowns.

Cash flows from operating activities for 2005 compared to 2004 increased by \$164.0 million. The most significant component of the increase in cash flows from operating activities in the 2005 period as compared to the 2004 period was the change in inventory balances. Seasonal inventory levels increased by 10% in 2005 as compared to a 22% increase in 2004, home products inventory levels increased by 2% in 2005 as compared to a 16% increase in 2004, while basic clothing inventory levels declined by 5% in 2005 as compared to a 21% increase in 2004. Total merchandise inventories at the end of 2005 were \$1.47 billion compared to \$1.38 billion at the end of 2004, a 7.1% increase overall, but a 1% decrease on a per store basis, reflecting our 2005 focus on lowering our per store inventory levels.

Cash flows from investing activities. The Merger, as discussed in more detail above, required cash payments of approximately \$6.7 billion, net of cash acquired of \$350 million. Significant components of property and equipment purchases in the 39 weeks ended November 2, 2007 included the following approximate amounts: \$40 million for new stores; \$35 million for improvements, upgrades, remodels and relocations of existing stores; \$17 million for distribution and transportation-related capital

expenditures; and \$5 million for systems-related capital projects. During the 39 weeks ended November 2, 2007, we opened 323 new stores and remodeled or relocated 214 stores.

Significant components of our property and equipment purchases in the 39 weeks ended November 3, 2006 included the following approximate amounts: \$49 million for the EZstore project (an initiative designed to improve inventory flow from distribution centers to consumers); \$45 million for new stores; \$60 million for distribution and transportation-related capital expenditures (primarily related to our distribution center in Marion, Indiana); and \$30 million for capital projects in existing stores. During the 39 weeks ended November 3, 2006, we opened 408 new stores.

Net sales of short-term investments of \$14.3 million and purchases of long-term investments of \$21.4 million during the 39 weeks ended November 21, 2007, and net sales of short-term investments of \$0.1 million and purchases of long-term investments of \$21.5 million, during the 39 weeks ended November 3, 2006 primarily relate to our captive insurance subsidiary.

Capital expenditures for the 2007 fiscal year are projected to be approximately \$150 million to \$180 million. We anticipate funding our 2007 capital requirements with cash flows from operations and our New Credit Facilities, if necessary. Significant components of the 2007 capital plan include leasehold improvements and fixtures and equipment for approximately 360 new stores, continued investment in our existing store base, plans for remodeling and relocating approximately 300 stores, and additional investments in our supply chain. We plan to undertake these expenditures in order to improve our infrastructure and provide support for our anticipated growth.

Cash flows used in investing activities totaling \$282.0 million in 2006 were primarily related to capital expenditures and, to a lesser degree, purchases of long-term investments. Significant components of our property and equipment purchases in 2006 included the following approximate amounts: \$66 million for distribution and transportation-related capital expenditures (including approximately \$30 million related to our distribution center in Marion, Indiana which opened in 2006); \$66 million for new stores; \$50 million for the EZstore project; and \$38 million for capital projects in existing stores. During 2006 we opened 537 new stores and remodeled or relocated 64 stores.

Purchases and sales of short-term investments in 2006, which equaled net sales of \$1.9 million, reflect our investment activities in tax-exempt auction rate securities as well as investing activities of our captive insurance subsidiary. Purchases of long-term investments are related to the captive insurance subsidiary.

Significant components of our purchases of property and equipment in 2005 included the following approximate amounts: \$102 million for distribution and transportation-related capital expenditures; \$96 million for new stores; \$47 million related to the EZstore project; \$18 million for certain fixtures in existing stores; and \$15 million for various systems-related capital projects. During 2005, we opened 734 new stores and relocated or remodeled 82 stores. Distribution and transportation expenditures in 2005 included costs associated with the construction of our new distribution centers in South Carolina and Indiana.

Net sales of short-term investments in 2005 of \$34.1 million primarily reflect our investment activities in tax-exempt auction rate securities. Purchases of long-term investments are related to our captive insurance subsidiary.

Cash flows used in investing activities of \$259.2 million in 2004 were also primarily related to capital expenditures. Significant components of our purchases of property and equipment in 2004 included the following approximate amounts: \$101 million for distribution and transportation-related capital expenditures; \$82 million for new stores; \$26 million for certain fixtures in existing stores; \$26 million for various systems-related capital projects; and \$23 million for coolers in existing stores, which allow the stores to carry refrigerated products. During 2004, we opened 722 new stores and relocated or remodeled 80 stores. Distribution and transportation expenditures in 2004 included costs associated with the construction of our new distribution center in South Carolina as well as costs associated with the expansion of the Ardmore, Oklahoma and South Boston, Virginia distribution centers.

Net sales of short-term investments in 2004 of \$25.8 million primarily reflect our investment activities in tax-exempt auction rate securities.

Cash flows from financing activities. To finance the Merger, we issued long-term debt of approximately \$4.2 billion and issued common stock in the amount of approximately \$2.8 billion. As discussed above, we completed a cash tender offer for our 2010 Notes. Approximately 99% of the 2010 Notes were validly tendered resulting in repayments of long-term debt in the amount of \$210.3 million. We had borrowings, net of repayments, of \$302.0 million under our new asset-based revolving credit facility in the 39 weeks ended November 2, 2007 compared to borrowings, net of repayments, of \$232.3 million during the 39 weeks ended November 3, 2006 under our previous revolving credit facility. We repurchased approximately 4.5 million shares of our common stock during the 39 weeks ended November 3, 2006 at a total cost of \$79.9 million. We paid cash dividends of \$15.7 million and \$46.9 million on outstanding common stock during the 39 weeks ended November 3, 2006 and November 2, 2007, respectively. These uses of cash were offset by proceeds from the exercise of stock options of \$41.5 million and \$13.9 million, respectively, during the 39 weeks ended November 2, 2007, and November 3, 2006 respectively.

Cash flows used in financing activities during 2006 included the repurchase of approximately 4.5 million shares of our common stock at a total cost of \$79.9 million, cash dividends paid of \$62.5 million on our outstanding common stock, and \$14.1 million to reduce our outstanding capital lease and financing obligations. These uses of cash were partially offset by proceeds from the exercise of stock options during 2006 of \$19.9 million.

During 2005, we repurchased approximately 15.0 million shares of our common stock at a total cost of \$297.6 million, paid cash dividends of \$56.2 million on our outstanding common stock, and expended \$14.3 million to reduce our outstanding capital lease and financing obligations. Also in 2005, we received proceeds of \$14.5 million from the issuance of a tax increment financing in conjunction with the construction of our new distribution center in Indiana and proceeds from the exercise of stock options of \$29.4 million.

During 2004, we repurchased approximately 11.0 million shares of our common stock at a total cost of \$209.3 million, paid cash dividends of \$52.7 million on our outstanding common stock and expended \$16.4 million to reduce our outstanding capital lease and financing obligations. These uses of cash were partially offset by proceeds from the exercise of stock options during 2004 of \$34.1 million.

The borrowings and repayments under the revolving credit agreement in 2006, 2005 and 2004 were primarily a result of activity associated with periodic cash needs.

The following table summarizes our significant contractual obligations and commercial commitments as of August 3, 2007 (in thousands):

Contractual obligations	Payments Due by Period				
	Total	< 1 yr	1-3 yrs	3-5 yrs	> 5 yrs
Senior secured term-loan facility	\$ 2,300,000	\$ —	\$ 23,000	\$ 46,000	\$ 2,231,000
Senior secured asset-based revolving credit facility	300,000	—	—	—	300,000
10 ⁵ / 8 % Senior Notes	1,175,000	—	—	—	1,175,000
11 ⁷ / 8 / 12 ⁵ / 8 % Senior Subordinated Notes	725,000	—	—	—	725,000
8 ⁵ / 8 % Senior Notes	1,677	—	1,677	—	—
Financing and capital lease obligations	66,554	7,201	6,812	2,835	49,706
Interest(a)	3,303,044	423,335	844,432	836,843	1,198,434
Self-insurance liabilities(b)	193,079	68,966	80,616	25,841	17,656
Monitoring agreement(c)	27,212	5,021	10,808	11,383	—
Operating leases(d)	1,538,721	313,012	486,599	331,551	407,559
Subtotal	\$ 9,630,287	\$ 817,535	\$ 1,453,944	\$ 1,254,453	\$ 6,104,355
Commercial commitments(e)	Commitments Expiring by Period				
	Total	< 1 yr	1-3 yrs	3-5 yrs	> 5 yrs
Letters of credit	\$ 159,158	\$ 159,158	\$ —	\$ —	\$ —
Purchase obligations(f)	394,251	394,186	65	—	—
Subtotal	\$ 553,409	\$ 553,344	\$ 65	\$ —	\$ —
Total contractual obligations and commercial commitments	\$ 10,183,696	\$ 1,370,879	\$ 1,454,009	\$ 1,254,453	\$ 6,104,355

- (a) Represents obligations for interest payments on long-term debt, capital lease and financing obligations and includes projected interest on variable rate long-term debt based upon effective interest rates at August 3, 2007.
- (b) We retain a significant portion of the risk for our workers' compensation, employee health insurance, general liability, property loss and automobile insurance. As these obligations do not have scheduled maturities, these amounts represent undiscounted estimates based upon actuarial assumptions. Except for discounts required to be applied as part of our purchase price allocation, these amounts are reflected on an undiscounted basis in our condensed consolidated balance sheets.
- (c) We entered into a monitoring agreement, dated July 6, 2007, with affiliates of certain of the Investors pursuant to which those entities will provide management and advisory services. Such agreement has no contractual term and for purposes of this schedule is presumed to be outstanding for a period of five years.
- (d) Operating lease obligations are inclusive of amounts included in deferred rent and closed store obligations in our condensed consolidated balance sheets.
- (e) Commercial commitments include information technology license and support agreements, supplies, fixtures, letters of credit for import merchandise, and other inventory purchase obligations.
- (f) Purchase obligations include legally binding agreements for software licenses and support, supplies, fixtures, and merchandise purchases excluding such purchases subject to letters of credit.

In July 2005, as an inducement for the Company to select Marion, Indiana as the site for construction of a new distribution center, the Economic Development Board of Marion approved a tax increment financing in the amount of \$14.5 million. The principal amount of this financing is due to be repaid during fiscal years 2015 to 2035. Pursuant to this financing, proceeds from the issuance of certain revenue bonds were loaned to the Company in connection with the construction of this distribution center. The variable interest rate on this loan is based on the weekly remarketing of the bonds, which are supported by a bank letter of credit, and ranged from 4.60% to 5.43% in 2006.

We have generated significant cash flows from operations during recent years. We had peak borrowings under the amended credit facility of \$253.4 million during 2006, \$100.3 million during 2005 and \$73.1 million during 2004, all of which were repaid prior to February 2, 2007, February 3, 2006, and January 28, 2005, respectively.

New Credit Facilities

Overview. On July 6, 2007, in connection with the Merger, we entered into two senior secured credit agreements, each with Goldman Sachs Credit Partners L.P., Citicorp Global Markets, Inc. Lehman Brothers Inc. and Wachovia Capital Markets, LLC, each as joint lead arranger and joint bookrunner (the "New Credit Facilities"). The CIT Group/Business Credit, Inc. is administrative agent under the senior secured credit agreement for the asset-based revolving credit facility and Citicorp North America, Inc. is administrative agent under the senior secured credit agreement for the term loan facility.

The New Credit Facilities provide senior secured financing of \$3.425 billion, consisting of:

- \$2.3 billion in a senior secured term loan facility; and
- a senior secured asset-based revolving credit facility of up to \$1.125 billion (of which up to \$350.0 million is available for letters of credit), subject to borrowing base availability.

The term loan facility consists of two tranches, one of which is a "first-loss" tranche, which, in certain circumstances, is subordinated in right of payment to the other tranche of the term loan credit facility.

Dollar General Corporation is the borrower under the term loan facility, the primary borrower under the asset-based credit facility and, in addition, certain subsidiaries of ours were designated as borrowers under this facility. The asset-based credit facility includes borrowing capacity available for letters of credit and for short-term borrowings referred to as swingline loans.

The New Credit Facilities provide that we have the right at any time to request up to \$325.0 million of incremental commitments under one or more incremental term loan facilities and/or asset-based revolving credit facilities. The lenders under these facilities are not under any obligation to provide any such incremental commitments and any such addition of or increase in commitments will be subject to our not exceeding certain senior secured leverage ratios and certain other customary conditions precedent. Our ability to obtain extensions of credit under these incremental commitments will also be subject to the same conditions as extensions of credit under the New Credit Facilities.

The amount from time to time available under the senior secured asset-based credit facility (including in respect of letters of credit) shall not exceed the sum of the tranche A borrowing base and the tranche A-1 borrowing base. The tranche A borrowing base equals the sum of (i) 85% of the net orderly liquidation value of all our eligible inventory and that of each guarantor thereunder and (ii) 90% of all our accounts receivable and credit/debit card receivables and that of each guarantor thereunder, in each case, subject to a reserve equal to the principal amount of the 2010 Notes that remain outstanding at any time and other customary reserves and eligibility criteria. An additional 10% to 12% of the net orderly liquidation value of all our eligible inventory and that of each guarantor

thereunder is made available to us in the form of a "last out" tranche in respect of which we may borrow up to a maximum amount of \$125.0 million. Borrowings under the asset-based credit facility will be incurred first under the last out tranche, and no borrowings will be permitted under any other tranche until the last out tranche is fully utilized. Repayments of the senior secured asset-based revolving credit facility will be applied to the last out tranche only after all other tranches have been fully paid down.

Interest Rate and Fees. Borrowings under the New Credit Facilities bear interest at a rate equal to an applicable margin plus, at our option, either (a) LIBOR or (b) a base rate (which is usually equal to the prime rate). The initial applicable margins for borrowings is (i) under the term loan facility, 2.75% with respect to LIBOR borrowings and 1.75% with respect to base-rate borrowings and (ii) under the asset-based revolving credit facility (except in the last out tranche described above), 1.50% with respect to LIBOR borrowings and 0.50% with respect to base-rate borrowings and for any last out borrowings, 2.25% with respect to LIBOR borrowings and 1.25% with respect to base-rate borrowings. The applicable margins for borrowings under the asset-based revolving credit facility (except for last out borrowings) are subject to adjustment each quarter based on average daily excess availability under the asset-based revolving credit facility.

In addition to paying interest on outstanding principal under the New Credit Facilities, we are required to pay a commitment fee to the lenders under the asset-based revolving credit facility in respect of the unutilized commitments thereunder. The initial commitment fee rate is 0.375% per annum. The commitment fee rate will be reduced (except with regard to the last out tranche) to 0.25% per annum at any time that excess availability under the asset-based revolving credit facility is equal to or less than 50% of the aggregate commitments under the asset-based revolving credit facility. We must also pay customary letter of credit fees.

Prepayments. The senior secured credit agreement for the term loan facility requires us to prepay outstanding term loans, subject to certain exceptions, with:

- 50% of our annual excess cash flow (as defined in the credit agreement) commencing with the fiscal year ending on or about January 31, 2008 (which percentage will be reduced to 25% and 0% if we achieve and maintain total net leverage ratios of 6.0 to 1.0 and 5.0 to 1.0, respectively);
- 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of property in excess of \$25.0 million in the aggregate and subject to our right to reinvest the proceeds; and
- 100% of the net cash proceeds of any incurrence of debt, other than proceeds from debt permitted under the senior secured credit agreement.

The mandatory prepayments discussed above will be applied to the term loan facility as directed by the senior secured credit agreement.

In addition, the senior secured credit agreement for the asset-based revolving credit facility requires us to prepay the asset-based revolving credit facility, subject to certain exceptions, with:

- 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of revolving facility collateral (as defined below) in excess of \$1.0 million in the aggregate and subject to our right to reinvest the proceeds; and
- to the extent such extensions of credit exceed the then current borrowing bases (as defined in the senior secured credit agreement) for the asset-based revolving credit facility.

We may be obligated to pay a prepayment premium on the amount repaid under the term loan facility if the term loans are voluntarily repaid in whole or in part before July 6, 2009. We may

voluntarily repay outstanding loans under the asset-based revolving credit facility at any time without premium or penalty, other than customary "breakage" costs with respect to LIBOR loans.

An event of default under the senior secured credit agreements will occur upon a change of control as defined in the senior secured credit agreements governing our New Credit Facilities. Upon an event of default, indebtedness under the New Credit Facilities may be accelerated, in which case we will be required to repay all outstanding loans plus accrued and unpaid interest and all other amounts outstanding under the New Credit Facilities.

Letters of Credit. \$350.0 million of our asset-based revolving credit facility is available for letters of credit.

Amortization. Beginning September 30, 2009, we are required to repay installments on the loans under the term loan credit facility in equal quarterly principal amounts in an aggregate amount per annum equal to 1% of the total funded principal amount at July 6, 2007, with the balance payable on July 6, 2014. There is no amortization under the asset-based revolving credit facility. The entire principal amounts (if any) outstanding under the asset-based revolving credit facility are due and payable in full at maturity, on July 6, 2013, on which day the commitments thereunder will terminate.

Guarantee and Security. All obligations under the New Credit Facilities are unconditionally guaranteed by substantially all of our existing and future domestic subsidiaries (excluding certain immaterial subsidiaries and certain subsidiaries designated by us under our senior secured credit agreements as "unrestricted subsidiaries"), referred to, collectively, as U.S. Guarantors.

All obligations and related guarantees under the term loan facility are secured by:

- a second-priority security interest in all existing and after-acquired inventory, accounts receivable, and other assets arising from such inventory and accounts receivable, of the Company and each U.S. Guarantor (the "Revolving Facility Collateral"), subject to certain exceptions;
- a first priority security interest in, and mortgages on, substantially all of our and each U.S. Guarantor's tangible and intangible assets (other than the Revolving Facility Collateral); and
- a first-priority pledge of 100% of the capital stock held by Dollar General, or any of our domestic subsidiaries that are directly owned by us or one of the U.S. Guarantors and 65% of the voting capital stock of each of our existing and future foreign subsidiaries that are directly owned by us or one of the U.S. Guarantors.

All obligations and related guarantees under the asset-based revolving credit facility are secured by the Revolving Facility Collateral, subject to certain exceptions.

Certain Covenants and Events of Default. The senior secured credit agreements contain a number of covenants that, among other things, restrict, subject to certain exceptions, our ability to:

- incur additional indebtedness;
- sell assets;
- pay dividends and distributions or repurchase our capital stock;
- make investments or acquisitions;
- repay or repurchase subordinated indebtedness (including the senior subordinated notes) or the senior notes;
- amend material agreements governing our subordinated indebtedness (including the senior subordinated notes) or the senior notes; and

- change our lines of business.

The senior secured credit agreements also contain certain customary affirmative covenants and events of default.

At November 2, 2007, we had \$302.0 million of borrowings, \$43.7 million of commercial letters of credit, and \$68.8 million of standby letters of credit outstanding under our asset-based revolving credit facility.

Notes

On July 6, 2007, Buck issued \$1,175.0 million aggregate principal amount of 10.625% senior notes due 2015 (the "senior notes") which mature on July 15, 2015 pursuant to an indenture, dated as of July 6, 2007 (the "senior indenture"), and \$725 million aggregate principal amount of 11.875%/12.625% senior subordinated toggle notes due 2017 (the "senior subordinated notes"), which mature on July 15, 2017, pursuant to an indenture, dated as of July 6, 2007 (the "senior subordinated indenture"). The senior notes and the senior subordinated notes are collectively referred to herein as the "notes." The senior indenture and the senior subordinated indenture are collectively referred to herein as the "indentures."

Interest on the notes is payable on January 15 and July 15 of each year, commencing on January 15, 2008. Interest on the senior notes will be payable in cash. Cash interest on the senior subordinated notes will accrue at a rate of 11.875% per annum, and PIK interest (as that term is defined below) will accrue at a rate of 12.625% per annum. The initial interest payment on the senior subordinated notes will be payable in cash. For any interest period thereafter through July 15, 2011, we may elect to pay interest on the senior subordinated notes (i) in cash, (ii) by increasing the principal amount of the senior subordinated notes or issuing new senior subordinated notes ("PIK interest") or (iii) by paying interest on half of the principal amount of the senior subordinated notes in cash interest and half in PIK interest. After July 15, 2011, all interest on the senior subordinated notes will be payable in cash.

The notes are fully and unconditionally guaranteed by each of the existing and future direct or indirect wholly owned domestic subsidiaries that guarantee the obligations under our New Credit Facilities.

We may redeem some or all of the notes at any time at redemption prices described or set forth in the indentures.

Change of Control. Upon the occurrence of a change of control, which is defined in the indentures, each holder of the notes has the right to require us to repurchase some or all of such holder's notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date.

Covenants. The indentures contain covenants limiting, among other things, our ability and the ability of our restricted subsidiaries to (subject to certain exceptions):

- incur additional debt, issue disqualified stock or issue certain preferred stock;
- pay dividends on or make certain distributions and other restricted payments;
- create certain liens or encumbrances;
- sell assets;
- enter into transactions with affiliates;

- make payments to us;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and
- designate our subsidiaries as unrestricted subsidiaries.

Events of Default. The indentures also provide for events of default which, if any of them occurs, would permit or require the principal of and accrued interest on the notes to become or to be declared due and payable.

Registration Rights Agreement. On July 6, 2007, we entered into a registration rights agreement with respect to the notes. In the registration rights agreement, we agreed that we will use commercially reasonable efforts to register with the SEC new notes having substantially identical terms as the senior notes and new notes having substantially identical terms as the senior subordinated notes. Once registered, we will offer to exchange the new notes for each of the outstanding senior notes and the outstanding senior subordinated notes.

We are required to use commercially reasonable efforts to cause the exchange offer to be completed or, if required, to have one or more shelf registration statements declared effective, within 270 days after the issue date of each of the notes.

If we fail to meet this target, the annual interest rate on the applicable series of notes will increase by 0.25%. The annual interest rate on the applicable series of notes will increase by an additional 0.25% for each subsequent 90-day period during which the registration default continues, up to a maximum additional interest rate of 1.0% per year over the applicable interest rate described above.

Adjusted EBITDA

Under the New Credit Facilities and the indentures, certain limitations and restrictions could occur if we are not able to satisfy and remain in compliance with specified financial ratios. Management believes the most significant of such ratios is the senior secured incurrence test under the New Credit Facilities. This test measures the ratio of the senior secured debt to Adjusted EBITDA. This ratio would need to be no greater than 4.25 to 1 to avoid such limitations and restrictions. As of November 2, 2007, this ratio was 3.7 to 1. Senior secured debt is defined as our total debt secured by liens or similar encumbrances less cash and cash equivalents. EBITDA is defined as income (loss) from continuing operations before cumulative effect of change in accounting principle plus interest and other financing costs, net, provision for income taxes, and depreciation and amortization. Adjusted EBITDA is defined as EBITDA, further adjusted to give effect to adjustments required in calculating this covenant ratio under our New Credit Facilities. EBITDA and Adjusted EBITDA are not presentations made in accordance with GAAP, are not measures of financial performance or condition, liquidity or profitability, and should not be considered as an alternative to (1) net income, operating income or any other performance measures determined in accordance with GAAP or (2) operating cash flows determined in accordance with GAAP. Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of free cash flow for management's discretionary use, as they do not consider certain cash requirements such as interest payments, tax payments and debt service requirements and replacements of fixed assets.

Our presentation of EBITDA and Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Because not all companies use identical calculations, these presentations of EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. We believe that the presentation of EBITDA and Adjusted EBITDA is appropriate to provide additional information about the calculation of this financial ratio in the New Credit Facilities. Adjusted EBITDA is a material component of this ratio. Specifically, non-compliance with the senior secured indebtedness

ratio contained in our New Credit Facilities could prohibit us from being able to incur additional secured indebtedness, other than the additional funding provided for under the senior secured credit agreement and pursuant to specified exceptions, to make investments, to incur liens and to make certain restricted payments.

The calculation of Adjusted EBITDA under the New Credit Facilities is as follows:

(in millions)	39 Weeks Ended		12 Months Ended
	November 2, 2007	November 3, 2006	November 2, 2007
Net income (loss)	\$ (68.2)	\$ 87.9	\$ (18.1)
Add (subtract):			
Interest income	(7.5)	(4.8)	(9.7)
Interest expense	158.8	27.0	166.7
Depreciation and amortization	170.0	149.9	220.6
Income taxes	(22.4)	55.1	4.9
EBITDA	230.7	315.1	364.4
Adjustments:			
Transaction and related costs	102.6	—	102.6
Loss on debt retirement	6.2	—	6.2
Loss on interest rate swaps	2.1	—	2.1
Contingent loss on distribution center leases	12.0	—	12.0
Impact of markdowns related to inventory clearance activities, including LCM adjustments, net of purchase accounting adjustments	4.1	72.7	91.4
SG&A related to store closing and inventory clearance activities	53.8	8.7	78.2
Operating losses (cash) of stores to be closed	9.4	8.8	15.5
Hurricane Katrina insurance proceeds	—	(13.0)	—
Hurricane Katrina expenses and write-offs	—	1.4	—
Monitoring and consulting fees to affiliates	2.8	—	2.8
Stock option and restricted stock unit expense	5.8	—	5.8
Other	0.7	—	1.7
Total Adjustments	199.5	78.6	318.3
Adjusted EBITDA	\$ 430.2	\$ 393.7	\$ 682.7

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. In addition to the estimates presented below, there are other items within our financial statements that require estimation but are not deemed critical as defined below. We believe these estimates are reasonable and appropriate. However, if actual experience differs from the assumptions and other considerations used, the resulting changes could have a material effect on the financial statements taken as a whole.

Management believes the following policies and estimates are critical because they involve significant judgments, assumptions, and estimates. Management has discussed the development and selection of the critical accounting estimates with the Audit Committee of our Board of Directors, and the Audit Committee has reviewed the disclosures presented below relating to those policies and estimates.

Merchandise Inventories. Merchandise inventories are stated at the lower of cost or market with cost determined using the retail last-in, first-out ("LIFO") method. Under our retail inventory method ("RIM"), the calculation of gross profit and the resulting valuation of inventories at cost are computed by applying a calculated cost-to-retail inventory ratio to the retail value of sales. The RIM is an averaging method that has been widely used in the retail industry due to its practicality. Also, it is recognized that the use of the RIM will result in valuing inventories at the lower of cost or market ("LCM") if markdowns are currently taken as a reduction of the retail value of inventories.

Inherent in the RIM calculation are certain significant management judgments and estimates including, among others, initial markups, markdowns, and shrinkage, which significantly impact the gross profit calculation as well as the ending inventory valuation at cost. These significant estimates, coupled with the fact that the RIM is an averaging process, can, under certain circumstances, produce distorted cost figures. Factors that can lead to distortion in the calculation of the inventory balance include:

- applying the RIM to a group of products that is not fairly uniform in terms of its cost and selling price relationship and turnover;
- applying the RIM to transactions over a period of time that include different rates of gross profit, such as those relating to seasonal merchandise;
- inaccurate estimates of inventory shrinkage between the date of the last physical inventory at a store and the financial statement date; and
- inaccurate estimates of LCM and/or LIFO reserves.

Factors that reduce potential distortion include the use of historical experience in estimating the shrink provision, as discussed below, and the utilization of an independent statistician to assist in the LIFO sampling process and index formulation. As part of this process, we also perform an inventory-aging analysis for determining obsolete inventory. Our policy is to write down inventory to an LCM value based on various management assumptions including estimated below-cost markdowns and sales required to liquidate such aged inventory in future periods. Inventory is reviewed on a quarterly basis and adjusted as appropriate to reflect write-downs determined to be necessary.

Factors such as slower inventory turnover due to changes in competitors' tactics, consumer preferences, consumer spending and unseasonable weather patterns, among other factors, could cause excess inventory requiring greater than estimated markdowns to entice consumer purchases, resulting in an unfavorable impact on our consolidated financial statements. Sales shortfalls due to the above factors could cause reduced purchases from vendors and associated vendor allowances that would also result in an unfavorable impact on our consolidated financial statements.

We calculate our shrink provision based on actual physical inventory results during the fiscal period and an accrual for estimated shrink occurring subsequent to a physical inventory through the end of the fiscal reporting period. This accrual is calculated as a percentage of sales at each retail store, at a department level, and is determined by dividing the book-to-physical inventory adjustments recorded during the previous twelve months by the related sales for the same period for each store. To the extent that subsequent physical inventories yield different results than this estimated accrual, our effective shrink rate for a given reporting period will include the impact of adjusting the estimated results to the actual results. Although we perform physical inventories in virtually all of our stores on an annual basis, the same stores do not necessarily get counted in the same reporting periods from year to year, which could impact comparability in a given reporting period.

Goodwill and Indefinite-Lived Intangible Assets. Under SFAS 142, "Goodwill and Other Intangible Assets", we are required to test goodwill and intangible assets with indefinite lives for impairment annually, or more frequently if impairment indicators occur. Significant judgments required in this testing process include projecting future cash flows, determining appropriate discount rates and other assumptions. Projections are based on management's best estimate given recent financial performance, market trends, strategic plans and other available information. Changes in these estimates and assumptions could materially affect the determination of fair value or impairment. Future indicators of impairment could result in an asset impairment charge.

Purchase Accounting. The Merger was accounted for as a reverse acquisition in accordance with the purchase accounting provisions of SFAS 141, "Business Combinations," under which our assets and liabilities have been accounted for at their estimated fair values as of the date of the Merger. The aggregate purchase price was allocated to the tangible and intangible assets acquired and liabilities assumed, based upon a preliminary assessment of their relative fair values as of the date of the Merger. The preliminary allocation of the purchase price is subject to the finalization of certain fair values including certain assets being evaluated through appraisals, the final allocation of financing and other costs associated with the Merger, and other items. These estimates of fair values of assets, the allocation of the purchase price and other factors related to the accounting for the Merger are subject to significant judgments and the use of estimates.

Property and Equipment. Property and equipment are recorded at cost. We group our assets into relatively homogeneous classes and generally provide for depreciation on a straight-line basis over the estimated average useful life of each asset class, except for leasehold improvements, which are amortized over the shorter of the applicable lease term or the estimated useful life of the asset. Certain store and warehouse fixtures, when fully depreciated, are removed from the cost and related accumulated depreciation and amortization accounts. The valuation and classification of these assets and the assignment of useful depreciable lives involves significant judgments and the use of estimates.

Impairment of Long-lived Assets. We review the carrying value of all long-lived assets for impairment on an annual basis or more frequently whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In accordance with SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," we review for impairment stores open more than two years for which current cash flows from operations are negative. Impairment results when the carrying value of the assets exceeds the undiscounted future cash flows over the life of the lease. Our estimate of undiscounted future cash flows over the lease term is based upon historical operations of the stores and estimates of future store profitability which encompasses many factors that are subject to variability and difficult to predict. If a long-lived asset is found to be impaired, the amount recognized for impairment is equal to the difference between the carrying value and the asset's fair value. The fair value is estimated based primarily upon future cash flows (discounted at our credit adjusted risk-free rate) or other reasonable estimates of fair market value.

Insurance Liabilities. We retain a significant portion of the risk for our workers' compensation, employee health insurance, general liability, property loss and automobile coverage. These costs are

significant primarily due to the large employee base and number of stores. At the date of the Merger this liability was discounted to reflect purchase accounting. Subsequent to the Merger, provisions are made to this insurance liability on an undiscounted basis based on actual claim data and estimates of incurred but not reported claims developed using actuarial methodologies based on historical claim trends. If future claim trends deviate from recent historical patterns, we may be required to record additional expenses or expense reductions, which could be material to our future financial results.

Contingent Liabilities—Income Taxes. Income tax reserves are determined using the methodology established by the Financial Accounting Standards Board ("FASB") Interpretation 48, Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement 109 ("FIN 48"). FIN 48, which we adopted as of February 3, 2007, requires companies to assess each income tax position taken using a two step process. 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. Uncertain tax positions require determinations and estimated liabilities to be made based on provisions of the tax law which may be subject to change or varying interpretation. If our determinations and estimates prove to be inaccurate, the resulting adjustments could be material to our future financial results.

Contingent Liabilities—Legal Matters. We are subject to legal, regulatory and other proceedings and claims. We establish liabilities as appropriate for these claims and proceedings based upon the probability and estimability of losses and to fairly present, in conjunction with the disclosures of these matters in our financial statements, management's view of our exposure. We review outstanding claims and proceedings with external counsel to assess probability and estimates of loss. We re-evaluate these assessments each quarter or as new and significant information becomes available to determine whether a liability should be established or if any existing liability should be adjusted. The actual cost of resolving a claim or proceeding ultimately may be substantially different than the amount of the recorded liability. In addition, because it is not permissible under GAAP to establish a litigation liability until the loss is both probable and estimable, in some cases there may be insufficient time to establish a liability prior to the actual incurrence of the loss (upon verdict and judgment at trial, for example, or in the case of a quickly negotiated settlement). See Note 8 to the consolidated financial statements for the year ended February 2, 2007 and Note 7 to the unaudited condensed consolidated financial statements for the period ended November 2, 2007, included in this prospectus.

Lease Accounting and Excess Facilities. The majority of our stores are subject to short-term leases (usually with initial or primary terms of 3 to 5 years) with multiple renewal options when available. We also have stores subject to build-to-suit arrangements with landlords, which typically carry a primary lease term of between 7 and 10 years with multiple renewal options. Approximately half of our stores have provisions for contingent rentals based upon a percentage of defined sales volume. We recognize contingent rental expense when the achievement of specified sales targets is considered probable. We recognize rent expense over the term of the lease. We record minimum rental expense on a straight-line basis over the base, non-cancelable lease term commencing on the date that we take physical possession of the property from the landlord, which normally includes a period prior to store opening to make necessary leasehold improvements and install store fixtures. When a lease contains a predetermined fixed escalation of the minimum rent, we recognize the related rent expense on a straight-line basis and record the difference between the recognized rental expense and the amounts payable under the lease as deferred rent. We also receive tenant allowances, which we record as deferred incentive rent and amortize as a reduction to rent expense over the term of the lease. We reflect as a liability any difference between the calculated expense and the amounts actually paid. Improvements of leased properties are amortized over the shorter of the life of the applicable lease term or the estimated useful life of the asset.

For store closures, excluding those associated with a business combination, where a lease obligation still exists, we record the estimated future liability associated with the rental obligation on the date the store is closed in accordance with SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities." Based on an overall analysis of store performance and expected trends, management periodically evaluates the need to close underperforming stores. Liabilities are established at the point of closure for the present value of any remaining operating lease obligations, net of estimated sublease income, and at the communication date for severance and other exit costs, as prescribed by SFAS 146. Key assumptions in calculating the liability include the timeframe expected to terminate lease agreements, estimates related to the sublease potential of closed locations, and estimation of other related exit costs. If actual timing and potential termination costs or realization of sublease income differ from our estimates, the resulting liabilities could vary from recorded amounts. These liabilities are reviewed periodically and adjusted when necessary.

Share-Based Payments. Our share-based stock option awards are valued on an individual grant basis using the Black-Scholes-Merton closed form option pricing model. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the valuation of stock options, which affects compensation expense related to these options. These assumptions include the term that the options are expected to be outstanding, an estimate of the volatility of our stock price (which is based on a peer group of publicly traded companies), applicable interest rates and the dividend yield of our stock. Other factors involving judgments that affect the expensing of share-based payments include estimated forfeiture rates of share-based awards. If our estimates differ materially from actual experience, we may be required to record additional expense or reductions of expense, which could be material to our future financial results.

Adoption of Accounting Standards

Prior to February 4, 2006, we accounted for share-based payments using the intrinsic-value-based recognition method prescribed by Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees" ("APB 25"). Because stock options were granted at an exercise price equal to the market value of the underlying common stock on the date of grant, employee compensation cost related to stock options generally was not reflected in our results of operations prior to the adoption of SFAS 123(R), "Share-Based Payment." The Compensation Committee of our Board of Directors took action to accelerate the vesting, effective February 3, 2006, of most of our outstanding stock options granted prior to January 24, 2006. The Compensation Committee took this action primarily to reduce non-cash compensation expense to be recorded in future periods under the provisions of SFAS 123(R). However, the Committee also believed this decision benefited employees.

Effective February 4, 2006, we adopted SFAS 123(R) using the modified-prospective-transition method and began recognizing compensation expense for our share-based payments based on the fair value of the awards on the grant date. For the year ended February 2, 2007, the adoption of the fair value method of SFAS 123(R) resulted in additional share-based compensation expense (a component of SG&A expense) and a corresponding decrease in income before income taxes of \$3.6 million, and a decrease in net income of \$2.2 million.

We estimate the fair value of stock options using the Black-Scholes-Merton option pricing model for all option grants. We estimate the expected term using a computation based on an assumption that outstanding options will be exercised approximately halfway through their contractual term, taking into consideration such factors as grant date, expiration date, weighted-average time-to-vest, actual exercises and post-vesting cancellations. We calculate volatility assumptions using actual historical changes in the market value of the stock and implied volatility based upon traded options, weighted equally. We believe that this methodology provides the best indicator of future volatility.

We adopted the provisions of FIN 48 effective February 3, 2007. The adoption resulted in an \$8.9 million decrease in retained earnings and a reclassification of certain amounts between deferred

income taxes and other noncurrent liabilities to conform to the balance sheet presentation requirements of FIN 48. As of the date of adoption, the total reserve for uncertain tax benefits was \$77.9 million. This reserve excludes the federal income tax benefit for the uncertain tax positions related to state income taxes; which is now included in deferred tax assets. As a result of the adoption of FIN 48, the reserve for interest expense related to income taxes was increased to \$15.3 million and a reserve for potential penalties of \$1.9 million related to uncertain income tax positions was recorded. As of the date of adoption, approximately \$27.1 million of the reserve for uncertain tax positions would impact our effective income tax rate if we were to recognize the tax benefit for these positions.

Subsequent to the adoption of FIN 48, we elected to record income tax related interest and penalties as a component of the provision for income tax expense.

In December 2007, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 141(R), "Business Combinations." The new standard establishes the requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest (formerly minority interest) in an acquired; provides updated requirements for recognition and measurement of goodwill acquired in a business combination or a gain from a bargain purchase, and provides updated disclosure requirement to enable users of financial statements to evaluate the nature and financial effects of the business combination. This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early adoption is not allowed. No determination has yet been made regarding the potential impact of this Statement on the Company's financial statements.

In September 2006, the FASB issued SFAS 157, "Fair Value Measurements." SFAS 157 provides guidance for using fair value to measure assets and liabilities. The standard also requires expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. The standard applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value in any new circumstances for financial assets and liabilities. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. For non-financial assets and liabilities, the effective date has been delayed to fiscal years beginning after November 15, 2008. We currently expect to adopt SFAS 157 during our 2008 and 2009 fiscal years as appropriate. No determination has yet been made regarding the potential impact of this standard on our financial statements.

In February 2007, the FASB issued SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115." SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. It provides entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. We currently plan to adopt SFAS 159 during our 2008 fiscal year. No determination has yet been made regarding the potential impact of this standard on the Company's financial statements.

Quantitative and Qualitative Disclosures About Market Risk

Financial Risk Management

We are exposed to market risk primarily from adverse changes in interest rates. To minimize this risk, we may periodically use financial instruments, including derivatives. As a matter of policy, we do not buy or sell financial instruments for speculative or trading purposes and all financial instrument transactions must be authorized and executed pursuant to approval by the Board of Directors. All financial instrument positions taken by us are intended to be used to reduce risk by hedging an

underlying economic exposure. Because of high correlation between the financial instrument and the underlying exposure being hedged, fluctuations in the value of the financial instruments are generally offset by reciprocal changes in the value of the underlying economic exposure. The financial instruments we use are straightforward instruments with liquid markets.

Interest Rate Risk

We are subject to interest rate market risk in connection with our long-term debt. Our principal interest rate exposure relates to outstanding amounts under our New Credit Facilities. Our New Credit Facilities provide for variable rate borrowings of up to \$3,425.0 million including availability of \$1,125.0 million under our senior secured asset-based revolving credit facility, subject to the borrowing base. Assuming our New Credit Facilities are fully drawn (and without giving effect to the interest rate swap described below), each one-eighth percentage point increase or decrease in the applicable interest rates would correspondingly change our interest expense by approximately \$4.3 million per year.

In order to mitigate the variable rate interest exposure under the New Credit Facilities, we entered into interest rate swaps with affiliates of Goldman, Sachs & Co., Lehman Brothers Inc. and Wachovia Capital Markets, LLC. Pursuant to the swaps, which became effective on July 31, 2007, we swapped three month LIBOR rates for fixed interest rates of 4.93% on a notional amount of \$2,000.0 million which will amortize on a quarterly basis until maturity at July 31, 2012. At November 2, 2007, the notional amount was \$1,890.0 million.

The interest rate swaps will be accounted for in accordance with SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" and SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" (collectively, "SFAS 133"). SFAS 133 establishes accounting and reporting standards for derivative instruments and hedging activities. SFAS 133 requires that all derivatives be recognized as either assets or liabilities at fair value. Beginning October 12, 2007, we account for the swaps as cash flow hedges and record the effective portion of changes in fair value of the swaps within accumulated other comprehensive income.

BUSINESS

Our Company

We are the largest discount retailer in the United States by number of stores, with 8,204 stores located in 35 states, primarily in the southern, southwestern, midwestern and eastern United States, as of November 2, 2007. We serve a broad customer base and offer a focused assortment of everyday items, including basic consumable merchandise and other home, apparel and seasonal products. A majority of our products are priced at \$10 or less and approximately 30% of our products are priced at \$1 or less. In 2006, our average customer purchase was \$9.31.

We offer a compelling value proposition for our customers based on convenient store locations, easy in and out shopping and highly competitive prices. We believe our combination of value and convenience distinguishes us from other discount, convenience and drugstore retailers, who typically focus on either value or convenience. Our business model is focused on strong and sustainable sales growth, attractive margins and limited maintenance capital expenditure and working capital needs, which result in significant cash flow from operation (before interest).

We expanded rapidly in recent years, increasing our total number of stores from 5,540 as of February 1, 2002 to 8,229 as of February 2, 2007 (representing an 8.2% compound annual growth rate, or CAGR). Over the same period, we grew our net sales from \$5.3 billion to \$9.2 billion (representing a 11.5% CAGR), driven by growth in number of stores as well as a five-year average same store sales growth of 3.7%. For the 39 week period ended November 2, 2007, we generated net sales of \$6.9 billion, an increase of 4.8% over the same period in the prior year, including a same-store sales increase of 2.8%. We have temporarily decelerated our new store growth rate to enable us to focus on improving the performance of existing stores, including remodeling or relocating a number of stores to improve productivity and enhance the shopping experience for our customers.

Stores

The traditional Dollar General® store has, on average, approximately 6,900 square feet of selling space and generally serves customers who live within five miles of the store. Of our 8,204 stores as of November 2, 2007, more than half serve communities with populations of 20,000 or less. We believe that our target customers prefer the convenience of a small, neighborhood store with a focused merchandise assortment at value prices.

We aggressively manage our overhead cost structure and typically seek to locate stores in neighborhoods where rental and operating costs are relatively low. Our stores typically have low fixed costs, with lean staffing of usually two to three employees in the store at any time. In 2005 and 2006, we implemented "EZstore™", our initiative designed to improve inventory flow from our distribution centers, or DCs, to consumers. EZstore has allowed us to reallocate store labor hours to more customer-focused activities, improving the work content in our stores.

We also attempt to control operating costs by implementing new technology when feasible, including improvements in recent years to our store labor scheduling and store replenishment systems in addition to other improvements to our supply chain and warehousing systems.

Merchandise

Our merchandise strategy combines a low-cost operating structure with a focused assortment of products that allows us to offer our customers a compelling value proposition, consisting of quality merchandise at competitive prices. We believe our merchandising strategy generates frequent repeat customer purchases and our focused merchandise assortment encourages customers to shop at Dollar General stores for their everyday household needs. We separate our merchandise into the following

four categories for reporting purposes: highly consumable, seasonal, home products and basic clothing. Highly consumable consists of packaged food, candy, snacks and refrigerated products, health and beauty aids, home cleaning supplies and pet supplies; seasonal consists of seasonal and other holiday-related items, toys, stationery and hardware; and home products consists of housewares and domestics.

We maintain approximately 4,900 core stock-keeping units, or SKUs, per store and an additional 8,000 non-core SKUs that get rotated in and out of the store over the course of a typical year. The percentage of net sales of each of our four categories of merchandise for the period indicated below was as follows:

	2006	2005	2004
Highly consumable	65.7%	65.3%	63.0%
Seasonal	16.4%	15.7%	16.5%
Home products	10.0%	10.6%	11.5%
Basic clothing	7.9%	8.4%	9.0%

Our home products and seasonal categories typically account for the highest gross profit margin; and the highly consumable category typically accounts for the lowest gross profit margin.

We purchase our merchandise from a wide variety of suppliers. Approximately 11% of our purchases in 2006 were from The Procter & Gamble Company. Our next largest supplier accounted for approximately 5% of our purchases in 2006. We directly imported approximately 9% of our purchases at cost in 2006.

Customers

We serve the basic consumable, household, apparel and seasonal needs of customers, primarily in rural and small markets. According to AC Nielsen's 2006 Homescan® data, in 2006 approximately 41% of our customers had household gross income of less than \$30,000 per year. We are also increasingly focused on serving higher income customers and estimate that, in 2006, approximately 38% of our customers were from households with \$30,000 to \$70,000 of annual income. Our merchandising and operating strategies are primarily designed to meet the needs of these consumers. Approximately 21% of our customers were from households with annual income greater than \$70,000.

Recent Strategic Initiatives

In 2006, we launched strategic initiatives aimed at improving our merchandising and real estate strategies, which we refer to collectively as "Project Alpha." Project Alpha was based upon a comprehensive analysis of the performance of each of our stores and the impact of our inventory model on our ability to effectively serve our customers.

Our merchandising initiative is meant to move away from our traditional inventory packaway model, where unsold inventory items were stored on-site and returned to the sales floor to be sold the next year, year after year, until the items were eventually sold, damaged or discarded. Our initiative is an attempt to better meet our customers' needs and to ensure an appealing, fresh merchandise selection. With few exceptions, we plan to eliminate through end-of-season and other markdowns existing seasonal, home products and basic clothing packaway merchandise by the end of fiscal 2007. With the exception of certain holiday seasonal and winter apparel items, substantially all of the inventory targeted by this initiative had been sold or eliminated as of November 2, 2007. In addition, in fiscal 2007, we started taking end-of-season markdowns on current-year non-replenishable merchandise, allowing for increased levels of newer, current-season merchandise. We believe this strategy change will enhance the appearance of our stores and will positively impact customer satisfaction as well as the store employees' ability to manage stores, ultimately resulting in higher sales, increased gross profit

margins, lower employee turnover, and decreased inventory shrink and damages. We also expect that this improved inventory management will result in more appropriate per store inventory levels.

In 2006, we also initiated a new store layout that we believe will further drive sales growth and margin enhancement through an improved merchandising mix. The new layout was launched in a test mode in early 2006, was improved during the year, and became our standard new and remodeled store format by the end of 2006. As a result of the opening of new stores and the re-formatting of a limited number of existing stores, there were 817 stores operating in this new format as of November 2, 2007. The results have been encouraging, as we have seen additional sales from these new and remodeled stores, including an increased mix of higher margin goods. Additionally, improved merchandise adjacencies and wider, more open aisles have enhanced the overall guest shopping experience.

We also initiated significant improvements to our real estate practices beginning in 2006. We are fully integrating the functions of site selection, lease renewals, relocations, remodels and store closings and have defined and are implementing rigorous analytical processes for decision-making in those areas. We continue to analyze our real estate performance and to look for ways to further refine and improve our practices. As a first step in our initiative to revitalize our store base, we performed a comprehensive real estate review resulting in the identification of approximately 400 underperforming stores, all of which we closed before the end of our second fiscal quarter of 2007. Additionally, in connection with the Transactions, management has approved a plan to close an additional 60 stores prior to February 1, 2008. These closings are in addition to stores that are typically closed in the normal course of business, which over the last 10 years constituted approximately 1% to 2% of our store base per year. We do not currently expect any additional closures beyond those to be closed in the normal course of business; although, as part of our ongoing real estate practices, we will continue to evaluate our store base for underperforming stores. We have also decelerated our new store growth rate to enable us to focus on improving the performance of existing stores, including remodeling or relocating a number of stores to improve productivity and enhance the shopping experience for our customers. We expect that the completion of Project Alpha will result in a more productive store base.

Our Industry

We compete in the deep discount segment of the U.S. retail industry. Excluding supercenters (e.g., Wal-Mart), this segment generates approximately \$43 billion in sales per year and grew at a 10.2% CAGR between 2000 and 2005. Our competitors are both traditional "dollar stores", as well as other retailers offering discounted convenience items (e.g., Walgreens and CVS). The "dollar store" sector differentiates itself from other forms of retailing in the deep discount segment by offering consistently low prices in a convenient, small-store format. Unlike other formats that have suffered with the rise of Wal-Mart and other discount supercenters, the "dollar store" sector has grown despite the presence of the discount supercenters.

We believe it is our substantial convenience advantage, at prices comparable to those of supercenters, that allows Dollar General to compete so effectively. As such, Dollar General stores have performed well in the presence of increased competition from Wal-Mart and drugstores. Based on a sample of markets that had relatively high concentrations of Wal-Mart stores, Dollar General stores typically had a higher net sales per square foot and operating profit compared to its stores in markets with lower concentrations of Wal-Mart Stores. Similarly, Dollar General stores in a sample of markets that had relatively high concentrations of CVS stores were more productive on net sales per square foot and operating profit bases while maintaining similar operating margins.

We believe that there is considerable room for growth in the "dollar store" sector. According to AC Nielsen and Retail Forward, "dollar stores" have been able to increase their penetration across all income brackets in the last 6 years. Though traditional "dollar stores" have high customer penetration, the sector as a whole accounts for only approximately 1.4% of total consumer product goods spending,

which we believe leaves ample room for growth. Our merchandising initiatives are aimed at increasing our stores' share of customer spending.

Our Competitive Strengths

Market Leader in an Attractive Sector with a Growing Customer Base. We are the largest discount retailer in the U.S. by number of stores, with 8,204 stores in 35 states as of November 2, 2007. We are the largest player in the U.S. small box deep discount segment, with an approximate 21% market share, almost 1.5 times that of our nearest competitor. We believe we are well positioned to further increase our market share as we continue to execute our business strategy and implement our operational initiatives. Our target customers include the approximately 70% of U.S. individuals who earn less than \$50,000 per year. According to Nielsen Media Research, in 2006, approximately 65% of households shopped at least once at a discount store (up from 59% in 2001).

Consistent Sales Growth and Strong Cash Flow Generation. For over 15 consecutive years, Dollar General has experienced positive annual same store sales growth. Approximately two-thirds of our net sales come from the sale of consumable products, which are less susceptible to economic pressures (such as increased fuel costs and unemployment), with the remaining one-third comprised mainly of basic clothing, seasonal and home products which are subject to little trend or fashion risk. We have a low cost operating model with attractive operating margins, low capital expenditures (approximately 2% of net sales for the 39 weeks ended November 2, 2007) and low working capital needs, resulting in generation of significant cash flow from operations (before interest).

Differentiated Value Proposition. Our ability to deliver highly competitive prices in a convenient location and shopping format provides our customers with a compelling shopping experience and distinguishes us from other discount retailers, as well as convenience and drugstore retailers.

Compelling Unit Economics. The traditional Dollar General store size, design and location requires initial capital investment and low maintenance capital expenditures, which when combined with strong average unit volumes, or AUV, provides for a quick recovery of store start-up costs. In fiscal 2006, our traditional stores that were open for the entire period had an AUV of \$1,115,477 and an average investment in inventory and fixtures of approximately \$250,000. The ability of our stores to generate strong cash flows with minimal investment results in a short payback period.

Efficient Supply Chain. We believe our distribution network is an integral component of our efforts to reduce transportation expenses and effectively support our growth. In recent years, we have made significant investments in technological improvements and upgrades which have increased our efficiency and capacity to support store growth.

Experienced and Motivated Management Team. Over the past two years, we have strengthened our management team with the hiring of David Beré, our President, Chief Operating Officer and Interim Chief Executive Officer, and Beryl Buley, our Division President, Merchandising, Marketing & Supply Chain, and replaced a majority of our senior merchandising and real estate teams. Our leadership team has significant experience and is balanced between industry and Dollar General veterans. In connection with the Transactions, we entered into agreements with certain members of management pursuant to which they elected to invest in Dollar General in an aggregate amount of approximately \$10.4 million, including \$3.2 million in rollover equity. See "The Transactions."

Our Business Strategy

Our mission is "Serving Others." To carry out this mission, we have developed a business strategy of providing our customers with a focused assortment of attractively priced merchandise in a convenient, small-store format. We believe this strategy will expand our leadership position within the deep discount segment of the retail U.S. industry while increasing our profitability and maximizing our cash flows.

Continue to Deliver Value to Our Customers. Our ability to deliver highly competitive prices in a convenient shopping format provides our customers with a compelling shopping experience and distinguishes us from other discount retailers, as well as convenience and drugstore retailers. We plan to continue to improve on this value proposition to our customers by implementing operational improvements as described herein that will further enhance our business model.

Drive Financial Performance through Operating Improvements. After a period of rapid store growth in the mid to late 1990s and early 2000s and the transition from a close-out retailer, we are now increasingly focused on growing profitability and in the early stages of implementing certain targeted retail practices which are expected to have a substantial impact on our gross profit margins, sales productivity and capital efficiency.

We are in the early stages of implementing the following targeted retail practices, which we expect will positively impact our gross profit, sales productivity and capital efficiency:

- Better merchandising and category management,
- Improving our real estate processes,
- Refining our existing pricing strategy,
- Increasing direct foreign sourcing,
- Improving our private label offering, and
- Improving distribution and transportation logistics.

We also have specific processes designed to continue to improve the customers' experience in our stores, retain store managers and reduce inventory shrink.

Pursue Measured Store Growth. While our operational initiatives are focused on increasing our store productivity and profitability and decreasing near term store openings, we believe there are significant opportunities for additional longer term store growth within our existing footprint as well as in new markets. Given our customer demographics and current market penetration, we expect a majority of our new stores to be opened within our existing markets, taking advantage of our local brand awareness while maximizing operating efficiencies.

Seasonality

Our business is modestly seasonal in nature. We expect to continue to experience seasonal fluctuations, with a larger percentage of our net sales and operating income being realized in the fourth quarter. In addition, our quarterly results can be affected by the timing of new store openings and store closings, the amount of sales contributed by new and existing stores, as well as the timing of certain holidays. We purchase substantial amounts of inventory in the third quarter and incur higher shipping costs and higher payroll costs in anticipation of the increased sales activity during the fourth quarter. In addition, we carry merchandise during our fourth quarter that we do not carry during the rest of the year, such as gift sets, holiday decorations, certain baking items, and a broader assortment of toys and candy.

The following table reflects the seasonality of net sales, gross profit, and net income (loss) by quarter for each of the quarters of the current fiscal year as well as each of the quarters of the two most recent fiscal years. All of the quarters reflected below are comprised of 13 weeks with the

exception of the fourth quarter of our fiscal year ended February 3, 2006, which was comprised of 14 weeks.

(in millions)	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Year Ending February 1, 2008(a)				
Net sales	\$ 2,275.3	\$ 2,347.6	\$ 2,312.8	
Gross profit(b)	633.1	623.2	646.8	
Net income (loss)(b)	34.9	(70.1)	(33.0)	
Year Ended February 2, 2007				
Net sales	2,151.4	2,251.1	2,213.4	\$ 2,554.0
Gross profit(b)	584.3	611.5	526.4	646.0
Net income (loss)(b)	47.7	45.5	(5.3)	50.1
Year Ended February 3, 2006				
Net sales	1,977.8	2,066.0	2,057.9	2,480.5
Gross profit	563.3	591.5	579.0	730.9
Net income	64.9	75.6	64.4	145.3

- (a) For comparison purposes, the 2nd quarter includes the results of operations for Buck Acquisition Corp. for the period prior to its merger with and into Dollar General Corporation from March 6, 2007 (its formation) through July 7, 2007 (reflecting the change in fair value of interest rate swaps), and the 2nd quarter pre-merger and post-merger results of Dollar General Corporation for the period from May 5, 2007 through August 3, 2007. We believe this presentation provides a more meaningful understanding of the underlying business.
- (b) Results for the 3rd and 4th quarters of 2006 and the 1st, 2nd, and 3rd quarters of 2007 reflect the impact of Recent Strategic Initiatives as discussed in further detail in "Management's Discussion and Analysis of Results of Operations and Financial Condition".

The Dollar General® Store

The typical Dollar General store is operated by a manager, an assistant manager and two or more sales clerks.

Approximately 48% of our stores are located in strip shopping centers, 50% are in freestanding buildings and 2% are in downtown buildings. We generally have not encountered difficulty locating suitable store sites in the past, and management does not currently anticipate experiencing material difficulty in finding future suitable locations.

Our recent store growth is summarized in the following table:

Year	Stores at Beginning Year	Stores Opened	Stores Closed	Net Store Increase (Decrease)	Stores at End of Year
2004	6,700	722	102	620	7,320
2005	7,320	734	125(a)	609	7,929
2006	7,929	537	237(b)	300	8,229
2007 (39 weeks)	8,229	323	348(b)	(25)	8,204

- (a) Includes 41 stores closed as a result of hurricane damage.
- (b) Includes 128 stores in 2006 and 275 stores in 2007 closed as a result of certain recent strategic initiatives

Employees

As of November 2, 2007, we employed approximately 67,800 full-time and part-time employees, including divisional and regional managers, district managers, store managers, and distribution center and administrative personnel. Management believes our relationship with our employees is generally good, and we currently are not a party to any collective bargaining agreements.

Competition

We operate in the discount retail merchandise business, which is highly competitive with respect to price, store location, merchandise quality, assortment and presentation, in-stock consistency, and customer service. We compete with discount stores and with many other retailers, including mass merchandise, grocery, drug, convenience, variety and other specialty stores. These other retail companies operate stores in many of the areas where we operate and many of them engage in extensive advertising and marketing efforts. Our direct competitors in the dollar store retail category include Family Dollar, Dollar Tree, Fred's, 99 Cents Only and various local, independent operators. Competitors from other retail categories include Wal-Mart and Walgreens, among others. Certain of our competitors have greater financial, distribution, marketing and other resources than we do.

The dollar store category differentiates itself from other forms of retailing by offering consistently low prices in a convenient, small-store format. We believe that our prices are competitive due in part to our low cost operating structure and the relatively limited assortment of products offered. Historically, we have minimized labor by offering fewer price points and a reliance on simple merchandise presentation. We attempt to locate primarily in second-tier locations, either in small towns or in the neighborhoods of more densely populated areas where occupancy expenses are relatively low. We maintain strong purchasing power due to our leadership position in the dollar store retail category and our focused assortment of merchandise.

Trademarks

Through our subsidiary, Dollar General Merchandising, Inc., we own marks that are registered with the United States Patent and Trademark Office including the trademarks Dollar General®, Dollar General Market®, Clover Valley®, American Value®, DG Guarantee® and the Dollar General price point designs, along with certain other trademarks. We attempt to obtain registration of our trademarks whenever practicable and to pursue vigorously any infringement of those marks. Our trademarks have various expirations dates; however, assuming that the trademarks are properly renewed, they have a perpetual duration.

Legal Proceedings

On August 7, 2006, a lawsuit entitled Cynthia Richter, et al. v. Dolgencorp, Inc., et al. was filed in the United States District Court for the Northern District of Alabama (Case No. 7:06-cv-01537-LSC) ("Richter") in which the plaintiff alleges that she and other current and former Dollar General store managers were improperly classified as exempt executive employees under the FLSA and seeks to recover overtime pay, liquidated damages, and attorneys' fees and costs. On August 15, 2006, the Richter plaintiff filed a motion in which she asked the court to certify a nationwide class of current and former store managers. We opposed the plaintiff's motion. On March 23, 2007, the court conditionally certified a nationwide class of individuals who worked for Dollar General as store managers since August 7, 2003. The number of persons who will be included in the class has not been determined, and the court has not approved, the Notice that will be sent to the class.

On May 30, 2007, the court stayed all proceedings in the case, including the sending of the Notice, to evaluate, among other things, an appeal in the Eleventh Circuit involving claims similar to those raised in this action. That stay has been extended through March 31, 2008. During the stay, the statute of limitations will be tolled for potential class members. At its conclusion, the Court will determine

whether to extend the stay or to permit this action to proceed. If the Court ultimately permits Notice to issue, we will have an opportunity at the close of the discovery period to seek decertification of the class, and we expect to file such a motion.

We believe that our store managers are and have been properly classified as exempt employees under the FLSA and that this action is not appropriate for collective action treatment. We intend to vigorously defend this action. However, at this time, it is not possible to predict whether the court will permit this action to proceed collectively, and no assurances can be given that we will be successful in the defense on the merits or otherwise. If we are not successful in our efforts to defend this action, the resolution could have a material adverse effect on our financial statements as a whole.

On May 18, 2006, we were served with a lawsuit entitled Tammy Brickey, Becky Norman, Rose Rochow, Sandra Cogswell and Melinda Sappington v. Dolgencorp, Inc. and Dollar General Corporation (Western District of New York, Case No. 6:06-cv-06084-DGL, originally filed on February 9, 2006 and amended on May 12, 2006 ("Brickey")). The Brickey plaintiffs seek to proceed collectively under the FLSA and as a class under New York, Ohio, Maryland and North Carolina wage and hour statutes on behalf of, among others, individuals we employed as assistant store managers who claim to be owed wages (including overtime wages) under those statutes. At this time, it is not possible to predict whether the court will permit this action to proceed collectively or as a class. However, we believe that this action is not appropriate for either collective or class treatment and that our wage and hour policies and practices comply with both federal and state law. We plan to vigorously defend this action; however, no assurances can be given that we will be successful in the defense on the merits or otherwise, and, if we are not, the resolution of this action could have a material adverse effect on our financial statements as a whole.

On March 7, 2006, a complaint was filed in the United States District Court for the Northern District of Alabama (Janet Calvert v. Dolgencorp, Inc., Case No. 2:06-cv-00465-VEH ("Calvert")), in which the plaintiff, a former store manager, alleged that she was paid less than male store managers because of her sex, in violation of the Equal Pay Act and Title VII of the Civil Rights Act of 1964, as amended ("Title VII"). On March 9, 2006, the Calvert complaint was amended to include seven additional plaintiffs, who also allege to have been paid less than males because of their sex, and to add allegations of sex discrimination in promotional opportunities and undefined terms and conditions of employment. In addition to allegations of intentional sex discrimination, the amended Calvert complaint also alleges that our employment policies and practices have a disparate impact on females. The amended Calvert complaint seeks to proceed collectively under the Equal Pay Act and as a class under Title VII, and requests back wages, injunctive and declaratory relief, liquidated damages, punitive damages and attorney's fees and costs.

On July 9, 2007, the plaintiffs filed a motion in which they asked the court to approve the issuance of notice to a class of current and former female store managers under the Equal Pay Act. We opposed plaintiffs' motion. On November 30, 2007, the court conditionally certified a nationwide class of females under the Equal Pay Act who worked for Dollar General as store managers between November 30, 2004 and November 30, 2007. Notice is expected to issue on or before January 11, 2008, and persons to whom the Notice is sent will be required to opt into the suit on or before March 11, 2008. We will have an opportunity at the close of the discovery period to seek decertification of the Equal Pay Act class, and we expect to file such motion.

At this time, it is not possible to predict whether the court ultimately will permit Calvert to proceed collectively under the Equal Pay Act or as a class under the Title VII. However, we believe that the case is not appropriate for class or collective treatment and that our policies and practices comply with the Equal Pay Act and Title VII. We intend to vigorously defend the action; however, no assurances can be given that we will be successful in the defense on the merits or otherwise. If we are not successful in defending the Calvert action, its resolution could have a material adverse effect on our financial statements as a whole.

On November 9, 2007, we were served with an action entitled *Sheneica Nunn, et al. v. Dollar General Corporation, et al.* (Circuit Court for Dane County, Wisconsin, Case No. 07CV4178) in which the plaintiff, on behalf of herself and a putative class of African-American applicants, alleges that our criminal background check process disparately impacts African-Americans in violation of Title VII of the Civil Rights Act of 1964, as amended, and the Wisconsin Fair Employment Act. We have removed the case to federal court, and it currently is pending in the United States District Court for the Western District of Wisconsin. At this time, it is not possible to predict whether the court will permit this action to proceed as a class under either Title VII or the Wisconsin statute. However, we believe that this action is not appropriate for class treatment and that our background check policies and practices comply with both federal and state law. We plan to vigorously defend this action; however, no assurances can be given that we will be successful in the defense on the merits or otherwise, and, if we are not, the resolution of this action could have a material adverse effect on our financial statements as a whole.

On September 8, 2005, we received a request for information from the Environmental Protection Agency (EPA) with respect to Krazy String, a product that was offered for sale in our stores. The EPA asserted that Krazy String contained an aerosol that included an ozone depleting substance in violation of the Clean Air Act. On July 12, 2006, we agreed to an Administrative Compliance Order requiring the destruction of the Krazy String remaining in inventory. After advising us that it was considering imposing a penalty in connection with Krazy String, on February 5, 2007, the EPA proposed a penalty of approximately \$800,000. We believed that amount to be excessive under applicable EPA policies. After additional discussions with the EPA on May 7, 2007, we and the EPA agreed in principle on May 31, 2007 to resolve this matter through our payment of a \$155,826 penalty. We expect to finalize this settlement within the next 90 days.

Subsequent to the announcement of the Merger Agreement, we and our directors were named in seven putative class actions alleging claims for breach of fiduciary duty arising out of our proposed sale to KKR. Each of the complaints alleged, among other things, that our directors engaged in "self-dealing" by agreeing to recommend the transaction to our shareholders and that the consideration available to our shareholders in the transaction is unfairly low. On motion of the plaintiffs, each of these cases was transferred to the Sixth Circuit Court for Davidson County, Twentieth Judicial District, at Nashville. By order dated April 26, 2007, the seven lawsuits were consolidated in the court under the caption, "In re: Dollar General," Case No. 07MD-1. On June 13, 2007, the court denied the Plaintiffs' motion for a temporary injunction to block the shareholder vote that was then held on June 21, 2007. On June 22, 2007, the Plaintiffs filed their amended complaint making claims substantially similar to those outlined above. We believe that the foregoing lawsuit is without merit and intend to defend the action vigorously; however, if we are not successful in defending such matter, its resolution could have a material adverse effect on our financial statements as a whole.

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

Properties

As of November 2, 2007, we operated 8,204 retail stores located in 35 states as follows:

State	Number of Stores	State	Number of Stores
Alabama	441	Nebraska	82
Arizona	48	New Jersey	22
Arkansas	224	New Mexico	42
Colorado	16	New York	222
Delaware	24	North Carolina	463
Florida	418	Ohio	461
Georgia	464	Oklahoma	271
Illinois	308	Pennsylvania	394
Indiana	299	South Carolina	313
Iowa	170	South Dakota	11
Kansas	145	Tennessee	402
Kentucky	298	Texas	976
Louisiana	323	Utah	8
Maryland	58	Vermont	1
Michigan	239	Virginia	245
Minnesota	16	West Virginia	147
Mississippi	260	Wisconsin	86
Missouri	307		

Most of our stores are located in leased premises. Individual store leases vary as to their terms, rental provisions and expiration dates. The majority of our leases are relatively low-cost, short-term leases (usually with initial or primary terms of three to five years) often with multiple renewal options. We also have stores subject to build-to-suit arrangements with landlords, which typically carry a primary lease term of between 7 and 10 years with multiple renewal options. In recent years, an increasing percentage of our new stores have been subject to build-to-suit arrangements. In 2007, we expect approximately 70% of our new stores to be build-to-suit arrangements.

As of November 2, 2007, we operated nine DCs, as described in the following table:

Location	Year Opened	Approximate Square Footage	Approximate Number of Stores Served
Scottsville, KY	1959	720,000	903
Ardmore, OK	1994	1,310,000	1,031
South Boston, VA	1997	1,250,000	790
Indianola, MS	1998	820,000	891
Fulton, MO	1999	1,150,000	1,154
Alachua, FL	2000	980,000	692
Zanesville, OH	2001	1,170,000	1,262
Jonesville, SC	2005	1,120,000	804
Marion, IN	2006	1,110,000	677

We lease the DCs located in Oklahoma, Mississippi and Missouri and own the other six DCs. Approximately 7.25 acres of the land on which our Kentucky DC is located is subject to a ground lease. We lease additional temporary warehouse space as necessary to support our distribution needs.

Our executive offices are located in approximately 302,000 square feet of leased space in Goodlettsville, Tennessee.

MANAGEMENT

As of November 2, 2007, our executive officers and directors were as follows:

Name	Age	Position
David L. Beré	54	Interim Chief Executive Officer, President and Chief Operating Officer; Director
David M. Tehle	51	Executive Vice President and Chief Financial Officer
Beryl J. Buley	46	Division President, Merchandising, Marketing & Supply Chain
Kathleen R. Guion	56	Division President, Store Operations & Store Development
Susan S. Lanigan	45	Executive Vice President & General Counsel
Challis M. Lowe	62	Executive Vice President, Human Resources
Anita C. Elliott	42	Senior Vice President & Controller
Wayne Gibson	48	Senior Vice President, Dollar General Market
Raj Agrawal	34	Director
Michael M. Calbert	45	Director
Adrian Jones	43	Director
Dean B. Nelson	49	Director

Mr. Beré has served as our President and Chief Operating Officer since December 2006. He was named Interim Chief Executive Officer on July 6, 2007. He has been a member of our Board of Directors since 2002. He served from December 2003 until June 2005 as Corporate Vice President of Ralcorp Holdings, Inc. and as the President and Chief Executive Officer of Bakery Chef, Inc., a leading manufacturer of frozen bakery products that was acquired by Ralcorp Holdings in December 2003. From 1998 until the acquisition, Mr. Beré was the President and Chief Executive Officer of Bakery Chef, Inc., and also served on its Board of Directors. From 1996 to 1998, he served as President and Chief Executive Officer of McCain Foods USA, a manufacturer and marketer of frozen foods and a subsidiary of McCain Foods Limited. From 1978 to 1995, Mr. Beré worked for The Quaker Oats Company and served as President of the Breakfast Division from 1992 to 1995 and President of the Golden Grain Division from 1990 to 1992.

Mr. Tehle joined Dollar General in June 2004 as Executive Vice President and Chief Financial Officer. He served from 1997 to June 2004 as Executive Vice President and Chief Financial Officer of Haggar Corporation, a manufacturing, marketing and retail corporation. From 1996 to 1997, he was Vice President of Finance for a division of The Stanley Works, one of the world's largest manufacturers of tools, and from 1993 to 1996, he was Vice President and Chief Financial Officer of Hat Brands, Inc., a hat manufacturer. Earlier in his career, Mr. Tehle served in a variety of financial-related roles at Ryder System, Inc. and Texas Instruments. Mr. Tehle serves as a director of Jack in the Box, Inc.

Mr. Buley joined Dollar General in December 2005 as Division President, Merchandising, Marketing and Supply Chain. Prior to joining Dollar General, he served from April 2005 through November 2005 as Executive Vice President, Retail Operations of Mervyn's Department Store, a privately held company operating 265 department stores, where he was responsible for store operations, supply chain (including 4 distribution centers), real estate, construction, visual merchandising and interior planning, and loss prevention. From September 2003 to March 2005, Mr. Buley worked for Sears, Roebuck and Company, a multi-line retailer offering a wide array of merchandise and related services. As Sears' Executive Vice President and General Manager of Retail Store Operations, he was responsible for all store-based activities. Prior to that, he had responsibility for 8 distinct businesses

operating in over 2,200 locations as Sears' Senior Vice President and General Merchandise Manager of the Specialty Retail Group. Prior to joining Sears, Mr. Buley spent 15 years in various positions with Kohl's Corporation, which operates a chain of specialty department stores, including Executive Vice President of Stores, responsible for store operations, and Senior Vice President of Stores.

Ms. Guion joined Dollar General in October 2003 as Executive Vice President, Store Operations. She was named Executive Vice President, Store Operations and Store Development in February 2005, and was promoted to Division President, Store Operations and Store Development in November 2005. From 2000 until joining Dollar General, Ms. Guion served as President and Chief Executive Officer of Duke and Long Distributing Company, a convenience store chain operator and wholesale distributor of petroleum products. Prior to that time, she served as an operating partner for Devon Partners (1999-2000), where she developed operating plans and assisted in the identification of acquisition targets in the convenience store industry, and as President and Chief Operating Officer of E-Z Serve Corporation (1997-1998), an owner/operator of convenience stores, mini-marts and gas marts. From 1987 to 1997, Ms. Guion served as the Vice President and General Manager of the largest division (Chesapeake Division) of company-owned stores at 7-Eleven, Inc., a convenience store chain. Other positions held by Ms. Guion during her tenure at 7-Eleven include District Manager, Zone Manager, Operations Manager, and Division Manager (Midwest Division).

Ms. Lanigan joined Dollar General in July 2002 as Vice President, General Counsel and Corporate Secretary. She was promoted to Senior Vice President in October 2003 and to Executive Vice President in March 2005. Prior to joining Dollar General, Ms. Lanigan served as Senior Vice President, General Counsel and Secretary at Zale Corporation, a specialty retailer of fine jewelry. During her six years with Zale, Ms. Lanigan held various positions, including Associate General Counsel. Prior to that, she held legal positions with both Turner Broadcasting System, Inc. and the law firm of Troutman Sanders LLP.

Ms. Lowe joined Dollar General as Executive Vice President of Human Resources in September 2005. From 2000 to 2004, Ms. Lowe was Executive Vice President of Human Resources, Corporate Communications, and Public Affairs for Ryder System, Inc., a logistics and transportation services company. She was Executive Vice President of Human Resources and Administration Services for Beneficial Management Corporation, an international consumer finance company, from 1997 to 1999, and Executive Vice President of Human Resources and Communications for Heller International, a commercial finance company, from 1993 to 1997. She also served as Senior Vice President, Administrative Services, for Sanwa Business Credit Corporation from 1985 to 1993. Prior to joining Sanwa, she spent 13 years with Continental Illinois Leasing Corporation and Continental Bank, where her last position was Vice President and Division Head. Ms. Lowe serves as a director of The South Financial Group, Inc.

Ms. Elliott joined Dollar General as Senior Vice President and Controller in August 2005. Prior to joining Dollar General, she served as Vice President and Controller of Big Lots, Inc., a closeout retailer, from May 2001 to August 2005. Overseeing a staff of 140 employees at Big Lots, she was responsible for accounting operations, financial reporting and internal audit. Prior to serving at Big Lots, she served as Vice President and Controller for Jitney-Jungle Stores of America, Inc., a grocery retailer, from April 1998 to March 2001. At Jitney-Jungle, Ms. Elliott was responsible for the accounting operations and the internal and external financial reporting functions. Prior to serving at Jitney-Jungle, she practiced public accounting for 12 years, 6 of which were with Ernst & Young LLP.

Mr. Gibson joined Dollar General as Senior Vice President of Dollar General Market in November 2005. Prior to joining Dollar General, he assembled and led teams of investment bankers and private equity fund managers in several mid-sized business acquisition efforts from 2004 to November 2005. He also served as Senior Vice President of Global Logistics (2000-2003) and Vice President of Imports and Logistics (1998-2000) for The Home Depot, Inc., a home improvement

retailer. He founded Gibson Associates, a management consulting firm, in 1997 and served there until 1998. Prior to that, he served in various positions at Rite Aid Corporation from 1994 to 1997, including Senior Vice President of Logistics. He also served retailers as a management consulting principal (1993-1994) and management consultant (1984-1993) at Deloitte & Touche.

Mr. Agrawal joined KKR in 2006 and is a member of the Retail and Energy industry teams. Prior to joining KKR, he was a Vice President with Warburg Pincus, where he was involved in the execution and oversight of a number of investments in the energy sector. Mr. Agrawal's prior experience also includes Thayer Capital Partners, where he played a role in the firm's business services investments, and McKinsey & Co., where he provided strategic and M&A advice to clients in a variety of industries. He has been a member of our Board of Directors since July 2007.

Mr. Calbert has been with KKR for eight years and during that time has been directly involved with several portfolio companies and participated in another four investments. He heads the Retail industry team. Mr. Calbert is currently on the board of directors of Toys "R" Us, Inc. and U.S. Foodservice. Mr. Calbert joined Randalls Food Markets as the Chief Financial Officer in 1994, ultimately taking the company through a transaction with KKR in June 1997. He left Randall's Food Markets after the company was sold in September 1999 and joined KKR. Mr. Calbert started his professional career as a consultant with Arthur Andersen Worldwide, where his primary focus was on the retail/consumer industry. He has been a member of our Board of Directors since July 2007.

Mr. Jones has been with Goldman, Sachs & Co. since 1994. He is a managing director in Principal Investment Area (PIA) in New York where he focuses on healthcare and consumer-related opportunities and sits on the Global Investment Committee. Mr. Jones joined Goldman, Sachs & Co. as an associate in the Investment Banking Division and, after two years in the Communications and Media Department and mobility assignments in Equity Capital Markets and in the Executive Office of Goldman Sachs International, he joined PIA in London in 1998. He returned to New York with PIA in 2002 and became a managing director later that year. He became a partner in 2004. Mr. Jones is currently on the board of directors of Biomet, Inc., Burger King Holdings, Inc., Education Management Corporation, HealthMarkets, Inc. and Signature Hospital, LLC. He has been a member of our Board of Directors since July 2007.

Mr. Nelson has been the Chairman of the Board (since April 2003) and was previously President and Chief Executive Officer (since October 2005 – September 2007) of PRIMEDIA Inc., a targeted media company. He has served as the Chief Executive Officer of Capstone Consulting LLC, a strategic consulting firm, since 2000. From August 1985 to February 2000, Mr. Nelson was employed by Boston Consulting Group, Inc., a strategic consulting firm, where he served as a Senior Vice President from December 1998 to February 2000 and held various other positions from August 1985 to November 1998. Mr. Nelson is a member of the Board of Directors of Sealy Corporation and Toys "R" Us, Inc. He has been a member of our Board of Directors since July 2007.

Except for Mr. Beré, all of our directors are managers of Buck Holdings, LLC. The Second Amended and Restated Limited Liability Company Agreement of Buck Holdings requires that the members of Buck Holdings take all necessary action to ensure that the persons who serve as managers of Buck Holdings also serve on the Board of Directors of Dollar General. In addition, Mr. Beré's employment agreement provides that he will continue to serve as a member of our Board as long as he remains our Interim Chief Executive Officer.

Our Audit Committee is composed of Messrs. Calbert and Agrawal. Although not formally considered by our Board because our securities are not registered or traded on any national securities exchange, we do not believe that any of our directors would be considered independent for either Board or Audit Committee purposes based upon the listing standards of the New York Stock Exchange (the "NYSE") on which our common stock was listed prior to the Merger. We believe none of our directors would be considered independent because of their relationships with certain affiliates of the

funds and other entities that hold significant interests in Buck Holdings, which owns over 96.5% of our outstanding common stock on a fully diluted basis, and other relationships with us, all as described more fully under "Certain Relationships and Related Party Transactions."

DIRECTOR COMPENSATION

The following table and text discuss the compensation of those persons who served as a member of our Board of Directors during all or a portion of 2006 other than David A. Perdue, our former Chairman and Chief Executive Officer, whose compensation is discussed under "Executive Compensation" and who received no additional compensation for his service as a Board member.

Fiscal 2006 Director Compensation

Name	Fees Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)(3)(4)	Option Awards (\$)(5)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(6)	All Other Compensation (\$)	Total (\$)
David L. Beré	48,750	84,149	—	—	—	162,359(7)	295,258
Dennis C. Bottorff	86,750	84,149	—	—	—	—	170,899
Barbara L. Bowles	81,750	84,149	—	—	—	—	165,899
James L. Clayton(8)	13,125	34,163	—	—	—	15,382(9)	62,670
Reginald D. Dickson	57,500	84,149	—	—	—	—	141,649
E. Gordon Gee	61,250	84,149	—	—	—	—	145,399
Barbara M. Knuckles	56,375	84,149	—	—	—	—	140,524
J. Neal Purcell	59,375	84,149	—	—	—	—	143,524
James D. Robbins	79,500	84,149	—	—	—	—	163,649
Richard E. Thornburgh(10)	35,625	30,268	—	—	—	—	65,893
David M. Wilds	81,875	84,149	—	—	—	—	166,024

- Messrs. Purcell and Thornburgh deferred payments of their director fees under our Deferred Compensation Plan for Non-Employee Directors. Cash amounts deferred during 2006 were as follows: Mr. Purcell (\$59,375); and Mr. Thornburgh (\$34,375). As a result of the Merger, all accounts held in Deferred Compensation Plan for Non-Employee Directors were distributed. The amount noted in this column for Mr. Wilds includes a \$1,250 per diem payment for work as Presiding Director with our Strategic Planning Committee. The amounts noted in this column also include the following per diem amounts for all directors who were not members of the Finance Committee but who were requested to attend a meeting of that Committee to discuss our 2006 budget: Mr. Beré (\$1,250); Mr. Clayton (\$625); Mr. Dickson (\$625); Ms. Knuckles (\$625); and Mr. Purcell (\$625).
- The amounts set forth in this column represent restricted stock units ("RSUs") granted during 2006 and previous fiscal years under the 1998 Stock Incentive Plan. Each RSU represented the right to receive upon vesting one share of Dollar General common stock. The amounts listed are equal to the compensation cost recognized during fiscal 2006 for financial statement purposes in accordance with Statement of Financial Accounting Standards 123R ("SFAS 123R"), except no assumptions for forfeitures were included. Additional information related to the calculation of the compensation cost is set forth in Note 10 of the annual consolidated financial statements included in this prospectus. As a result of the Merger, all outstanding RSU awards vested and, therefore, all compensation expense associated with such awards was recognized in 2007 in accordance with SFAS 123(R).
- Each of the directors, other than Mr. Clayton, received 4,600 RSUs during 2006 under the 1998 Stock Incentive Plan. The aggregate grant date fair value computed in accordance with SFAS 123R for the RSUs granted to the directors during 2006 is as follows: Mr. Beré (\$74,980); Mr. Bottorff (\$74,980); Ms. Bowles (\$74,980); Mr. Dickson (\$74,980); Mr. Gee (\$74,980); Ms. Knuckles (\$74,980); Mr. Purcell (\$74,980); Mr. Robbins (\$74,980); Mr. Thornburgh (\$60,536); and Mr. Wilds (\$74,980).

- (4) The number of RSUs held by the directors under the 1998 Stock Incentive Plan at February 2, 2007 was as follows: Mr. Beré (13,800); Mr. Bottorff (13,800); Ms. Bowles (13,800); Mr. Clayton (9,200); Mr. Dickson (13,800); Mr. Gee (13,800); Ms. Knuckles (13,800); Mr. Purcell (13,800); Mr. Robbins (13,800); Mr. Thornburgh (4,600); and Mr. Wilds (13,800). Dividend equivalents on the RSUs were credited to the director's RSU account in accordance with the terms of the 1998 Stock Incentive Plan. As a result of the Merger, all outstanding RSU awards granted to directors vested and have been settled in cash.
- (5) No compensation expense was recorded for 2006 for options awarded to directors under the 1998 Stock Incentive Plan because no options were granted to directors during 2006 and all previously awarded options had previously vested. The number of options held by the directors under the 1998 Stock Incentive Plan at February 2, 2007 was as follows: Mr. Beré (9,444); Mr. Bottorff (16,876); Ms. Bowles (12,780); Mr. Clayton (16,876); Mr. Dickson (16,876); Mr. Gee (15,938); Ms. Knuckles (11,150); Mr. Robbins (9,345); and Mr. Wilds (16,876). The number of options held by the directors under the 1995 Outside Directors Stock Option Plan at February 2, 2007 was as follows: Mr. Bottorff (6,423); Mr. Clayton (12,280); Mr. Dickson (12,280); Ms. Knuckles (6,692); and Mr. Wilds (12,280). As a result of the Merger, all outstanding stock options granted to directors have been settled in cash.
- (6) We did not provide above market or preferential earnings on deferred compensation.
- (7) Mr. Beré became an employee on December 4, 2006 and received the following 2006 compensation related to his employment:

Name and Principal Position	Salary (\$)	All Other Compensation \$(b)	Total (\$)
David L. Beré, <i>President and Chief Operating Officer</i> (a)	114,426	47,933	162,359

(a) Mr. Beré was subsequently appointed Interim Chief Executive Officer on July 6, 2007.

(b) "All Other Compensation" includes \$157 for premiums paid under our life insurance program; \$2,917 for our match contributions to the Compensation Deferral Plan; \$2,242 for the reimbursement of taxes related to relocation; and \$42,617 which represents the incremental cost of providing certain perquisites, including \$41,235 relating to relocation, as well as other amounts, which individually did not equal the greater of \$25,000 or 10% of total perquisites, for sporting event tickets, a holiday gift of a Sony E-Reader, and golf charges in connection with our annual strategic planning meeting.

- (8) Mr. Clayton retired from our Board of Directors on May 31, 2006.
- (9) Represents the cost of a trip to a resort for Mr. Clayton and his spouse as a retirement gift upon Mr. Clayton's retirement from our Board of Directors.
- (10) Mr. Thornburgh was appointed to our Board of Directors on July 24, 2006.

Narrative to Fiscal 2006 Director Compensation Table

In 2006, we used a combination of cash and stock-based incentive compensation to attract and retain qualified Board candidates. Any director who also was a Dollar General employee did not receive any separate compensation for Board service, except for Mr. Beré who received compensation for his service as an officer.

Cash Compensation. For 2006, we paid non-employee directors an annual cash retainer (payable in quarterly installments) and meeting attendance fees as set forth below. We also paid in quarterly

installments the following additional annual retainers to each committee chairman and to the Presiding Director.

Other Annual Retainers				In-Person Meeting Attendance Fees			Telephonic Meeting Attendance Fee
Annual Cash Retainer	Audit Committee Chairman	Other Committee Chairman	Presiding Director	Board Meeting	Audit Committee Meeting	Other Committee Meeting	
\$ 35,000	\$ 20,000	\$ 10,000	\$ 15,000	\$ 1,250	\$ 1,500	\$ 1,250	\$ 625

We reimbursed directors for certain fees and expenses incurred in connection with continuing education seminars and travel expenses related to Dollar General meeting attendance or requested appearances. We allowed directors to travel on the Dollar General airplane for those purposes.

Currently, as approved by our Board subsequent to the Merger, cash fees paid to our non-employee directors consist solely of a \$40,000 annual retainer fee, payable quarterly in advance, along with the expense reimbursements discussed above. As in 2006, any director who also is a Dollar General employee does not receive any separate compensation for Board service.

Equity Compensation. In 2006, we granted 4,600 RSUs to each non-employee director pursuant to our 1998 Stock Incentive Plan. All non-employee directors other than Messrs. Thornburgh and Clayton received the 2006 annual grant on May 31, 2006. Mr. Thornburgh received his 2006 annual grant on July 24, 2006 upon his appointment to our Board. Mr. Clayton did not receive an annual grant for 2006 due to his retirement in May 2006.

We credited dividend equivalents to the director's RSU account as additional RSUs in accordance with the terms of our 1998 Stock Incentive Plan whenever we declared a dividend other than a stock dividend on our common stock. Directors did not have voting rights with respect to RSUs until the underlying shares of common stock were issued.

RSUs generally vested one year after the grant date if the director was still serving on our Board. We did not, however, make payment on the vested units until the director ceased to be a member of our Board. Under the terms of the 1998 Stock Incentive Plan, vesting of the RSUs accelerated upon termination of a director's Board service due to death, disability or normal retirement or upon a change-in-control of Dollar General or in the discretion of our Compensation Committee upon a potential change-in-control. The Merger constituted a change-in-control under our 1998 Stock Incentive Plan. Accordingly, all outstanding RSUs vested and were settled in cash in the Merger.

Prior to June 2, 2003, we also annually granted non-qualified stock options to our non-employee directors under certain stock incentive plans. All of those options have since fully vested and, pursuant to the Merger, were settled in cash.

We currently no longer make equity grants to our non-employee directors as part of director compensation.

Stock Ownership Guidelines. In 2006, as a publicly held company, we required each director to own at least 13,000 shares or share units of our common stock within three years of joining our Board. RSUs and stock options counted towards that requirement. However, because we are now a privately held company, we no longer maintain those stock ownership guidelines.

Deferred Compensation Program for Non-Employee Directors. Prior to the Merger, non-employee directors could defer up to 100% of eligible compensation paid by us to them pursuant to a voluntary nonqualified compensation deferral plan known as the Deferred Compensation Plan for Non-Employee Directors. Eligible compensation included the annual retainer(s), meeting fees, and any per diem compensation for special assignments earned by a director for service to the Board or one of its committees. We credited the deferred compensation to a liability account, which was then invested at

the director's option in one or more accounts that mirrored the performance of funds selected by our Compensation Committee or its delegate (the "Mutual Fund Options") or that mirrored the performance of our common stock (the "Common Stock Option").

All deferred compensation pursuant to the Deferred Compensation Plan for Non-Employee Directors was immediately due and payable as a result of the Merger, which constituted a change-in-control of Dollar General under the terms of that Plan.

Our Board elected to terminate the Deferred Compensation Plan for Non-Employee Directors effective as of December 31, 2007.

EXECUTIVE COMPENSATION

Throughout this prospectus, we refer to the individuals who served as our Chief Executive Officer and Chief Financial Officer during 2006, as well as the other individuals included in the Summary Compensation Table, as our "named executive officers" (or "NEOs").

Compensation Discussion and Analysis

Oversight of Executive Compensation

Prior to the Merger, our Board of Directors had a standing Compensation Committee that assisted the Board in discharging its responsibilities relating to the compensation of executive officers (including the NEOs). The Committee operated pursuant to a written Charter adopted by the Board and was responsible for recommending our CEO's compensation to the independent directors of our Board who retained sole authority to approve or ratify that compensation. The Committee had the authority to approve the compensation of all other executive officers (including all other NEOs).

At least three directors served on the Committee, all of whom were "independent directors", as defined in our Corporate Governance Principles in effect prior to the Merger, "non-employee directors" within the meaning of Rule 16b-3 under the Exchange Act and "outside directors" within the meaning of Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended. In 2006, the Committee members were Messrs. Bottorff, Dickson and Gee. Mr. Beré served as a Committee member until his appointment as our President and Chief Operating Officer on November 28, 2006, at which time he immediately resigned from all Board committees. As part of a restructuring of all Board committee memberships, Mr. Bottorff replaced Mr. Gee as a member and Chairman of the Committee on November 27, 2006. Mr. Gee was reappointed to the Committee on January 5, 2007 to fill the vacancy created by Mr. Beré's resignation and to help provide continuity with the Committee's prior work. All 2006 compensation decisions were made by this prior Committee. All 2007 compensation decisions made prior to the Merger were made by this prior Committee in consultation with KKR.

The Compensation Committee met 9 times during 2006. The Compensation Committee was given the opportunity at each regularly scheduled meeting to meet in private session without the presence of management. In addition, the Compensation Committee was given the opportunity at each quarterly meeting and at any other relevant meeting to meet in separate private sessions with each of the compensation consultant, the EVP of Human Resources and the General Counsel.

We currently no longer have a Compensation Committee. Rather, the Executive Committee of the Board has been authorized to make decisions regarding the compensation of our executive officers. As of November 2, 2007, the Executive Committee consisted of Messrs. Calbert and Jones. However, to date since the Merger, our Board has made all executive compensation decisions.

Use of Outside Advisors in Determining Executive Compensation

The Compensation Committee had the sole authority to select, retain and terminate any consulting firm engaged to assist in the evaluation of NEO compensation, and to approve that firm's fees and other retention terms. The Compensation Committee also had the authority to conduct or authorize studies and investigations into any matters within the scope of its responsibilities and to retain outside advisors for any reason.

In April 2004, the Compensation Committee selected Hewitt Associates as its compensation consultant after a thorough Committee-led interview process. Hewitt reported directly to the Compensation Committee and had the authority and the ability to contact Committee members directly. Hewitt also provided and continues to provide consulting services to our human resources group, both with respect to the work our management does in connection with NEO compensation (as described in greater detail below under "Management's Role in Determining or Recommending Executive Compensation") and in general employee compensation and benefits matters. Neither the Compensation Committee nor Hewitt believed that providing these services undermined in any way the independence of the advice or information provided to the Committee.

In 2006, the Compensation Committee approved a written letter of agreement with Hewitt. This agreement described the general terms of Hewitt's working relationship with management and the Compensation Committee. In particular, Hewitt performs executive compensation services as requested from time to time by management or, prior to the Merger, the Compensation Committee. The agreement sets forth a wide range of potential work that Hewitt may be requested to perform, including competitive market pay analysis, support with regard to relevant legal, regulatory and/or accounting considerations impacting compensation programs, assistance with market data, trends, and competitive practices, preparation for and attendance at selected management, Committee or Board meetings and other miscellaneous work as requested.

As discussed above, we currently no longer have a Compensation Committee and, subsequent to the Merger, the Executive Committee was given the authority to determine NEO compensation. While the letter of agreement with Hewitt remains in effect, the Executive Committee has the authority to retain any outside advisors it deems appropriate and to approve the fees and expenses of those advisors.

Management's Role in Determining or Recommending Executive Compensation

Management assists Hewitt Associates in gathering and preliminarily analyzing relevant competitive data and identifying and preliminarily evaluating various compensation alternatives. The CEO and the EVP and VP of Human Resources regularly attend and participate in meetings where executive compensation is discussed in order to provide their own viewpoints or to assist Hewitt in making relevant presentations. The CEO participated fully with the Compensation Committee in assessing NEO performance and in making recommendations on the level of compensation for each pay component. None of these persons attended the Compensation Committee's private sessions or the Committee's private session with Hewitt (unless the Committee requested a joint private session with Hewitt and select members of management), and the CEO was not present for any vote concerning his own compensation.

While the input of Dollar General management is valued and welcomed, all executive compensation decisions ultimately are made by Board or Committee members with the goal of managing executive compensation in the best interests of Dollar General and our shareholders.

Executive Compensation Philosophy and Objectives

The goals of our executive compensation strategy are to attract, retain and motivate persons with superior ability, to reward outstanding performance, and to align the long-term interests of our officers with those of our shareholders. Our material compensation principles applicable to NEOs include the following:

- Generally, total compensation should be targeted at the median total compensation of comparable positions at peer companies. However, because comparisons occasionally can be difficult due to the unique job description of some of our officers and the unique niche we play in the retail sector, we may fairly account for distinct circumstances not reflected in the market data. In addition, competition may require total compensation, or any component of total compensation, to exceed the median.
- Base salary should reflect the position's responsibilities, the individual's experience and contributions and the salaries for comparable positions in the competitive marketplace. Our NEOs' base salaries are subject to minimums set forth in their employment agreements.
- Compensation arrangements shall emphasize pay for performance and encourage retention of those officers who enhance our performance.
- Compensation arrangements shall promote ownership of our common stock to align the interests of management and shareholders.
- Compensation arrangements shall maintain an appropriate balance between base salary and long-term and annual incentive compensation.
- In approving compensation, the recent compensation history of the officer, including special or unusual compensation payments, shall be taken into consideration.
- Cash incentive compensation plans for officers shall link pay to achievement of financial goals set in advance by the Board. Awards of incentive bonuses generally should be based on achieving corporate goals and on a subjective evaluation of the contributions of individual executives to the achievement of our business goals.

Use of Market Benchmarking Data in Determining Executive Compensation

Our compensation philosophy recognizes the need to pay compensation that is competitive with the external talent market for senior executives in order to attract and retain NEOs who we believe will enhance our overall long-term business results. We believe the primary talent market for NEO positions is retail companies with revenues and product lines similar to ours. For both 2006 and 2007, the Compensation Committee directed Hewitt to provide compensation data on total and individual elements of compensation from its proprietary salary survey database as well as from the proxy statements of selected retail companies that met this criteria. We refer to this combined group as the market comparator group. We believe these companies compete with us for NEO level talent and have executive positions that are similar in breadth, complexity and scope of responsibility to those of our NEOs. The 2006 market comparator group was AutoZone, Barnes & Noble, BJ's Wholesale Club, Circuit City, Dillard's, Family Dollar, Foot Locker, Kohl's, Limited Brands, Long Drug Stores, Nordstrom, OfficeMax, Office Depot, RadioShack, Staples, TJX Companies, J.C. Penney, The Gap, Federated Department Stores, Blockbuster, Big Lots, Ross Stores, PetSmart, Retail Ventures and Payless ShoeSource. The 2007 market comparator group was modified to remove Barnes & Noble, Big Lots, BJ's Wholesale Club, Circuit City, Dillards, Foot Locker, Payless ShoeSource, PetSmart, Retail Ventures, and the TJX Companies. Advance Auto Parts, The Pantry, and SuperValue Inc were added. These changes to the comparator group were made as part of a routine review based on the availability of data, company size and product lines and comparability of business models.

Hewitt was also asked to provide information from all other general industry companies for certain positions that are less specific to the retail industry and to serve as additional reference points in assessing the appropriateness of the compensation levels of all NEO level positions.

The market comparator group does not include all of the companies that are included in the S&P 500 General Merchandise Store Index because we believed that many of these companies are too large or too small to provide an appropriate comparison and that it is more appropriate to compare compensation of our NEOs with that of executives in companies that are more comparable in size in terms of revenue.

NEO Compensation Targets Relative to the Competitive Market

The Compensation Committee believed that the median of the competitive market was the appropriate target for an NEO's total compensation. However, the target for each of the components of compensation relative to the competitive market varied. In determining each NEO's specific compensation in 2006 and 2007, the Compensation Committee started with the competitive median then considered any unique job responsibilities of each NEO, the importance of that role to us, and our specialized niche in the retail sector. The Compensation Committee, working with Hewitt, tried to fairly account for these unique circumstances not reflected in the market benchmarking data by adjusting that compensation element based on a variety of factors, including the NEO's prior experience, length of service, compensation history and performance, and the relation of the NEO's compensation to other executives and NEOs. Further, competition for talent of a specific NEO position may occasionally require total compensation, or any component of total compensation, to vary from the target.

Elements of NEO Compensation

We provide compensation in the form of base salary, short-term incentives, long-term incentives, benefits and perquisites. As described in more detail below, the Compensation Committee believed that each of these elements was a necessary component of an NEO's overall compensation package and were consistent components of compensation programs at competing companies. Prior to the Merger, the Compensation Committee reviewed base salary, short-term incentives, and long-term incentives at least annually and other elements periodically when material changes were considered. These reviews included evaluating the relationship of each element to the competitive market, the appropriate mix of each element in determining total compensation and the role of each element in addressing the philosophy described above.

Base Salary. Base salary generally assists in fulfilling the recruiting and retention functions of our compensation principles by reflecting the responsibilities of the position, the experience and contribution of the individual, and the salaries for comparable positions in the competitive marketplace. The Compensation Committee believed that we would be unable to attract or retain quality NEOs in the absence of competitive base salary. For this reason, base salary constitutes a significant portion of an NEO's total compensation. The base salary element also assists in fulfilling the pay for performance role of our compensation philosophy because NEOs are not eligible for any base salary increase or annual incentive payment unless they perform satisfactorily against their previously established individual performance goals.

In determining each NEO's base salary, the Compensation Committee reviewed the benchmarking data provided by Hewitt, as described above, to determine comparable salaries for the position in the market. The Compensation Committee assessed the comparability of the duties and responsibilities of the position to those of the market positions and adjusted the median compensation value of the benchmark position up or down accordingly. The Compensation Committee then reviewed the NEO's experience level and performance, the relationship of the NEO's salary to that of the other NEOs, and

any other appropriate factor, such as when the NEO was hired or promoted and the relationship of the NEO's salary to that of the other NEOs and executives. The Summary Compensation Table contained in this prospectus shows the amount of base salary earned by each NEO in 2006.

Individual performance goals were established each year for the CEO by the Compensation Committee and for the other NEOs by the CEO. In 2006, individual goals were based on the areas of our business for which the NEO was responsible, as well as overarching Dollar General goals and initiatives, including measures regarding our growth (revenue, total sales, same store sales, new stores, etc.), market share, merchandising and marketing strategies, shrink improvement, inventory management, distribution and capacity management, new concept development, leadership development, succession planning, diversity, employee benefits, turnover reduction and retention strategies, workplace improvements, customer satisfaction, technology improvements, internal controls, legal and regulatory compliance, and expense control.

The Compensation Committee approved the following 2006 base salary adjustments:

- *Mr. Perdue* : (see separate CEO compensation section below).
- *Mr. Tehle* : After reviewing with Mr. Perdue the performance of Mr. Tehle with respect to his goals, which included responsibility for analysis and financial disciplines in the organization to create value for the business, the Compensation Committee deemed Mr. Tehle's performance to be satisfactory. Accordingly, Mr. Tehle was eligible in 2006 for both a base salary increase and participation in the short-term incentive plan to the extent that we achieved our financial goals. However, Mr. Tehle did not receive a 2006 base salary increase because the Compensation Committee had raised his base salary by 22.1% (from \$475,000 to \$580,000) effective December 2005 after a review of all NEO compensation, which occurred in conjunction with the hiring of a new NEO, revealed that Mr. Tehle's salary was low in relation to the new NEO's salary given Mr. Tehle's role and impact on the organization.
- *Ms. Guion* : After reviewing with Mr. Perdue the performance of Ms. Guion with respect to her goals, which included responsibility for results in store operations and store development, including the implementation of the major EZstore™ corporate initiative, the Compensation Committee deemed Ms. Guion's performance to be satisfactory. Accordingly, Ms. Guion was eligible in 2006 for both a salary increase and participation in the short-term incentive plan to the extent that we achieved our financial goals. However, Ms. Guion did not receive a 2006 base salary increase because the Compensation Committee had raised her base salary by 17.6% (from \$425,000 to \$500,000) effective December 2005 for the same reasons noted above with respect to Mr. Tehle's base salary increase.
- *Mr. Buley* : Mr. Buley was hired on December 1, 2005, and therefore was not considered for a base salary increase in 2006.
- *Ms. Lowe* : After reviewing with Mr. Perdue the performance of Ms. Lowe with respect to her goals, which included recruiting a significant number of new executives and creating more analytical rigor in the human resources group in its support of the Committee, the Compensation Committee deemed Ms. Lowe's performance to be satisfactory. Accordingly, Ms. Lowe was eligible in 2006 for both a base salary increase and participation in the short-term incentive plan to the extent that we achieved our financial goals. The Compensation Committee raised Ms. Lowe's base salary by 9.3% (from \$375,000 to \$410,000) effective April 1, 2006 as part of the normal merit review process primarily based on a review of her performance versus previously established goals and her impact on the organization. The Compensation Committee also noted that the base salary increase better aligned Ms. Lowe's salary with other NEOs and the competitive market for her position.

The 2007 individual performance goals for the NEOs were substantially similar to those set for 2006. In addition, the process for determining 2007 base salary adjustments was substantially similar to that followed with respect to 2006 base salary determinations. However, due to certain covenants contained in the Merger Agreement, the Compensation Committee also was bound by limitations imposed by KKR. Accordingly, each NEO received a 3% 2007 base salary increase.

Short-Term Incentive Plan. Our short-term incentive plan, called Teamshare, serves to motivate NEOs and all participants to achieve certain financial goals that are established at the start of the fiscal year. Our NEOs may not receive a Teamshare payout unless they perform satisfactorily against their individual performance goals, even if our financial goals are attained. Accordingly, Teamshare fulfills an important part of our pay for performance philosophy, while at the same time aligning the interests of our NEOs with those of our shareholders. It also provides compensation opportunities for our NEOs that are consistent with the compensation opportunities prevalent in the market comparator group and general industry, thus helping to meet the recruiting and retention objectives of our compensation philosophy discussed above.

Teamshare authorizes the payment of cash bonuses based on our actual performance measured against established business and/or financial performance measures. Within 90 days of the start of each fiscal year, the Board or relevant committee thereof determines who will participate in Teamshare and the performance goal or goals applicable to each chosen performance measure, the relative weight of each performance measure if more than one is selected, and each participant's target bonus percentage. No participant can receive a bonus under the plan in excess of \$2.5 million for any fiscal year. No bonus can be paid under the plan unless and until the Board or a relevant committee thereof certifies in writing that the previously established performance goals have been satisfied. The Board or a relevant committee thereof may reduce or eliminate any bonus in its discretion despite achievement of the performance goal but may not increase the amount of bonus payable to an NEO under Teamshare. The plan does not limit the ability to make discretionary payments or awards outside of Teamshare.

For 2006, the Compensation Committee selected net income as the sole performance measure for determining payouts under the plan because it believed that net income directly reflected several important business results, such as performance against sales, margin and expense targets and indirectly measures asset (or inventory level) controls. Also, many of the companies in our market comparator group used net income as one of their measures of performance for bonus determinations.

The net income result needed to achieve a Teamshare target payout (\$376,895,000) was set to equal our Board-approved annual financial objective. The Compensation Committee then established the threshold performance level at \$1 greater than the previous year's actual net income result, or approximately 93% of target net income (\$350,154,733), and the maximum performance level at 110% of the 2006 net income target (\$414,584,500). The threshold was set so that no Teamshare bonus would be earned unless our 2006 net income at least equaled our 2005 net income.

The Compensation Committee determined the amount of each NEO's payout target based on benchmarking information provided by Hewitt regarding competitive target incentives of comparable positions in the market comparator group and general industry. The Compensation Committee also set the amounts of the threshold and maximum payout levels for performances below and above the target levels respectively, with payouts prorated between threshold and maximum levels in relation to net income results. For 2006, Hewitt advised that the typical practice in the market comparator group and general industry was to set the target payout percentage at twice that of the threshold payout percentage and the maximum payout percentage at twice that of the target. In order to adopt this more typical and competitive structure, the Compensation Committee set the maximum potential payout levels for NEOs other than Mr. Perdue (see below) at 130% of base salary for 2006 as opposed to 100% of base salary for 2005. As a result, the Teamshare payout range for the NEOs other than

Mr. Perdue (see below) was set at the following base salary percentages: 32.5% (threshold), 65% (target), and 130% (maximum).

Hewitt advised that Mr. Perdue's 2005 Teamshare target payout level was low in relation to the market comparator group and general industry and that a target payout level of 100% of base salary was more typical. As a result, the Compensation Committee recommended, and the independent directors approved, Mr. Perdue's 2006 payout levels at the following percentages of base salary: 50% (threshold), 100% (target), and 200% (maximum).

For 2006, eligibility to receive a payout under Teamshare was determined based on the following objective and subjective criteria: (a) the individual's achievement of a satisfactory performance rating when evaluated against his or her annually established performance objectives; and (b) our achievement of net income goals established by the Compensation Committee at the beginning of 2006.

As discussed above, each NEO's 2006 performance was deemed to be satisfactory. Accordingly, each NEO was eligible to receive a Teamshare award. However, because we did not meet our 2006 net income threshold goal, NEOs did not receive any Teamshare payouts.

Nonetheless, over the course of the year it became clear that the Teamshare net income goal was no longer a relevant measure of management's success because of the impact of the critical strategic initiatives begun during the year, including changes to our merchandising markdown strategy; changes to the real estate site selection strategy resulting in slowing the growth in store openings in favor of improved site quality; changing sourcing and packaway strategies; and closing a significant number of stores in underperforming locations. After extensive discussion and analysis, and with the agreement of the full Board of Directors, the Compensation Committee determined that a discretionary bonus payout should be authorized outside of the annual Teamshare bonus plan. This discretionary bonus was made to recognize the significant restructuring and strategic efforts made by employees over the course of the year, to align the 2006 short-term performance incentive more closely to the revitalization strategy, to reward critical employees for their accomplishments towards implementation of that revised strategy, and to motivate and retain the NEOs and employees who were integral to the strategy's continued successful execution.

After approving the discretionary bonus to substantially all employees who would otherwise have been eligible to participate in Teamshare, the Compensation Committee awarded each NEO, except the CEO (see "Compensation for Mr. Perdue") a 2006 discretionary bonus equal to the threshold amount that would have been paid under the Teamshare plan. These amounts are reflected in the "Bonus" column of the Summary Compensation Table set forth in this prospectus.

The Compensation Committee also decided to re-evaluate the use of net income as the sole performance measure for 2007. The Compensation Committee planned to consider additional measures used by our competitor companies and which can be tied to accomplishing the milestones in the strategic initiatives that are underway. However, before this decision could be made, we announced our intended sale to KKR and agreed to consult with KKR on significant changes to certain of our normal business practices. KKR requested, and the Compensation Committee agreed, to adopt earnings before interest, taxes, depreciation and amortization (EBITDA), calculated in a similar manner to the definition contained in the indenture relating to the senior notes, as the sole performance measure for the 2007 Teamshare plan. The actual threshold, target and maximum amounts were set in consultation with KKR.

We do not intend to publicly disclose the specific EBITDA performance targets for the 2007 short-term incentive plan, as they reflect competitive, sensitive information regarding our budget. However, we consider our budget to be challenging, and we have set these targets at levels designed to be generally consistent with the level of difficulty of achievement associated with prior year performance-based awards. While designed to be attainable, we believe target performance levels will require strong performance and execution which in our view provides an incentive firmly aligned with shareholder interests.

Long-Term Incentive Program. Long-term incentives are a critical part of the overall compensation package, motivating executives to focus on achieving success for shareholders over the long-term. These incentives thus assist in achieving a balance between short-term and long-term goals and in aligning our NEOs' and shareholders' interests. We deliver our long-term incentives in the form of equity grants and structure them in such a way as to recognize increases or decreases in the stock price. Prior to the Merger, the Compensation Committee targeted a certain economic value to be delivered through the long-term incentives, but the NEO only realized that targeted value if our stock price increased. Lesser increases or no increase in stock price resulted in the NEOs receiving less than targeted value, while greater stock price increases resulted in the NEOs receiving above target value. Long-term incentives are also included in most compensation packages of the market comparator group as well as most other general industry companies, furthering our program's recruiting and retention objectives.

The Compensation Committee relied on the competitive compensation information from the market comparator group provided by Hewitt Associates to establish long-term incentive target dollar amounts for each NEO position. The Compensation Committee, with Hewitt's assistance, then determined the form in which the long-term compensation value should be delivered. These decisions were typically made at the Compensation Committee's March/April meeting when the Committee also reviewed compensation benchmarking and other relevant information and evaluated the performance of our NEOs.

Prior to the Merger, it was our practice to establish the exercise price of options as the closing market price on the grant date. We typically released our annual earnings and other financial results shortly after this meeting. However, the grants were made prior to that release for the reasons stated above, regardless of whether the earnings release was favorable or unfavorable. In accordance with our usual practice, the 2007 annual equity grants were made at the March Committee meeting, except for grants to officers at the level of Executive Vice President or above which were made several days following that meeting after receiving the input and approval of KKR per the terms of the Merger Agreement.

As a result of the competitive data provided by Hewitt in 2006 and in the past, the Compensation Committee was aware that our prior long-term incentive economic values have been well below those of the competitive market. While considering what long-term incentive awards to grant in 2006, the Compensation Committee decided that these values should be increased to be closer to the market in order to help retain our NEOs, many of whom were relatively new. In considering ways to increase these values, the Compensation Committee considered granting performance-based RSUs in addition to the time-vested stock options and RSUs which have recently comprised the long-term component of NEO compensation. After studying this approach, however, the Compensation Committee decided not to incorporate performance-based RSUs into the 2006 long-term incentive component due to the difficulty inherent in setting goals three years into the future for a company undergoing transformation and implementing significant strategic change. In making this decision, the Compensation Committee was able to draw upon its specific observations of other companies that implemented performance-based plans and the resulting demotivating impact caused by goals set three years into the future that could not be adjusted to recognize significant changes in the business or in the external environment without losing the tax deductibility of the incentive payments.

At its March 2006 meeting, the Compensation Committee instead decided to increase the long-term compensation value for NEOs by approximately 20-25% by increasing the economic value delivered by time-vested stock options and RSUs. Even with this increase in value, long-term compensation for our NEOs continued to be below the comparative market median. At the same time, the Compensation Committee also decided to change the allocation from the previous 80%/20% (stock options/RSUs) to 70%/30% (stock options/RSUs), which, according to Hewitt, more closely aligned with market practice. The actual grant date fair value of the 2006 stock option and RSU awards and

the number of options and shares awarded during 2006 to NEOs, are presented in the Grants of Plan-Based Awards Table set forth in this prospectus.

At its January 2007 meeting, the Compensation Committee decided to further adjust the relationship of options and RSUs to reflect a 50%/50% allocation of the economic value for long-term incentive grants made in 2007. This decision was based in part on the limited availability of shares for use as options under the current shareholder-approved option program and in part to position us for transitioning to a new compensation strategy that will be more effective in retaining key employees.

In connection with the Merger, outstanding stock options, restricted stock and RSUs became fully vested immediately prior to the closing of the Merger and were settled in cash, canceled or, in limited circumstances, exchanged for new options of Dollar General, as described below. Unless exchanged for new options, each NEO received an amount in cash, without interest and less applicable withholding taxes, equal to \$22.00 less the exercise price of each option. Additionally, each restricted stock and RSU holder received \$22.00 in cash, without interest and less applicable withholding taxes. Certain stock options held by our management were exchanged for new options to purchase common stock in Dollar General (the "Rollover Options"). The exercise price of the Rollover Options and the number of shares of common stock of Dollar General underlying the Rollover Options were adjusted as a result of the Merger. The Rollover Options otherwise continue under the terms of the equity plans under which they were issued.

On July 6, 2007, our Board approved and adopted the 2007 Stock Incentive Plan for Key Employees (the "Plan"). The Plan provides for the granting of stock options, stock appreciation rights, and other stock-based awards or dividend equivalent rights to key employees, directors, consultants or other persons having a service relationship with us, our subsidiaries and certain of our affiliates. For certain designated employees including NEOs, the Board required a personal financial investment in the Company in order to be eligible to receive a stock option grant. That investment could be made in the form of cash, rollover of common stock and/or rollover of in-the-money options issued prior to the Merger. In exchange for this investment, we issued shares of common stock and/or in-the-money Rollover Options (see above).

Since each NEO met the personal investment requirement, on July 6, 2007, the Board approved grants to Mr. Tehle, Mr. Buley, Ms. Guion and Ms. Lowe of non-qualified options to purchase 1,100,000 shares, 875,000 shares, 875,000 shares, and 675,000 shares, respectively of our common stock pursuant to the terms of the Plan. The options are divided so that half are time-vested options and half are EBITDA-based performance vested options, as described further below. The options have an exercise price equivalent to \$5.00 per share, which was the fair market value on the grant date.

The time-vested options vest and become exercisable ratably over a five-year period solely based upon continued employment over that time period.

The EBITDA-based performance vested options are eligible to vest and become exercisable ratably only if we achieve certain annual EBITDA-based performance targets, as determined in good faith by the Board. Those options also vest and become exercisable on a "catch up" basis if, at the end of fiscal years 2008, 2009, 2010, 2011 or 2012, the applicable cumulative EBITDA-based target is achieved in respect of any such completed fiscal year. We do not intend to publicly disclose the specific EBITDA performance targets for these options as they reflect competitive, sensitive information regarding our budget. However, we consider our budget to be challenging, and we have set these targets at levels designed to be generally consistent with the level of difficulty of achievement associated with prior year performance-based awards. While designed to be attainable, we believe target performance levels will require strong performance and execution which in our view provides an incentive firmly aligned with shareholder interests.

The combination of time and performance based vesting of these awards is designed to compensate executives for long-term commitment to us, while motivating sustained increases in our financial performance.

Benefits and Perquisites. We provide benefits and limited perquisites to NEOs for retention and recruiting purposes, to promote tax efficiency for the NEOs, and to replace benefit opportunities lost due to regulatory limits. We also provide NEOs with these benefits and perquisites as additional forms of compensation that are believed to be consistent and competitive with benefits and perquisites provided to similar positions in the market comparator group and general industry. The Compensation Committee believed these benefits and perquisites are consistent with the compensation objectives described above as they help to attract and retain NEOs. In addition to certain benefits offered to NEOs on the same terms that are offered to the salaried employee population (such as our 401(k) match and health and welfare plans), we provide NEOs the benefits and perquisites specified below.

We offer to certain key employees (including our NEOs), the Compensation Deferral Plan (the "CDP") and the defined contribution Supplemental Executive Retirement Plan (the "SERP" and together with the CDP, the "CDP/SERP Plan"). During his tenure with Dollar General, Mr. Perdue, was eligible to participate in the CDP but not the SERP due to his participation in an individual defined benefit SERP. Mr. Perdue's SERP was provided as part of Mr. Perdue's inducement package to join Dollar General in 2003, and was one of the components necessary at that time in attracting him as our CEO. In addition, in January 2006 our Board approved the establishment of a grantor trust to hold certain assets in connection with Mr. Perdue's SERP in the event of a change in control. The Compensation Committee also deemed it appropriate in accordance with competitive practice to reimburse Mr. Perdue for certain legal fees that he incurred as a result of the establishment of this grantor trust. These fees are reported in the "All Other Compensation" column of the Summary Compensation Table set forth in this prospectus. We discuss in detail the CDP/SERP Plan, Mr. Perdue's SERP and the grantor trust after the Nonqualified Deferred Compensation Table and the Pension Benefits Table, respectively, set forth in this prospectus.

We provide each NEO with a life insurance benefit equal to 2.5 times his or her base salary to a maximum of \$3,000,000. We pay the premiums and gross up the NEO's income to pay the tax cost of this benefit. We also provide NEOs with a disability insurance benefit that provides income replacement of 60% of base salary to a maximum monthly benefit of \$20,000 (\$25,000 for the CEO). We pay the cost of this benefit and gross up the NEO's income to pay the tax cost of this benefit to the extent necessary to replace benefit level caps in the group plan applicable to all salaried employees.

Each NEO may choose either a leased automobile or a fixed monthly automobile allowance. All NEOs except Ms. Lowe chose the automobile allowance option in 2006 and 2007. Ms. Lowe chose the lease option under which we provide her with a company-leased automobile and pay for her gasoline, repairs, service, and insurance and provide a gross-up payment to pay the tax cost of the imputed income. The incremental costs we incurred related to these benefits in 2006 are reported in the "All Other Compensation" column of the Summary Compensation Table set forth in this prospectus.

We also provide a relocation assistance program to NEOs similar to that offered to certain other employees. The significant differences from the relocation assistance provided to other employees are as follows:

- We provide a pre-move allowance of 5% of the NEO's annual base salary (we cap this allowance at \$5,000 for other employees);
- We provide home sale assistance by offering to purchase the NEO's prior home at an independently determined appraised value in the event the prior home is not sold to an outside buyer (we do not offer this service to other employees); and

- We reimburse NEOs for all reasonable and customary home purchase closing costs (we limit our reimbursement to other employees to 2% of the purchase price to a maximum of \$2,000).

Mr. Buley's relocation to Tennessee was completed in 2006 and the costs we incurred are reported in the "All Other Compensation" column of the Summary Compensation Table set forth in this prospectus.

As an exception to the normal NEO relocation benefit, the Compensation Committee approved a one-time payment, which was subsequently grossed up to pay the tax cost of the benefit, to Ms. Lowe for miscellaneous expenses she incurred in her relocation to Tennessee. These expenses were in lieu of normal home sale assistance and personal goods shipping costs that Ms. Lowe did not incur in her relocation. The Compensation Committee believed that, based on the experience of moving other executives, had Ms. Lowe incurred these normal relocation costs, they would have been significantly in excess of this exception payment. The amount of the costs we incurred and the gross up are reported in the "All Other Compensation" column of the Summary Compensation Table set forth in this prospectus.

The Compensation Committee also approved an exception payment to Ms. Guion to gross up the tax cost of relocation expenses she incurred that could not be deducted from her 2006 tax return, since her move to Tennessee did not occur until after the period in which these expenses could have been deducted. The amount of the costs we incurred and the gross up payment is reported in the "All Other Compensation" column of the Summary Compensation Table set forth in this prospectus.

We also provide to each NEO other minor perquisites such as the opportunity to take an annual physical exam at our expense of up to \$1,000, occasional tickets to certain sporting or other entertainment events, a holiday gift, and golf or spa events in connection with our strategic planning meeting. In addition, we believe that our officers' participation on non-profit boards and in community events serves as a positive reflection upon Dollar General and a great example of corporate leadership. Therefore, we support nonprofit organizations for which our officers actively serve as a board or committee member with a maximum total contribution for all charities for which they serve to equal no more than \$5,000.

Compensation for Mr. Perdue

As with the other NEOs, Mr. Perdue's compensation reflected an emphasis on achieving both short and long-term performance results. A substantial portion of his compensation was tied directly to our overall financial performance as well as to non-financial measures, including those derived from our mission statement.

In March 2006, the Compensation Committee reviewed Mr. Perdue's performance against his previously established 2005 performance goals to determine his eligibility for a base salary increase. Those goals included measures relating to improvements in certain financial metrics (earnings per share, total sales growth, same store sales growth, operating margins, return on invested capital, free cash flow, inventory turns and return on assets), leadership development and succession, strategic planning, our growth, new concept development, distribution and capacity management, inventory management, shrink improvement, workplace improvements, turnover reduction and retention strategies, third party relationships (vendors, analysts, rating agencies, media), corporate governance and ethics, legal matters and internal controls. The Compensation Committee determined that under Mr. Perdue's leadership, Dollar General continued to remain true to each component of its mission of "Serving Others". Because the Compensation Committee was satisfied with Mr. Perdue's performance, Mr. Perdue was eligible in 2006 for both a salary increase and participation in the Teamshare plan to the extent that we achieved our net income goals.

However, in anticipation of Mr. Perdue's employment contract expiration on March 31, 2007, in light of the plan to update all officer contracts effective April 1, 2006, in recognition of his performance and in order to send Mr. Perdue a clear and early message of the Board's intent to retain him, the Compensation Committee initiated discussions with Mr. Perdue concerning an early renewal or extension of his contract. These discussions culminated in the Board's September 18, 2006 approval of an extension of Mr. Perdue's employment contract from March 31, 2007 to March 31, 2008. The details of the extended contract are described under "Employment Agreements with NEOs".

As a result, the Compensation Committee postponed a decision regarding Mr. Perdue's base salary and long-term incentive compensation at the regular executive compensation review session in March 2006. Rather, the Compensation Committee decided to include those decisions in the negotiation process relating to the contract extension.

As described above, the net income performance level required to qualify for a minimum incentive payout was not met, and Mr. Perdue did not receive a Teamshare payout for 2006. The Compensation Committee considered whether Mr. Perdue should receive a discretionary bonus similar to the discretionary bonuses paid to other NEOs, giving particular weight to Mr. Perdue's request that he not receive a discretionary bonus in 2006. Accordingly, the Compensation Committee recommended that Mr. Perdue not receive a discretionary bonus, and the independent directors of the Board concurred.

Mr. Perdue resigned from Dollar General effective July 6, 2007. We agreed to treat this resignation as being for "good reason" as defined in his employment agreement. Mr. Perdue executed a release and became entitled to certain severance payments and benefits which are triggered by a resignation for good reason under his employment agreement, subject to Mr. Perdue's continued compliance with certain terms of the employment agreement (including certain restrictive covenants set forth therein). He will also be entitled to payments under his SERP and the CDP. For more information, please see "Potential Payments Upon Termination or Change-In-Control" below.

Employment Agreements with NEOs

The Compensation Committee authorized an employment contract with Mr. Perdue upon his hire in April 2003. Thereafter, beginning in 2004, the Compensation Committee began offering employment contracts to all officers including the other NEOs because it believed, based on benchmarking data, it was a common protection offered to NEOs at other comparable companies and because contracts were needed to lock-in members of a new management team to execute changes necessary to meet strategic objectives. The Compensation Committee also wanted to give standard protections to the NEOs as well as to Dollar General from a competitive standpoint should the NEO decide to leave our employ. In April 2006, the Compensation Committee approved revisions to each NEO's contract (other than Mr. Perdue) as follows:

- Contract term changed to 3 years instead of 2 years per common competitive practice.
- In addition to other severance payments and benefits, an additional lump sum payment equal to 2 times the annual employer contribution to participate in our medical, dental and vision benefits programs.
- In addition to other severance, if any payments or benefits in connection with a change-in-control would be subject to excise tax under federal income tax rules, we have agreed to pay an additional amount to the NEO to cover the excise tax and any resulting taxes. However, if after receiving this payment, the NEO's after-tax benefit is not at least \$25,000 more than it would be without this payment, then it will not be made and the severance and other benefits due will be reduced so that an excise tax is not incurred.
- Change-in-control triggers revised to be more consistent with the stock plan triggers and to remove the exclusion from the change-in-control provisions ownership or acquisitions of our

securities by Cal Turner, Jr., James Stephen Turner, members of their family or certain of their affiliates or associates.

- Addition of Target, K-Mart, Walgreen's, Rite Aid and CVS to the list of named companies in the list of competitors for purposes of the non-compete provisions.

In September 2006, the Compensation Committee also agreed to extend Mr. Perdue's contract to March 31, 2008 and approved certain other revisions to that contract. During the negotiations, the Compensation Committee relied on the assistance of Hewitt Associates for advice and competitive compensation information to ensure that the contract extension was in the best interests of Dollar General and our shareholders. The Compensation Committee also received internal and external legal advice on various technical matters relating to the contract extension and in documenting its terms. The terms of the contract extension included:

- Base salary increase from \$1.0 million to \$1.1 million to approximate market median.
- A grant of 365,000 RSUs that were scheduled to vest ratably over three years, but generally to become payable only after Mr. Perdue's employment with us ended. The Compensation Committee targeted an approximate economic value of \$4.3 million, which was above the median of the market comparator group and general industry data provided by Hewitt, to induce Mr. Perdue to sign the contract extension. This above market compensation was provided in the form of equity rather than cash compensation to ensure that Mr. Perdue's interests were appropriately aligned with shareholders. The Compensation Committee chose to deliver the long-term economic value in RSUs because we were then preparing our November 2006 plans to revitalize our merchandising and real estate strategies and the Committee did not believe it appropriate to issue stock options to the CEO shortly in advance of the public announcement of that revitalization strategy. All of the RSUs vested and were cashed out as a result of the Merger as discussed above.
- To make the contract consistent with all other officer contracts, added a provision requiring payment of severance benefits upon his resignation within 60 days after our failure to offer to renew the contract.
- Removed the exclusion from the change-in-control provisions any ownership or acquisitions of our securities by Cal Turner, Jr., James Stephen Turner, members of their family or certain of their affiliates or associates.
- Broadened the competitors list in the non-compete provision to include the same companies listed in the employment contracts of our executive vice presidents.

Severance and Change-in-Control Agreements

As noted above, our NEOs entered into employment agreements with us, which agreements provide, among other things, for each NEO's rights upon a termination of employment. We believe that reasonable and appropriate severance and change-in-control benefits are appropriate to protect the employee against circumstances over which they have no control and as consideration for the promises of non-compete, non-solicit and non-interference that we require in our employment agreements. Furthermore, we believe change-in-control severance payments align executive and shareholder interests by enabling NEOs to evaluate a transaction in the best interests of our shareholders and our other constituents without undue concern over whether the transaction may jeopardize the NEO's own employment. In the case of a change-in-control, all equity awards outstanding prior to the Merger and all CDP/SERP Plan benefits are fully vested under a single trigger, but termination benefits have a double trigger that requires both a change-in-control and a loss of employment within two years after the event under various termination circumstances. Under our newly adopted equity Plan, (i) all time options will vest and become immediately exercisable as to 100% of the shares of common stock

subject to such options immediately prior to a change in control and (ii) all performance options will vest and become immediately exercisable as to 100% of the shares of common stock subject to such options immediately prior to a change in control if as a result of the change of control, (x) investment funds affiliated with the Sponsor achieve a specified internal rate of return on 100% of their aggregate investment, directly or indirectly, in our equity securities (the "Sponsor Shares") and (y) the investment funds affiliated with the Sponsor earn a specified return on 100% of the Sponsor Shares; provided, however, that in the event that a change in control occurs wherein more than 50% but less than 100% of our common stock or our other voting securities or the common stock or other voting securities of Buck Holdings, L.P. is sold or otherwise disposed of, then, the performance options will become vested up to the same percentage of Sponsor Shares on which such investment funds earn a specified return and achieves a specified internal rate of return.

A table detailing the compensation and benefit payments that would be made to our NEOs had their employment terminated due to the occurrence of one of various events as of February 2, 2007 is presented under "Potential Payments upon Termination or Change-in-Control" in this prospectus. The Merger constituted a change-in-control for purposes of our plans and arrangements.

Deductibility of NEO Compensation

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation over \$1 million paid in any fiscal year to an NEO that is not performance-based compensation. We believe that compensation paid in 2006 associated with stock options under our 1998 Stock Incentive Plan would generally be fully deductible for federal income tax purposes. However, in certain situations (such as time-vested RSUs and the discretionary bonus payment) the Compensation Committee approved compensation that did not meet these requirements in order to ensure competitive levels of total compensation for our NEOs. Section 162(m) was not a consideration with respect to 2007 compensation as our common stock is no longer publicly traded.

Summary Compensation Table
Fiscal 2006

The following table summarizes compensation paid to or earned by our NEOs for fiscal 2006. None of our NEOs earned any non-equity incentive plan compensation in fiscal 2006.

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)(2)	Stock Awards \$(3)	Option Awards \$(4)(5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(6)	All Other Compensation (\$)	Total (\$)
David A. Perdue, <i>Chairman & Chief Executive Officer*</i>	2006	1,037,540	—	1,472,904	87,582	677,541(7)	151,448(8)	3,427,015
David M. Tehle, <i>Executive Vice President & Chief Financial Officer</i>	2006	580,022	188,500	235,247	194,127	—	121,126(9)	1,319,022
Beryl J. Buley, <i>Division President, Merchandising, Marketing & Supply Chain</i>	2006	575,022	186,875	183,223	180,669	—	273,801(10)	1,399,590
Kathleen R. Guion, <i>Division President, Store Operations & Store Development</i>	2006	500,019	162,500	206,455	154,982	—	151,971(11)	1,175,927
Challis M. Lowe, <i>Executive Vice President, Human Resources</i>	2006	404,182	133,250	130,813	117,933	—	174,322(12)	960,500

* Mr. Perdue resigned effective July 6, 2007.

- (1) All NEOs deferred a portion of their salaries under the CDP, which is included in the Nonqualified Deferred Compensation Table. Each NEO also contributed a portion of his or her salary to our 401(k) Plan.
- (2) We paid a one-time discretionary bonus to these NEOs for fiscal 2006.
- (3) Represents the expense associated with all outstanding awards of restricted stock and RSUs for which we recorded compensation expense during the fiscal year on a straight-line basis over the restriction period based on the market price of the underlying stock on the grant date. Each RSU represented the right to receive upon vesting one share of Dollar General common stock. We credited dividend equivalents to the RSU accounts as additional RSUs at the same rate as dividends paid to all of our shareholders. There were no forfeitures of restricted stock or RSUs held by the NEO during fiscal 2006. For more information regarding the assumptions used in the valuation of these awards, see Note 10 of the annual consolidated financial statements in this prospectus. As a result of the Merger, all outstanding RSU awards vested and, therefore, all compensation expense associated with such awards was recognized in 2007 in accordance with SFAS 123(R).
- (4) Represents the expense associated with all outstanding, unvested, non-qualified stock options for which we recognized compensation expense during fiscal 2006. Each option represented the right to purchase upon vesting and for the exercise price one share of Dollar General common stock. Option awards granted prior to February 4, 2006 were valued on the applicable grant date under the fair value method of SFAS 123 and under the fair value method of SFAS 123(R) for grants awarded after February 4, 2006 using the Black-Scholes option pricing model with the following assumptions:

	April 2, 2003	March 15, 2005	September 1, 2005	January 24, 2006	March 16, 2006
Expected dividend yield	.90%	.85%	.85%	1.0%	.82%
Expected stock price volatility	37.6%	27.4%	25.9%	24.7%	28.7%
Risk-free interest rate	2.04%	4.25%	3.71%	4.31%	4.7%
Expected life of options (years)	3.0	5.0	5.0	4.5	5.7

Exercise price	\$	12.68	\$	22.35	\$	18.51	\$	16.94	\$	17.54
Stock price on date of grant	\$	12.68	\$	22.35	\$	18.51	\$	16.94	\$	17.54

- (5) There were no forfeitures of options held by NEOs during fiscal 2006. For more information regarding the assumptions used in the valuation of these awards, see Note 10 of the annual consolidated financial statements in this prospectus. As a result of the Merger, all outstanding options vested and, therefore, all compensation expense associated with such awards was recognized in 2007 in accordance with SFAS 123(R).
- (6) We do not provide above market or preferential earnings on deferred compensation.
- (7) Represents the change in the actuarial present value of the accumulated benefit under Mr. Perdue's SERP from February 4, 2006 to February 2, 2007.
- (8) Includes \$31,429 for premiums paid under our life insurance program, \$7,406 for premiums paid under our disability insurance programs, \$40,460 for our match contributions to the CDP, \$11,417 for our match contributions to the 401(k) Plan, \$29,575 for the reimbursement of taxes related to life and disability insurance premiums, and \$31,161 which represents the incremental cost of providing certain perquisites, including \$21,000 for an annual automobile allowance and other amounts, which individually did not equal the greater of \$25,000 or 10% of total perquisites, for reimbursement of legal fees in connection with Mr. Perdue's SERP, tickets to sporting and other entertainment events, golf fees, and spa charges in connection with our annual strategic planning meeting. In addition, Mr. Perdue's spouse accompanied him on various business trips on our airplane which did not result in any incremental cost to us.
- (9) Includes \$12,716 for premiums paid under our life insurance program, \$2,699 for premiums paid under our disability insurance programs, \$43,502 for our contributions to the SERP, \$18,001 for our match contributions to the CDP, \$11,000 for our match contributions to the 401(k) Plan, \$10,587 for the reimbursement of taxes related to life and disability insurance premiums, and \$22,621 which represents the incremental cost of providing certain perquisites, including \$21,000 for an annual automobile allowance and other amounts, which individually did not equal the greater of \$25,000 or 10% of total perquisites, for tickets to sporting and other entertainment events, a holiday gift of a Sony E-Reader, and spa charges in connection with our annual strategic planning meeting.
- (10) Includes \$2,033 for premiums paid under our life insurance program, \$1,507 for premiums paid under our disability insurance programs, \$34,285 for our contributions to the SERP, \$26,355 for our match contributions to the CDP, \$2,396 for our match contributions to the 401(k) Plan, \$1,423 for the reimbursement of taxes related to life and disability insurance premiums, \$17,083 for the reimbursement of taxes related to relocation, and \$188,719 which represents the incremental cost of providing certain perquisites, including \$165,715 for amounts associated with relocation, \$21,000 for an annual automobile allowance, and other amounts, which individually did not equal the greater of \$25,000 or 10% of total perquisites, for tickets to sporting events, a holiday gift of a Sony E-Reader, golf charges in connection with our annual strategic planning meeting, and a medical physical examination. The aggregate incremental cost related to Mr. Buley's relocation amounts was calculated as follows: \$102,075 due to the loss on resale and related expenses of selling his prior home, \$6,536 due to lease cancellation fees, \$14,985 for temporary living expenses, and \$42,119 due to acquisition and moving costs in connection with his new home.
- (11) Includes \$7,175 for premiums paid under our life insurance program, \$3,333 for premiums paid under our disability insurance program, \$22,501 for our contributions to the SERP, \$14,001 for our match contributions to the CDP, \$10,833 for our match contributions to the 401(k) Plan, \$8,810 for the reimbursement of taxes related to life and disability insurance premiums, \$15,172 for the reimbursement of taxes related to relocation, and \$70,146 which represents the incremental cost of providing certain perquisites, including \$42,188 for amounts associated with relocation, \$21,000 for an annual automobile allowance and other amounts, which individually did not equal the greater of \$25,000 or 10% of total perquisites, for tickets to sporting events, a holiday gift of a Sony

E-Reader, spa charges in connection with our annual strategic planning meeting, an airline club fee, and a directed donation to a charity pursuant to the program discussed above under "Compensation Discussion & Analysis". The aggregate incremental cost related to Ms. Guion's relocation amounts was calculated as follows: \$28,798 due to costs associated with the sale of her prior home and \$13,390 due to acquisition and moving costs in connection with her new home.

- (12) Includes \$1,449 for premiums paid under our life insurance program, \$4,289 for premiums paid under our disability insurance program, \$39,236 for our contributions to the SERP, \$13,376 for our match contributions to the CDP, \$6,834 for our match contributions to the 401(k) Plan, \$6,728 for the reimbursement of taxes related to life and disability insurance premiums, \$17,704 for the reimbursement of taxes related to relocation, \$5,519 for reimbursement of taxes related to the personal use of a company-leased automobile, and \$79,187 which represents the incremental cost of providing certain perquisites, including \$49,230 for amounts associated with relocation, \$23,072 for personal use of a company-leased vehicle, and other amounts, which individually did not equal the greater of \$25,000 or 10% of total perquisites, for tickets to entertainment events, a holiday gift of a Sony E-Reader, spa charges in connection with our annual strategic planning meeting, a medical physical examination, and a directed donation to a charity pursuant to the program discussed under "Compensation Discussion & Analysis". The aggregate incremental cost related to Ms. Lowe's relocation amounts was calculated as follows: \$40,000 as a miscellaneous cash allowance in lieu of moving household goods and \$9,230 due to acquisition and moving costs in connection with her new home.

Grants of Plan-Based Awards During Fiscal 2006

The table below sets forth information regarding grants of plan-based awards to our NEOs during fiscal 2006. There are no estimated possible payouts under equity incentive plan awards for fiscal 2006.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of Shares of Stock or Units (#)(2)	All Other Option Awards: Number of Securities Underlying Options (#)(2)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)				
David A. Perdue	9/18/06	550,000	1,100,000	2,200,000	—	—	—	—
David M. Tehle	3/16/06	188,500	377,000	754,000	365,000	—	—	5,204,900
Beryl J. Buley	3/16/06	186,875	373,750	747,500	10,600	69,900	17.54	411,739
Kathleen R. Guion	3/16/06	162,500	325,000	650,000	8,400	55,800	17.54	328,684
Challis M. Lowe	3/16/06	133,250	266,500	533,000	8,400	50,000	17.54	294,520
	3/16/06	—	—	—	7,600	—	—	133,304

(1) Represents possible threshold, target, and maximum payout levels for grants made under the Teamshare plan established under our Annual Incentive Plan. No amounts under this plan were earned by the NEOs in fiscal 2006.

(2) Stock awards were grants of RSUs and option awards were grants of non-qualified stock options, all made pursuant to our 1998 Stock Incentive Plan.

Outstanding Equity Awards at 2006 Fiscal Year-End

The table below sets forth information regarding outstanding equity awards held by our NEOs at the 2006 fiscal year-end. At that time, there were no securities underlying unexercised unearned options

and no unearned shares, units or other rights that had not vested with respect to any equity incentive plan award. In connection with the Merger, outstanding stock options, restricted stock and RSUs became fully vested immediately prior to the closing of the Merger and were settled in cash, canceled or, in limited circumstances, exchanged for new options of Dollar General, as described below. Unless exchanged for new options, each NEO received an amount in cash, without interest and less applicable withholding taxes, equal to \$22.00 less the exercise price of each option. Additionally, each restricted stock and RSU holder received \$22.00 in cash, without interest and less applicable withholding taxes. Certain stock options held by our management were exchanged for new options to purchase common stock in Dollar General (the "Rollover Options"). The exercise price of the Rollover Options and the number of shares of common stock of Dollar General underlying the Rollover Options were adjusted as a result of the Merger. The Rollover Options otherwise continue under the terms of the equity plans under which they were issued.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(1)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)
David A. Perdue	1,000,000 (3)	—	12.68	4/2/2013	—	—
	—	—	—	—	475,581 (4)	8,194,261
David M. Tehle	—	69,900 (5)	17.54	3/16/2016	—	—
	15,750 (6)	47,250 (6)	22.35	3/15/2015	—	—
	52,600 (7)	—	18.83	8/24/2014	—	—
	62,800 (8)	—	18.75	8/9/2014	—	—
	—	—	—	—	22,427 (9)	386,417
Beryl J. Buley	—	55,800 (5)	17.54	3/16/2016	—	—
	25,000 (10)	75,000 (10)	16.94	1/24/2016	—	—
	—	—	—	—	25,530 (11)	439,882
Kathleen R. Guion	—	55,800 (5)	17.54	3/16/2016	—	—
	12,575 (6)	37,725 (6)	22.35	3/15/2015	—	—
	42,000 (7)	—	18.83	8/24/2014	—	—
	62,800 (12)	—	20.63	12/2/2013	—	—
	—	—	—	—	18,964 (13)	326,750
Challis M. Lowe	—	50,000 (5)	17.54	3/16/2016	—	—
	10,500 (14)	31,500 (14)	18.51	9/1/2015	—	—
	—	—	—	—	18,016 (15)	310,416

(1) Includes the number of unvested shares underlying the dividend equivalent units credited to RSU accounts.

(2) Based on the closing price of Dollar General's common stock on February 2, 2007 (\$17.23).

(3) These options became exercisable in three installments on April 2, 2004, April 2, 2005 and April 2, 2006.

(4) Includes 31,546 shares of restricted stock that had been scheduled to vest in two equal installments on April 2, 2007 and April 2, 2008; 75,000 RSUs that had been scheduled to vest ratably in three installments on March 16, 2007, March 16, 2008 and March 16, 2009; and 365,000 RSUs that had

been scheduled to vest ratably in three installments on September 18, 2007, September 18, 2008 and September 18, 2009.

- (5) These options became or were scheduled to become exercisable ratably in installments of 25% on March 16, 2007, March 16, 2008, March 16, 2009 and March 16, 2010.
- (6) These options became or were scheduled to become exercisable ratably in installments of 25% on March 15, 2006, March 15, 2007, March 15, 2008 and March 15, 2009.
- (7) These options became exercisable in installments of 25% on August 24, 2005 and 75% on February 3, 2006.
- (8) These options became exercisable in installments of 25% on August 9, 2005 and 75% on February 3, 2006.
- (9) Includes 5,000 shares of restricted stock that had been scheduled to vest on August 9, 2007; 2,200 RSUs that had been scheduled to vest on August 24, 2007; 4,333 RSUs that had been scheduled to vest ratably in two installments on March 15, 2007 and March 15, 2008; and 10,600 RSUs that had been scheduled to vest ratably in three installments on March 16, 2007, March 16, 2008 and March 16, 2009.
- (10) These options became or were scheduled to become exercisable ratably in installments of 25% on January 24, 2007, January 24, 2008, January 24, 2009 and January 24, 2010.
- (11) Includes 16,800 RSUs that had been scheduled to vest in two equal installments on January 24, 2008 and January 24, 2009; and 8,400 RSUs that had been scheduled to vest in three equal installments on March 16, 2007, March 16, 2008 and March 16, 2009.
- (12) These options became exercisable in installments of 25% on December 2, 2004 and December 2, 2005 and 50% on February 3, 2006.
- (13) Includes 6,733 RSUs that had been scheduled to vest on August 24, 2007; 3,466 RSUs that had been scheduled to vest ratably in two installments on March 15, 2007 and March 15, 2008; and 8,400 RSUs that had been scheduled to vest ratably in three installments on March 16, 2007, March 16, 2008 and March 16, 2009.
- (14) These options became or were scheduled to become exercisable in installments of 25% on September 1, 2006, September 1, 2007, September 1, 2008 and September 1, 2009.
- (15) Includes 10,133 RSUs that were scheduled to vest ratably in two installments on September 1, 2007 and September 1, 2008; and 7,600 RSUs that were scheduled to vest ratably in three installments on March 16, 2007, March 16, 2008 and March 16, 2009.

Option Exercises and Stock Vested During Fiscal 2006

The table below provides information regarding the value realized by our NEOs upon the exercise of stock options and the vesting of stock awards during fiscal 2006.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting #(1)	Value Realized on Vesting \$(2)
David A. Perdue	—	—	41,000	721,183
David M. Tehle	—	—	9,430	133,206
Beryl J. Buley	—	—	8,510	146,199
Kathleen R. Guion	—	—	8,616	116,305
Challis M. Lowe	—	—	5,125	64,631

- (1) Includes the number of shares underlying dividend equivalents that vested in conjunction with the vesting of the related RSUs.
- (2) The value realized is based on the closing market price of the underlying stock on the applicable vesting dates.

Pension Benefits Fiscal 2006

We provided retirement benefits to Mr. Perdue under an unfunded, non-qualified defined benefit pension plan, or SERP. As a result of the Merger, which constituted a Change in Control under the terms of the SERP and the grantor trust agreement, and Mr. Perdue's subsequent resignation, Mr. Perdue became 100% vested in his SERP account and the actuarial equivalent of the lump sum value of Mr. Perdue's accrued benefit was funded to the grantor trust. The table below shows the present value as of February 2, 2007 of accumulated benefits payable to Mr. Perdue, including the number of years of credited service earned by him as of that date, under his SERP. The material terms of Mr. Perdue's SERP are discussed following the table.

Name	Plan Name	Number of Years Credited Service #(1)	Present Value of Accumulated Benefit \$(2)	Payments During Last Fiscal Year (\$)
David A. Perdue	Supplemental Executive Retirement Plan for David A. Perdue	6	1,848,238	—

- (1) Mr. Perdue joined Dollar General on April 2, 2003 and had three actual years of employment service as of February 2, 2007. Mr. Perdue received two years of credited service for vesting and benefit accrual purposes for each of these years of employment.
- (2) Represented the actuarial present value as of February 2, 2007 of the benefit computed as of the same pension plan measurement date, discount rate, and lump sum interest rate used for financial statement reporting purposes. No pre-retirement decrements were assumed. The benefit was calculated assuming Mr. Perdue retired at age 60, the earliest age he could retire without a penalty for early commencement. The actuarial present value of the additional three years of credited service earned under the two-for-one crediting agreement for Mr. Perdue's first three years of employment was \$924,199.

Mr. Perdue's SERP provided an annual normal retirement benefit equal to 25% of "final average compensation" upon retirement on or after his "normal retirement date", payable as a joint and 50% spouse annuity assuming the spouse is the same age as Mr. Perdue. Mr. Perdue could elect to receive his benefit as a lump sum or any annuity form that is the actuarial equivalent of the normal retirement benefit.

Mr. Perdue's benefit was based on early retirement eligibility after 10 years of credited service, with benefits prorated based on actual credited service divided by 15 if Mr. Perdue retired with less than 15 years of credited service. The benefit was reduced 5% for each year or portion thereof that Mr. Perdue retired before age 60.

Since Mr. Perdue resigned for good reason within 2 years of a change-in-control (as defined in the SERP), he is entitled to a benefit based on his years of credited service earned at the time of termination plus 5 additional years of credited service, subject to the SERP maximum of 15 years. The total years of credited service used to calculate Mr. Perdue's benefit was 14. Mr. Perdue's base salary and "applicable annual bonus" were deemed to be paid during the 5 additional years of credited service for the purpose of calculating his "final average compensation".

Mr. Perdue's SERP account will be paid following a 6 month deferral in payment as required by tax law and subject to his providing a release of claims against us as required in his employment agreement.

"Applicable annual bonus" is the greater of the actual bonus paid for the immediately preceding fiscal year or the target annual bonus for the current fiscal year.

"Final average compensation" is calculated as Mr. Perdue's base salary plus his incentive "Teamshare" bonus earned in a fiscal year for the highest 3 consecutive fiscal years of credited service out of the last 10 preceding retirement or termination of employment. For the purpose of his benefit calculation, Mr. Perdue's final average compensation was \$2,266,000.

For the purpose of calculating Mr. Perdue's accumulated benefit, "normal retirement date" is the first of the month coincident with or next following the later of the date Mr. Perdue attains age 60 or is credited with 15 years of credited service.

We have established a grantor trust that provides for assets in connection with Mr. Perdue's SERP to be placed in the trust upon a change-in-control (as defined in the grantor trust) of Dollar General. The trust's assets are subject to the claims of Dollar General's creditors. The trust also provides for a distribution to Mr. Perdue to pay certain taxes in the event he is taxed in connection with the funding of the trust and to apply interest at the rate of 6% per annum in the event payment is delayed due to Section 409A of Code. As a result of the Merger, and since the payment was determined to be subject to 409A delay, a deposit of \$6,208,962 was made to the trust representing the lump sum and interest value of Mr. Perdue's benefit. This will be paid to Mr. Perdue on January 7, 2008.

***Nonqualified Deferred Compensation
Fiscal 2006***

As discussed above, we offer a CDP/SERP Plan to certain key employees, including the NEOs. Mr. Perdue was not eligible to participate in the SERP portion of the CDP/SERP Plan due to his participation in his individualized SERP discussed under "Pension Benefits" above.
Information

regarding the NEOs' participation in the CDP/SERP Plan is included in the following table. The material terms of the CDP/SERP Plan are described after the table.

Name	Executive Contributions in Last FY (\$)(1)	Registrant Contributions in Last FY (\$)(2)	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last FYE (\$)
David A. Perdue	51,877	40,460	27,685	—	342,013(3)
David M. Tehle	40,602	61,503	13,636	—	208,014(4)
Beryl J. Buley	28,751	60,640	7,476	—	101,659(5)
Kathleen R. Guion	25,001	36,502	17,294	—	189,459(6)
Challis M. Lowe	38,885	52,611	4,583	—	100,591

- (1) Reported as "Salary" in the Summary Compensation Table.
- (2) Reported as "All Other Compensation" in the Summary Compensation Table.
- (3) Includes the following amounts reported in the Summary Compensation Table in the proxy statement for the fiscal years indicated: \$94,670 in 2005; \$84,253 in 2004; and \$7,500 in 2003.
- (4) Includes the following amounts reported in the Summary Compensation Table in the proxy statement for the fiscal years indicated: \$84,387 in 2005; and \$3,333 in 2004.
- (5) Includes \$4,792 reported in the Summary Compensation Table in the proxy statement for fiscal 2005.
- (6) Includes the following amounts reported in the Summary Compensation Table in the proxy statement for the fiscal years indicated: \$43,168 in 2005; and \$57,689 in 2004.

Pursuant to the CDP, participants may annually elect to defer up to 65% of base salary and up to 100% of bonus pay. Participants make deferral elections in November of each year for amounts to be earned in the following year. We currently match base pay deferrals at a rate of 100%, up to 5% of annual salary, with annual salary offset by the amount of match-eligible salary deferred into the 401(k) plan. All participants are 100% vested in all compensation and matching deferrals and earnings on those deferrals.

Pursuant to the SERP, we make an annual contribution equal to a certain percentage of a participant's annual salary and bonus to all participants who are actively employed in an eligible job grade on January 1 and continue to be employed as of December 31 of a given year. The contribution percentage is based on age, years of service and job grade. The 2006 contribution percentage for each eligible NEO was 7.5% (Mr. Tehle); 4.5% (Mr. Buley); 4.5% (Ms. Guion); and 7.5% (Ms. Lowe). As a result of the Merger which constituted a "change in control" under the CDP/SERP Plan, all previously unvested SERP amounts vested on July 6, 2007. For newly eligible SERP participants after July 6, 2007, SERP amounts vest at the earlier of the participant's attainment of age 50 or the participant's being credited with 10 or more "years of service", or upon termination of employment due to death or "total and permanent disability" or upon a "change in control," all as defined in the CDP/SERP Plan.

The amounts deferred or contributed to the CDP/SERP Plan are credited to a liability account, which is then invested at the participant's option in either an account that mirrors the performance of a fund or funds selected by the Compensation Committee or its delegate (the "Mutual Fund Options") or, prior to the Merger, in an account that mirrors the performance of our common stock (the "Common Stock Option"). A participant who ceases employment when he is credited with at least 10 years of service or after he has reached age 50 and whose CDP account balance or SERP account balance exceeds \$25,000 may elect for that account balance to be paid in cash by (a) lump sum, (b) monthly installments over a 5, 10 or 15-year period or (c) a combination of lump sum and

installments. Otherwise, payment is made in a lump sum. The vested amount will be payable at the time designated by the Plan upon the participant's termination of employment or retirement. A participant's CDP/SERP benefit normally is payable in the following February if he or she ceases employment during the first 6 months of a calendar year or is payable in the following August if he or she ceases employment during the last 6 months of a calendar year. However, participants may elect to receive an in-service lump sum distribution of vested amounts credited to the CDP account, provided that the date of distribution is no sooner than 5 years after the end of the year in which amounts are deferred. In addition, a participant who is actively employed may request to receive an "unforeseeable emergency hardship" in-service lump sum distribution of vested amounts credited to his CDP account. Account balances deemed to be invested in the Mutual Fund Options are payable in cash and, prior to the Merger, account balances deemed to be invested in the Common Stock Option were payable in shares of Dollar General common stock and cash in lieu of fractional shares.

As a result of the Merger, the CDP/SERP Plan liabilities were fully funded into an irrevocable rabbi trust. All account balances deemed to be invested in the Common Stock Option were liquidated at a value of \$22.00 per share and the proceeds were mapped to an existing Mutual Fund Option within the Plan.

Potential Payments upon Termination or Change-in-Control

The tables below reflect potential payments to each of our NEOs in various termination and change-in-control scenarios based on compensation, benefit and equity levels in effect on February 2, 2007. The amounts shown assume that the termination was effective as of February 2, 2007. For stock valuations, we have assumed that the price per share is the closing market price of our stock on February 2, 2007 (\$17.23). The amounts shown are merely estimates. We cannot determine the actual amounts to be paid until the time of the NEO's service termination. The discussion below regarding Mr. Perdue explains the amounts set forth in the accompanying table under all termination scenarios. However, Mr. Perdue's employment actually terminated effective July 6, 2007. We agreed to treat this resignation as being for "good reason" as defined in his employment agreement. In addition, the Merger constituted a change-in-control for purposes of our plans and other arrangements with our NEOs.

Payments Regardless of Manner of Termination

Regardless of the termination scenario, the NEO (other than Mr. Perdue) will receive any earned but unpaid base salary through the service termination date, along with any other benefits owed under any of our plans or agreements covering the officer as governed by the terms of that plan or agreement. These benefits include vested amounts in the CDP/SERP Plan discussed after the Nonqualified Deferred Compensation Table in this prospectus.

Regardless of the manner in which Mr. Perdue's employment terminates, but subject to any 6-month delay in payment required for tax law purposes, he will receive a lump sum payment equal to any earned but unpaid base salary through his service termination date, any accrued expenses and vacation pay and, unless he elected a different payout in a prior deferral election, any compensation previously deferred along with accrued interest and earnings. This payment will be made in accordance with our normal payroll cycle and procedures and in due course, rather than in a lump sum, in the event Mr. Perdue is terminated for cause as discussed under "Payments Upon Involuntary Termination" below. He also will receive timely payment or provision of any other accrued amounts or benefits required to be paid or provided or which he is eligible to receive under any of our plans, practices or agreements. These benefits include amounts payable pursuant to his SERP described after the Pension Benefits table in this prospectus and his CDP benefit discussed above after the Nonqualified Deferred Compensation Table.

The tables below exclude any amounts payable to the NEO to the extent that they are available generally to all salaried employees and do not discriminate in favor of our executive officers.

Mr. Perdue will forfeit any unpaid amounts he otherwise would be entitled to receive upon termination of his employment if he breaches any provision of his employment agreement, including breach of any business protection provisions. These business protection provisions include the following obligations:

- He must maintain the confidentiality of our (a) trade secrets as long as the information remains a trade secret and (b) confidential information for 2 years after his service termination date.
- For 2 years after his service termination date, Mr. Perdue may not actively recruit or induce certain of our employees to cease employment with us or engage that person's services in any business substantially similar to or competitive with that in which we were engaged during Mr. Perdue's employment.
- For 2 years after his service termination date, Mr. Perdue may not accept or work in a "competitive position" within any state in which we maintain stores at the time of his termination date or any state in which we have specific plans to open stores within 6 months of that date. For this purpose, "competitive position" means any employment, consulting, advisory, directorship, agency, promotional or independent contractor arrangement between Mr. Perdue and any person engaged wholly or in material part in the business in which we are engaged, including but not limited to Wal-Mart, Target, K-Mart, Walgreen's, Rite-Aid, CVS, Family Dollar Stores, Fred's, the 99 Cents Stores and Dollar Tree Stores, or any person then planning to enter the deep discount consumable basics retail business, if Mr. Perdue is required to perform services for that person which are substantially similar to those he provided or directed at any time while employed by us.
- Mr. Perdue may not engage in any communications which disparage Dollar General or interfere with our existing or prospective business relationships.

Payments Upon Termination Due to Retirement

In the event of retirement, in addition to the items identified under "Payments Regardless of Manner of Termination" above, all unvested equity grants will be forfeited, vested stock options generally may be exercised for 3 years from the service termination date unless the options expire earlier, and vested RSUs will settle in due course. To be entitled to the extended option exercise period, the retirement must occur on or after the NEO reaches the age of 65 or, with our express consent, prior to age 65 in accordance with any applicable early retirement policy then in effect or as may be approved by our Compensation Committee. The enhancement of Mr. Perdue's SERP benefit upon retirement is discussed above following the Pension Benefits Table.

Payments Upon Termination Due to Death or Disability

In the event of death or disability, in addition to the items identified under "Payments Regardless of Manner of Termination" above:

- With respect to each NEO other than Mr. Perdue, all unvested equity grants will be forfeited, vested stock options generally may be exercised for 3 years from the service termination date unless the options expire earlier, and vested RSUs will settle in due course.
- With respect to Mr. Perdue, the vesting of all equity grants will accelerate, vested stock options may be exercised for 1 year from the date of death or, in the event of disability, for 3 years from the service termination date, in each case unless the options expire earlier, and vested RSUs will settle in due course.

- In the event of termination due to disability:
 - We treat Mr. Perdue as employed, solely for purposes of his non-qualified defined benefit pension plan, or SERP, during the period of disability until he is entitled to the full 25% SERP benefit and his SERP benefit is payable on an unreduced basis.
 - In determining his base salary and bonus for the additional credited years of service for purposes of calculating his final average compensation for his SERP, we use his base salary on the termination date and the greater of his actual annual incentive bonus earned in the last fiscal year prior to the termination date or his target annual incentive bonus for the fiscal year in which the termination date occurs.
 - Mr. Perdue's SERP benefit is payable commencing upon his SERP normal retirement date.
- In the event of death, the NEO's beneficiary will receive payments under our group life insurance program in an amount, up to a maximum of \$3 million, equal to 2.5 times the NEO's annual base salary. We have excluded from the tables below amounts that the NEO would receive under our disability insurance program since the same benefit level is provided to all of our salaried employees.
- In the event of the NEO's disability, the CDP/SERP Plan benefit becomes fully vested and is payable in a lump sum within 60 days after the end of the calendar quarter in which we receive notification of the determination of the NEO's disability by the Social Security Administration.
- In the event of the NEO's death, the NEO's CDP/SERP Plan benefit becomes fully vested and is payable in a lump sum within 60 days after the end of the calendar quarter in which the NEO's death occurs.
- In the event of Mr. Perdue's death while an employee and after becoming eligible for early or normal retirement under the SERP, his SERP benefit will commence to be paid as of the first of the calendar month following his death determined as though he had retired on the date of death.

For purposes of the NEOs' employment agreements and Mr. Perdue's SERP, "disability" means the employee must be disabled for purposes of our long-term disability insurance plan or, if no plan is in effect or if that plan is not applicable, the employee's inability to perform the functions of his or her regular duties and responsibilities. For purposes of the CDP/SERP Plan, disability means total and permanent disability for purposes of entitlement to Social Security disability benefits.

Payments Upon Voluntary Termination

The payments to be made to an NEO upon voluntary termination vary depending upon whether the NEO resigns with or without "good reason" or after our failure to offer to renew, extend or replace the NEO's employment agreement under certain circumstances. For purposes of each NEO, "good reason" means (as more fully described in the applicable employment agreement):

- a reduction in base salary or target bonus level;
- our material breach of the employment agreement; or
- the failure of any successor to all or substantially all of our business and/or assets to assume and agree to perform the employment agreement.

In addition to the reasons identified above, for purposes of each NEO other than Mr. Perdue "good reason" means (as more fully described in the applicable employment agreement):

- our failure to continue any significant compensation plan or benefit without replacing it with a similar plan or a compensation equivalent (except for across-the-board changes or terminations similarly affecting at least 95% of all of our executives);
- relocation of our principal executive offices outside of the middle-Tennessee area or basing the officer anywhere other than our principal executive offices; or
- assignment of duties inconsistent, or the significant reduction of the title, powers and functions associated, with the NEO's position, unless it results from our restructuring or realignment of duties and responsibilities for business reasons that leaves the NEO at the same compensation and officer level and with similar responsibility levels or results from the NEO's failure to meet performance criteria, all without the NEO's written consent.

In addition to the reasons identified above applicable to all NEOs, for purposes of Mr. Perdue "good reason" means (as more fully described in his employment agreement):

- assignment to duties inconsistent in any material respect with his position, authority, or responsibilities in effect on April 2, 2003, or any other action which demonstrably diminishes his position, authority, or responsibilities, all without his written consent; or
- our failure to continue any pension or compensation arrangement in which Mr. Perdue participates or the elimination of his participation in any of those plans (except for across-the-board plan changes or terminations similarly affecting at least 95% of all of our executives, excluding Mr. Perdue's SERP).

For NEOs other than Mr. Perdue, no event will constitute "good reason" if we cure the claimed event within 30 days after receiving notice from the NEO. For Mr. Perdue, no event will constitute "good reason" unless he notifies our Board within 90 days of the occurrence of the circumstance he believes constitutes good reason or if we cure the claimed event (other than the failure of a successor to assume his agreement) within 30 days of that notice.

Voluntary Termination with Good Reason or After Failure to Renew the Employment Agreement. In the event the NEO resigns with good reason or within 60 days of our failure to offer to renew, extend or replace the NEO's employment agreement before, at or within 60 days after the end of the agreement's term (unless we enter into a mutually acceptable severance arrangement or, in the case of an NEO other than Mr. Perdue, the resignation is a result of the NEO's voluntary retirement or termination or, in the case of Mr. Perdue, the resignation is the result of his voluntary retirement at or after age 62), in addition to the items identified under "Payments Regardless of Manner of Termination" above:

- With respect to each NEO other than Mr. Perdue, all unvested equity grants will be forfeited, vested stock options generally may be exercised for 3 months from the service termination date unless the options expire earlier, and vested RSUs will settle in due course.
- With respect to Mr. Perdue, the vesting of all equity grants will accelerate if he executes a release of certain claims against us and our affiliates in the form attached to his employment agreement, vested stock options may be exercised for 3 months from the service termination date unless the options expire earlier, and vested RSUs will settle in due course.

- The NEO (other than Mr. Perdue) will receive, subject to any 6-month delay in payment required for tax law compliance, the following upon the execution of a release of certain claims against us and our affiliates in the form attached to the NEO's employment agreement:
 - Continuation of base salary for 24 months payable in accordance with our normal payroll cycle and procedures.
 - A lump sum payment equal to 2 times the NEO's target incentive bonus and 2 times our annual contribution for the NEO's participation in our medical, dental and vision benefits program.
 - Outplacement services, at our expense, for 1 year or, if earlier, until other employment is secured.

Subject to any applicable prohibition on acceleration of payment under Section 409A of the Internal Revenue Code, we may, at any time and in our sole discretion, elect to make a lump-sum payment of all these amounts, or all remaining amounts, due as a result of this type of termination.

- Mr. Perdue will receive the following, subject to any 6-month delay in payment required for tax law compliance, if he executes a release of certain claims against us and our affiliates in the form attached to his employment agreement:
 - An amount, payable ratably over a 24 month period in accordance with our normal payroll cycle and procedures, equal to 2.5 times the sum of his annual base salary and the greater of his actual annual incentive bonus earned in the fiscal year immediately prior to his service termination date or his target incentive bonus for the fiscal year in which his employment terminated. Subject to any applicable prohibition on payment acceleration under Section 409A of the Internal Revenue Code, we may, at any time and in our sole discretion, make a lump sum payment of all or the remaining portion of this amount.
 - For 30 months after his termination date, we will pay the premium for his participation in our retiree medical plan, if any, in accordance with his elected coverage in place at the time of his termination or, at his request we will pay for or provide medical benefits no less favorable than our retiree medical benefits in effect as of April 2, 2003. We also will gross-up our payment of those premiums to the extent they are taxable to Mr. Perdue.
 - We will credit Mr. Perdue with 5 additional years of continuous service under his SERP. In determining his base salary and bonus for the additional credited years of service for purposes of calculating his final average compensation, we use his base salary on his termination date and the greater of his actual annual incentive bonus earned in the last fiscal year prior to his termination date or his target annual incentive bonus for the fiscal year in which his service termination date occurs.

The NEO (other than Mr. Perdue) will forfeit any unpaid severance amounts upon a material breach of any continuing obligation under the employment agreement or the release, which include (in addition to those contained in the 1st and 3rd bullet points with respect to Mr. Perdue's continuing obligations under "Payments Regardless of Manner of Termination" above):

- For 2 years following the service termination date, the NEO may not actively recruit or induce any of our exempt employees to cease employment with us.
- For 2 years following the service termination date, the NEO may not solicit or communicate with any person who has a business relationship with us and with whom the NEO had contact while employed by us, if that contact would likely interfere with our business relationships or result in an unfair competitive advantage over us.

- The NEO may not engage in any communications to persons outside Dollar General which disparages Dollar General or interferes with our existing or prospective business relationships.

Voluntary Termination without Good Reason. In the event the NEO resigns without good reason, in addition to the items identified under "Payments Regardless of Manner of Termination" above, all unvested equity grants will be forfeited, vested stock options generally may be exercised for 3 months from the service termination date unless the options expire earlier, and vested RSUs will settle in due course.

Payments Upon Involuntary Termination

The payments to be made to an NEO upon involuntary termination vary depending upon whether termination is for or without "cause". For purposes of each NEO, "cause" means (as more fully described in the applicable employment agreement):

- Attendance at work in a state of intoxication or in possession of any prohibited drug or substance which would amount to a criminal offense; or
- Assault or other act of violence (with respect to Mr. Perdue, occurring in the course of employment).

In addition to the reasons identified above, for purposes of the NEOs other than Mr. Perdue, "cause" means (as more fully described in the applicable employment agreement):

- any act involving fraud or dishonesty;
- any material breach of any SEC or other law or regulation or any Dollar General policy governing securities trading or inappropriate disclosure or "tipping";
- any activity or public statement, other than as required by law, that prejudices Dollar General or reduces our good name and standing or would bring Dollar General into public contempt or ridicule; or
- conviction of, or plea of guilty or *nolo contendere* to, any felony whatsoever or any misdemeanor that would preclude employment under our hiring policy.

In addition to the reasons identified in the first paragraph above applicable to all NEOs (including Mr. Perdue), for Mr. Perdue "cause" means any of the reasons below, as determined by at least ³ / 4 of our entire Board after giving Mr. Perdue and his attorney an opportunity to respond (and as more fully explained in his employment agreement):

- any act involving fraud or a violation of securities trading regulations or any act resulting in an SEC investigation which, in each case, the Board determines materially adversely affects us or Mr. Perdue's ability to perform his duties;
- conviction of any felony or misdemeanor involving moral turpitude; or
- with limited exceptions, Mr. Perdue's continued failure to perform substantially his duties after receipt of written demand by the Board for substantial performance.

For purposes of determining treatment of an NEO's equity awards, "cause" means, to the extent that our Compensation Committee determines that it is directly and materially harmful to our business or reputation:

- a felony conviction or the failure to contest prosecution of a felony; or
- willful misconduct or dishonesty.

Involuntary Termination for Cause. In the event the NEO is involuntarily terminated for cause, in addition to the items identified under "Payments Regardless of Manner of Termination" above, all unvested equity grants, as well as all vested but unexercised stock options, will be forfeited and all vested but unpaid RSUs will be forfeited except for Mr. Perdue's vested but unpaid restricted stock units which will settle in due course.

Involuntary Termination without Cause. In the event the NEO is involuntarily terminated without cause, the NEO's equity grants will be treated as described under "Voluntary Termination with Good Reason or After Failure to Renew the Employment Agreement" above. In addition, each NEO will receive the applicable payments and benefits listed under "Voluntary Termination with Good Reason or After Failure to Renew the Employment Agreement" above.

Payments Upon Termination After a Change-in-Control

All unvested equity grants accelerate automatically upon a change-in-control (as defined in our 1998 Stock Incentive Plan) regardless of whether the NEO's employment terminates, and all CDP/SERP Plan benefits become fully vested upon a change-in-control (as defined in our CDP/SERP Plan). In addition, under our 1998 Stock Incentive Plan, the Compensation Committee may accelerate the vesting of all unvested equity grants in the event of a potential change-in-control (as defined in our 1998 Stock Incentive Plan).

In the event the NEO is involuntarily terminated without cause or resigns for good reason within 2 years of a change-in-control, in addition to the items identified under "Payments Regardless of Manner of Termination" above, the NEO will receive the following upon execution of a release of certain claims against us and our affiliates in the form attached to the NEO's employment agreement:

- Each NEO other than Mr. Perdue will receive a lump sum payment equal to 2 times the NEO's annual base salary plus 2 times the NEO's target incentive bonus, each as in effect immediately prior to the change-in-control, plus 2 times our annual contribution for the NEO's participation in our medical, dental and vision benefits program. The NEO also will receive outplacement services, at our expense, for 1 year or, if earlier, until other employment is secured.
- Mr. Perdue will receive a lump sum payment equal to 3 times the sum of his annual base salary in effect on his service termination date and the greater of his actual annual incentive bonus earned in the last fiscal year prior to his termination date or his target annual incentive bonus for the fiscal year in which the termination occurs. In addition, for 36 months after his termination date, we will pay the premium for his participation in our retiree medical plan, if any, in accordance with his elected coverage in place on his termination date (no retiree medical plan is currently in place so this benefit is not reflected in the table below regarding Mr. Perdue). We will also gross-up our payment of those premiums to the extent they are taxable to Mr. Perdue.
- We also will credit Mr. Perdue with 5 additional years of continuous service under his SERP. In determining his base salary and bonus for these additional years for purposes of calculating final average compensation, we use his base salary on his termination date (or, if higher, at the time immediately prior to the change-in-control) and the greater of his actual annual incentive bonus earned in the last fiscal year prior to his termination date or his target annual incentive bonus for the fiscal year in which the termination occurs.

If any payments or benefits in connection with a change-in-control would be subject to the excise tax under federal income tax rules, we will pay an additional amount to the NEO to cover the excise tax and any resulting taxes. However, if after receiving this payment the NEO's after-tax benefit is not at least \$25,000 more than it would be without this payment, then it will not be made and the severance and other benefits due will be reduced so that an excise tax is not incurred.

A "change-in-control" generally is deemed to occur (as more fully described in our 1998 Stock Incentive Plan, CDP/SERP Plan and in the employment agreements):

- if any person (other than Dollar General or any of our employee benefit plans) acquires 35% or more of our voting securities (other than as a result of our issuance of securities in the ordinary course of business);
- for purposes of our 1998 Stock Incentive Plan and our CDP/SERP Plan, if a majority of our Board members at the beginning of any consecutive 2-year period are replaced within that period without the approval of at least $\frac{2}{3}$ of our Board members who served as directors at the beginning of the period; for all other purposes, if a majority of our Board members as of the effective date of the applicable NEO's employment agreement (or, for Mr. Perdue, as of the effective date of the first amendment to his employment agreement) are replaced without the approval of at least 75% of our Board members who served as directors on that effective date or are replaced, even with this 75% approval, by persons who initially assumed office as a result of an actual or threatened election contest or other actual or threatened proxy solicitation other than by our Board; or
- upon the consummation of a merger, other business combination or sale of assets of, or cash tender or exchange offer or contested election with respect to, Dollar General if less than 65% (less than a majority, for purposes of our 1998 Stock Incentive Plan and our CDP/SERP Plan) of our voting securities are held after the transaction in the aggregate by holders of our securities immediately prior to the transaction.

For purposes of our 1998 Stock Incentive Plan, a "potential change-in-control" generally is deemed to occur (as more fully described in that Plan):

- if our shareholders approve an agreement which, if consummated, would result in a change-in-control, as described above; or
- if any person (other than Dollar General or any of our employee benefit plans) acquires 5% or more of our voting securities (other than as a result of our issuance of securities in the ordinary course of business).

Cash Severance	\$	0	\$	1,650,000	\$	0	\$	0	\$	0	\$	0	\$	1,650,000
Health & Welfare Continuation Payment	\$	0	\$	11,260	\$	0	\$	0	\$	0	\$	0	\$	11,260
Outplacement	\$	0	\$	15,000	\$	0	\$	0	\$	0	\$	0	\$	15,000
Section 280(G) Excise Tax & Gross-Up Due to the Event		N/A		N/A		N/A		N/A		N/A		N/A		0
Life Insurance Proceeds		N/A		N/A		N/A	\$	1,250,000		N/A		N/A		N/A
Total	\$	190,045	\$	1,866,305	\$	190,045	\$	1,440,045	\$	190,045	\$	190,045	\$	2,193,055

Name	Voluntary Without Good Reason	Involuntary Without Cause or Voluntary With Good Reason	Involuntary With Cause	Death	Disability	Retirement	Change-in- Control
Challis M. Lowe							
Vested Options Prior To Event	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Vesting of Options Due to the Event	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Vesting of Restricted Stock & RSUs Due to the Event	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 310,398
SERP Benefits Prior to the Event	\$ 39,235	\$ 39,235	\$ 39,235	\$ 39,235	\$ 39,235	\$ 39,235	\$ 39,235
SERP Benefits Due to the Event	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Deferred Comp Plan Balance Prior to and After the Event	\$ 65,046	\$ 65,046	\$ 65,046	\$ 65,046	\$ 65,046	\$ 65,046	\$ 65,046
Cash Severance	\$ 0	\$ 1,353,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,353,000
Health & Welfare Continuation Payment	\$ 0	\$ 11,260	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,260
Outplacement	\$ 0	\$ 15,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,000
Section 280(G) Excise Tax & Gross-Up Due to the Event	N/A	N/A	N/A	N/A	N/A	N/A	\$ 0
Life Insurance Proceeds	N/A	N/A	N/A	\$ 1,025,000	N/A	N/A	N/A
Total	\$ 104,281	\$ 1,483,541	\$ 104,281	\$ 1,129,281	\$ 104,281	\$ 104,281	\$ 1,793,939

Compensation Committee Interlocks and Insider Participation

Each of Messrs. Beré, Bottorff, Clayton, Dickson and Gee was a member of our Compensation Committee during all or a portion of fiscal 2006. Mr. Clayton retired from our Board in May 2006. Except for Mr. Beré, none of these persons was at any time during fiscal 2006 an officer or employee of Dollar General or any of our subsidiaries, or an officer of Dollar General or any of our subsidiaries at any time prior to fiscal 2006. Mr. Beré resigned from the Committee immediately upon becoming our President and Chief Operating Officer in November 2006. None of these persons had any relationship with Dollar General or any of our subsidiaries requiring disclosure under any paragraph of Item 404 of Regulation S-K during the period that these persons served on the Committee. None of our executive officers served as a member of a compensation committee or as a director of any entity of which any of our directors served as an executive officer during fiscal 2006.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Relationships with Management

Management Stockholder's Agreement

Simultaneously with the closing of the Transactions, we, Parent and the Management Participants who held shares of capital stock (including through the exercise of options) of Dollar General entered into one or more stockholder's agreements. The Management Stockholder's Agreement imposes significant restrictions on transfer of shares of our common stock. Generally, shares will be nontransferable by any means at any time prior to the fifth anniversary of the closing date of the Merger, except (i) sales pursuant to an effective registration statement filed by us under the Securities Act in accordance with the Management Stockholder's Agreement, (ii) a sale pursuant to the Sale Participation Agreement (described below), (iii) a sale to certain permitted transferees, or (iv) as otherwise permitted by our Board of Directors or pursuant to a waiver of the restrictions on transfers given by the Sponsor; provided, that, in the event the Sponsor or its affiliates transfer limited partnership units owned by them to a third party, such transfer restrictions shall lapse with respect to the same proportion of shares of common stock owned by a management stockholder as the proportion of limited partnership units transferred by the Sponsor and such affiliates relative to the aggregate number of limited partnership units owned by them prior to such transfer.

In the event that a management stockholder wishes to sell his or her stock at any time following the fifth anniversary but prior to the earlier of a "Change in Control" (as defined in the Management Stockholder's Agreement) or the consummation of a "Qualified Public Offering" (as defined in the Management Stockholder's Agreement), the Management Stockholder's Agreement provides us with a right of first refusal on those shares upon the same terms and conditions pursuant to which the management stockholder proposes to sell them to a third party. In the event that a registration statement is filed with respect to our common stock in the future, the Management Stockholder's Agreement prohibits management stockholders from selling shares not included in the registration statement from the time of receipt of notice that we have filed or intend to file such registration statement until 180 days (in the case of an initial public offering) or 90 days (in the case of any other public offering) of the effective date of the registration statement. The Management Stockholder's Agreement also provides for the management stockholder's ability to cause us to repurchase his outstanding stock and vested options in the event of the management stockholder's death or disability, and for our ability to cause the management stockholder to sell his stock or options back to us upon certain termination events.

Following the initial public offering of our common stock, certain members of senior management, including the executive officers (the "Senior Management Stockholders"), will have limited "piggyback" registration rights with respect to their shares of common stock in the event that certain of the Investors are selling, or causing to be sold, shares of common stock in such offering.

Sale Participation Agreement

Each Management Participant has also entered into a Sale Participation Agreement with Parent. The Sale Participation Agreement grants the Senior Management Stockholders the right to participate in any private direct or indirect sale of shares of common stock by Parent or its affiliates (such right being referred to herein as the "Tag-Along Right") and requires all management stockholders to participate in any such private sale if so elected by Parent in the event that Parent or its affiliates are proposing to sell at least 50% of the outstanding shares of common stock held by it (such right being referred to herein as the "Drag-Along Right"). The number of shares of common stock which a management stockholder would be permitted or required, as applicable to sell pursuant to the exercise of the Tag-Along Right or the Drag-Along Right is equal to the number of shares of common stock then owned by the management stockholder and his or her affiliates plus all shares of common stock

the management stockholder is entitled to acquire under any unexercised options (to the extent such options are exercisable or would become exercisable as a result of the consummation of the proposed sale), multiplied by a fraction (x) the numerator of which shall be the aggregate number of shares of common stock proposed to be transferred by Parent in the proposed sale and (y) the denominator of which shall be the total number of shares of common stock owned directly or indirectly by Parent. Management stockholders will bear the pro rata share of any fees, commissions, adjustments to purchase price, expenses or indemnities in connection with any sale of common stock under the Sale Participation Agreement.

Equity Investment by Senior Management Participants

In connection with the Merger, the Senior Management Participants were offered the opportunity to roll over portions of their equity and/or options and to purchase additional equity of Dollar General in connection with the Merger. In connection with such investment and the Merger, we adopted a new option plan pursuant to which these individuals were granted new options with respect to additional shares of common stock of Dollar General. Messrs. Beré, Tehle, Buley and Gibson and Mss. Guion, Lanigan, Lowe and Elliott each invested a total of \$2,249,995.00, \$799,996.25, \$754,863.75, \$348,703.75, \$650,007.50, \$516,026.25, \$526,650.00 and \$249,997.50, respectively.

Any shares purchased or otherwise acquired by these Senior Management Participants as described above (including any shares subject to roll over options or acquired upon exercise thereof) are subject to certain transfer limitations and repurchase rights by Dollar General.

In addition, we offered other employees a similar investment opportunity to participate in our common equity.

Pre-Merger Equity

Prior to the Merger, we maintained various share-based compensation programs which included options, restricted stock and RSUs. In connection with the Merger, the outstanding stock options, restricted stock and RSUs became fully vested immediately prior to the completion of the Merger and were settled in cash, canceled or, in limited circumstances, exchanged for new options to purchase our common stock, as described below. Unless exchanged for new options, each option holder received an amount in cash, without interest and less applicable withholding taxes, equal to the Merger Consideration less the exercise price of each option. Additionally, each restricted stock and RSU holder received Merger Consideration in cash, without interest and less applicable withholding taxes. Certain stock options held by our management were exchanged for new options to purchase our common stock. The exercise price of these roll over options and the number of shares of our common stock underlying the roll over options were adjusted as a result of the Merger. The roll over options otherwise continue under the terms of the equity plans under which they were issued.

Compensation Deferral Plan (CDP) and Supplemental Executive Retirement Plan (SERP)

The CDP, in which the executive officers participate, and the associated grantor trust agreement provide that the full amount of the benefits due under the CDP will be funded in the grantor trust within 30 days following a change in control of Dollar General, and will be payable in accordance with the terms of the CDP and trust. The Merger constituted a change in control for purposes of the CDP. Messrs. Beré, Tehle, Buley and Gibson and Mss. Guion, Lanigan, Lowe and Elliott have benefits under the CDP having approximate values as of July 6, 2007 of \$37,297.42, \$143,419.06, \$100,425.31, \$58,071.55, \$140,542.64, \$45,312.57, \$73,370.05 and \$173,186.85, respectively.

The SERP, in which the executive officers participate, provides that, in the event of a change in control of Dollar General, benefits will become immediately vested. The associated grantor trust agreement provides that the full amount of the benefits due under the SERP will be funded in the

grantor trust within 30 days following a change in control and will be payable in accordance with the terms of the SERP and the trust. The Merger constituted a change in control for purposes of the SERP. Mr. Tehle and Mss. Guion and Lowe are already vested in benefits under the SERP having approximate values as determined on July 6, 2007 of \$105,332.01, \$83,706.80 and \$41,776.60, respectively. As of the Merger, Messrs. Buley and Gibson and Mss. Lanigan and Elliott became vested in benefits under the SERP having an approximate value of \$39,125.13, \$20,035.14, \$109,199.14 and \$17,471.36, respectively, as determined on July 6, 2007. Mr. Beré has no balance in the SERP.

New Stock Incentive Plan

On July 6, 2007, our Board of Directors adopted the 2007 Stock Incentive Plan for Key Employees (the "Plan"). The new option plan provides for the granting of stock options, stock appreciation rights, and other stock-based awards or dividend equivalent rights to key employees, directors, consultants or other persons having a service relationship with us, our subsidiaries and certain of our affiliates. The number of shares of our common stock authorized for grant under the new option plan is 24,000,000.

On July 6, 2007, we granted to the Senior Management Participants non-qualified stock options to purchase 13,110,000 shares of our common stock pursuant to the terms of the Plan. In addition, on September 20, 2007 and October 5, 2007, we granted to certain other of our employees options to purchase 130,000 shares and 4,150,000 shares of our common stock, respectively, pursuant to the terms of the new option plan. SFAS 123R grant date fair values of the post-merger option grants to Messrs. Beré, Tehle, Buley and Gibson and Mss. Guion, Lanigan, Lowe and Elliott are \$6,084,450, \$2,974,620, \$2,366,175, \$1,081,680, \$2,366,175, \$1,825,335, \$1,825,335 and \$1,081,680, respectively. Half of these options will vest ratably over a five-year period solely based upon continued employment over that time period, while the other half of these options will vest based both upon continued employment and upon the achievement of predetermined annual or cumulative financial-based targets over time which coincide with our fiscal year. The options also have certain accelerated vesting provisions upon a change in control or initial public offering, as defined in the Plan. The options have a 10-year maximum expiration date and have an exercise price of \$5.00 per share, which represented the fair market value of one share of our common stock on the date of grant. We believe that the Plan has been designed to effectively align the interests of our employees and shareholders.

Other Relationships

In the past 3 fiscal years, we engaged in the following transactions with Cal Turner, Jr. or his immediate family members, as applicable. Mr. Turner served as an employee advisor to our Board (June 2003-October 2005), our Chairman (January 1989-June 2003), our Chief Executive Officer (1977-November 2002) and a member of our Board (1966-June 2003). He also owned greater than 5% of our common stock during most of his tenure with us, but his shareholdings fell below 5% during 2005.

In 1989, we entered into a collateral assignment agreement with Mr. Turner and AmSouth Bank as Trustee of the H. Calister Turner, Jr. 1982 Irrevocable Life Insurance Trust (the "Trustee") whereby we agreed to advance the premiums on a \$1 million life insurance policy on Mr. Turner's life in return for the assignment of the Trustee's interest in the policy to us to secure repayment of our premium advances. We advanced those premiums until 1999, at which time the premiums were paid from the cash surrender value of the policy. In April 2004, we received \$328,675 from the termination of the policy and we released the collateral assignment. On May 24, 2004, as a method to compensate Mr. Turner for the loss of this benefit, the Compensation Committee of our Board approved a lump sum payment to Mr. Turner in the amount of \$182,228 (the replacement cost of the insurance), with a gross up of approximately \$103,225 to cover federal income taxes and FICA.

In 1991, we entered into a split-dollar agreement with James Stephen Turner (the brother of Cal Turner, Jr.) and the trustee of the James Stephen Turner 1991 Evergreen Trust, a trust created by Mr. J.S. Turner (the "Trust"), pursuant to which we agreed to pay a single premium on a \$2.1 million life insurance policy on Mr. J.S. Turner's life. We advanced that single premium payment in 1991 and received a security interest in the insurance policy to secure the repayment of the premium. On December 31, 2003, we entered into an agreement to terminate that split-dollar agreement and the Trust delivered to us a promissory note to repay on April 1, 2004 the premium we had advanced in the approximate amount of \$295,650. Interest on this amount accrued at the rate of 3% per annum from December 31, 2003. The indebtedness was secured by a collateral assignment of the life insurance policy on Mr. J.S. Turner's life. The Trust repaid approximately \$295,650 on April 1, 2004 and accrued interest of approximately \$2,220 on April 15, 2004. We released the collateral assignment of the life insurance policy on February 11, 2004.

On October 14, 2005, we entered into a Letter Agreement with Mr. Turner regarding his retirement. The effective date of Mr. Turner's retirement was October 31, 2005. Pursuant to the Letter Agreement:

- We named him Honorary Chairman Emeritus.
- We paid him a \$1 million lump sum.
- We agreed to reimburse him up to \$100,000 for legal and/or consulting costs and fees in connection with the negotiation and preparation of the Agreement. The amount actually reimbursed in 2005 totaled approximately \$81,500.
- We agreed to provide a gross up to cover any federal income taxes and payroll tax withholdings resulting from the payment, compensation or other benefits referenced in the Agreement. The gross up amount totaled approximately \$688,500, \$25,600 and \$25,600 in 2005, 2006, and 2007, respectively.
- We transferred to him ownership of his 2004 Audi A-8 vehicle (valued at approximately \$53,600).
- We agreed to purchase Tennessee Titans box suite tickets for at least the 2005-2009 football seasons and to give him tickets for at least 8 games per season. The annual value of the tickets was approximately \$46,550, \$47,500 and \$47,500 in 2005, 2006 and 2007, respectively. Prior to this agreement, we shared this box suite with Mr. Turner, which box suite was held in his name. In 2004, we reimbursed Mr. Turner approximately \$93,000 for our use of the box suite in 2003 and 2004. In 2005, we paid approximately \$46,550 for our use of the box suite in 2005. The 2005 payment was made directly to Dream Suites, L.P., the vendor of the box suite, rather than to Mr. Turner.
- We agreed to provide Mr. Turner use for 1 year of our voicemail system.
- Mr. Turner agreed to serve for at least 3 years as Chairman and President of the Dollar General Literacy Foundation, a non-profit, public benefit, charitable entity, committed to increasing the functional literacy of adults, families and children by providing grants to other non-profit organizations committed to the advancement of literacy, and we agreed to provide an office and necessary administrative support for this position.
- Mr. Turner agreed not to compete with us for 3 years.
- We agreed to continue our commitment to adult and family literacy programs and to allow Mr. Turner to remove personal possessions from our property.
- Mr. Turner waived and released any and all known and unknown claims against us.

We also provided Mr. Turner with compensation and benefits during his tenure as employee advisor to our Board, which totaled in excess of \$120,000 in 2004 and 2005. Mr. Turner received base salary of approximately \$275,000 and \$206,258 in 2004 and 2005, respectively, certain benefits available to all part-time salaried employees generally, and other perquisites and benefits with an aggregate value of approximately \$113,444 and \$78,943 in 2004 and 2005, respectively. In addition, we granted Mr. Turner 5,000 shares of restricted stock in 2004.

Relationships with the Investors

Operating Agreements

In connection with the Transactions, the Investors (or funds affiliated with the Investors), directly or indirectly, acquired limited partnership interests in Parent and certain of such Investors also acquired membership interests in Buck Holdings, LLC, the general partner of Parent. In connection with such investments, these entities entered into a limited partnership agreement with respect to their investment in Parent and an operating agreement with respect to their investment in Parent's general partner and a registration rights agreement relating to such investment. These agreements contain agreements among the parties with respect to, among other things, restrictions on the issuance or transfer of interests, other special corporate governance provisions (including the right to approve various corporate actions), the election of managers of Parent's general partner, the election of Board members of Dollar General, and registration rights (including customary indemnification provisions).

Monitoring Agreement and Indemnity Agreement

In connection with the Transactions, we and Parent entered into a monitoring agreement, dated July 6, 2007, with an affiliate of KKR and Goldman, Sachs & Co. pursuant to which such parties have provided and will continue to provide management and advisory services to us and our affiliates. Under the terms of the monitoring agreement, among other things, we are obligated to pay an aggregate annual management fee of \$5.0 million, which amount will increase by 5.0% annually, payable quarterly in arrears at the end of each calendar quarter. The initial annual fee will be prorated for the current fiscal year. Those entities also are entitled to receive a fee equal to 1% of the gross transaction value in connection with certain subsequent financing, acquisition or disposition of assets or equity interests, recapitalization and other similar transactions, as well as a termination fee in the event of an initial public offering or under certain other circumstances. All such fees are to be split based upon an agreed upon formula, which results in an initial split of 78.38% of this fee payable to the KKR affiliate and 21.62% payable to Goldman, Sachs & Co. Under this agreement, we are also obligated to reimburse all reasonable out-of-pocket expenses incurred by such entities and their respective affiliates in connection with rendering any such services. In addition, pursuant to this agreement, we paid aggregate fees of approximately \$75 million in connection with services provided in connection with the Transactions, \$58.8 million of which was paid to the KKR affiliate and \$16.2 million of which was paid to Goldman, Sachs & Co.

In connection with entering into the monitoring agreement, on July 6, 2007 we and Parent also entered into a separate indemnification agreement with the parties to the monitoring agreement, pursuant to which we agreed to provide customary indemnification to such parties and their affiliates.

Michael M. Calbert and Raj Agrawal, two of our Board members, serve as a Member and a Director of KKR, respectively. Adrian Jones, one of our Board members, serves as a Managing Director of Goldman, Sachs & Co.

Other Relationships

In connection with the Merger, Goldman, Sachs & Co. and Citigroup Global Markets Inc. and their affiliates participated in several related transactions with us. Specifically, Goldman Sachs Credit

Partners L.P. and Citigroup Global Markets Inc., along with other institutions, served as joint lead arranger and joint bookrunner with respect to the credit agreements and related security and other agreements consisting of (i) a \$2.3 billion senior secured term loan facility (affiliates of KKR and Wellington Management Company, LLP are also lenders under this facility) and (ii) a senior secured asset-based revolving credit facility of up to \$1.125 billion. See "Description of Other Indebtedness." Goldman Sachs Credit Partners L.P. also served as syndication agent for each of the new facilities. Citicorp North America, Inc. served as administrative agent, collateral agent for the senior secured term loan facility. Goldman, Sachs & Co. also is a counterparty to certain interest rate swaps entered into in connection with these facilities. Pursuant to the swaps, which became effective on July 31, 2007, we swapped three month LIBOR rates for fixed interest rates receiving an all-in fixed rate of 7.683% which includes a 2.75% spread on a notional amount of \$2,000.0 million which will amortize on a quarterly basis until maturity at July 31, 2012. Also in connection with the Merger, Goldman, Sachs & Co. and Citigroup Global Markets Inc., along with other institutions, (i) acted as initial purchasers for our issuance of \$1,175.0 million aggregate principal amount of senior notes and \$725 million aggregate principal amount of senior subordinated notes and (ii) provided financial advisory services to, and received financial advisory fees from us, the Investors and their affiliates. Finally, in connection with the Merger, we completed a cash tender offer to purchase any and all of our \$200 million principal amount of 8-⁵/₈% Notes due June 2010. Goldman, Sachs & Co. acted as dealer manager and consent solicitation agent for that tender offer. In the aggregate, approximately \$32.0 million in fees were paid to Goldman, Sachs & Co. and its affiliates and approximately \$26.2 million in fees were paid to Citigroup Global Markets Inc. and its affiliates in connection with the foregoing transactions relating to the Merger, portions of which have been capitalized as debt financing costs or as direct acquisition costs. In addition, under the registration rights agreement, we agreed to file a "market-making" prospectus in order to enable Goldman, Sachs & Co. to engage in market-making activities for the notes.

Goldman Sachs Credit Partners L.P. and Goldman, Sachs & Co. are affiliates of GS Capital Partners VI Fund, L.P. and affiliated funds. In addition, Adrian Jones, who serves on our Board, and Sumit Rajpal, who served on our Board for a brief period following the Merger, each serve as Managing Directors of Goldman, Sachs & Co. GS Capital Partners VI Fund, L.P. and affiliated funds indirectly own approximately 22% of our common stock on a fully diluted basis. Citigroup Global Markets Inc. and Citicorp North America Inc. are affiliates of Citigroup Private Equity LP. Funds managed by Citigroup Private Equity LP indirectly own approximately 7.2% of our common stock on a fully diluted basis.

We use Capstone Consulting, LLC, a team of executives who work exclusively with KKR portfolio companies as an integral part of the value-creation process, for certain consulting services. We pay Capstone a monthly fee, currently \$210,000. Dean Nelson, who serves on our Board, is the Chief Executive Officer of Capstone. Although neither KKR nor any entity affiliated with KKR owns any of the equity of Capstone, KKR has provided financing to Capstone. We paid approximately \$78,750 of fees to Capstone for services provided in connection with the Transaction.

Related Party Transaction Approval Policy

Prior to the Merger, as a public company, we had policies and procedures in place regarding the review, approval and ratification of "related party" transactions. Those policies and procedures are described below. None of the Merger-related transactions or the transactions with the Investors discussed above were considered under the pre-existing policies and procedures.

On an annual basis, each director and executive officer is required to disclose, among other things, any relationship or transaction with us in which the director or executive officer, or any member of his or her immediate family ("related parties"), have a direct or indirect material interest. Our Legal Department determines which of those disclosed transactions or relationships fall below the related-

party transaction disclosure threshold in, or are otherwise exempt from disclosure under, Item 404 of Regulation S-K of the Exchange Act or, prior to the Merger, which fell within a Board-adopted categorical director independence standard. Prior to the Merger, our Legal Department ensured that any identified relationship or transaction that was not exempt from disclosure under Item 404 or that did not fall within a categorical director independence standard was submitted to the Board of Directors or an appropriate Board committee for consideration under our conflict of interest or other policy as further described below.

Pursuant to our Code of Business Conduct and Ethics and prior to the Merger, the Nominating and Corporate Governance Committee reviewed and resolved any conflict of interest involving directors or executive officers. In addition, if a director's relationship or transaction fell within any of the Board-adopted categorical standards for director independence, then the director's interest in the relationship or transaction was deemed immaterial in the absence of other factors for purposes of both independence and related-party transaction disclosure. Finally, prior to the Merger our Compensation Committee reviewed and approved and/or ratified all material components of executive officer compensation as further discussed in "Management—Executive Compensation—Compensation Discussion and Analysis".

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the beneficial ownership of each individual or entity known by us to own beneficially more than 5% of the outstanding shares of our common stock, (ii) each of our Named Executive Officers, (iii) each of our directors and (iv) all of directors and our executive officers as a group.

The percentages of shares outstanding are based on 554,607,027 shares of our common stock outstanding as of November 2, 2007. The amounts and percentages of shares beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing such person's ownership percentage, but not for purposes of computing any other person's percentage. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

Except as otherwise indicated in the footnotes below, each of the beneficial owners has, to our knowledge, sole voting and investment power with respect to the indicated shares. Unless otherwise noted, the address of each beneficial owner is 100 Mission Ridge, Goodlettsville, Tennessee 37072. Amounts indicated as beneficially owned by all parties other than Mr. Beré, Mr. Tehle, Mr. Buley, Ms. Guion and Ms. Lowe are indirectly held through Buck Holdings, L.P.

Name of Beneficial Owner	Number of Shares	Percent of Class
KKR(1)	288,399,897	52.00%
GS Capital Partners(2)	119,999,943	21.64%
Citigroup Capital Partners(3)	39,999,981	7.21%
CPP Investment Board (USRE II) Inc.(4)	40,000,000	7.21%
Wellington Management Company, LLP(5)	40,000,000	7.21%
Michael M. Calbert(6)	288,399,897	52.00%
Raj Agrawal(6)	288,399,897	52.00%
Adrian Jones(7)	119,999,943	21.64%
Dean B. Nelson	—	*
David L. Beré(8)	462,177	*
David A. Perdue	—	*
David M. Tehle(8)	208,001	*
Beryl J. Buley(8)	201,297	*
Kathleen R. Guion(8)	163,198	*
Challis M. Lowe(8)	131,755	*
All current directors and executive officers as a group (12 persons)(8)	409,857,995	73.77%

* Denotes less than 1% of class.

(1) Includes the following number of shares held by the following entities: KKR 2006 Fund L.P. (203,464,902.69); KKR PEI Investments, L.P. (49,999,976.09); KKR Partners III, L.P. (4,724,997.74) and Buck Holdings Co-Invest, LP (30,210,020). Buck Holdings Co-Invest GP, LLC, which is controlled by KKR 2006 GP LLC, is the general partner of Buck Holdings Co-Invest, LP, and has the right to manage the affairs of such entity, and thus is deemed to be the beneficial owner of the securities owned by such entity. However, it does not have any economic or other dispositive rights with respect to such securities and thus disclaims beneficial ownership with respect thereto.

The address of KKR is c/o Kohlberg Kravis Roberts & Co. L.P., 2800 Sand Hill Road, Suite 200, Menlo Park, CA 94025.

- (2) Includes the following number of shares held by the following entities (the "GS Funds"): GS Capital Partners VI Parallel, L.P. (12,194,145.412); GS Capital Partners VI GmbH & Co. KG (1,576,025.208); GS Capital Partners VI Fund, L.P. (44,345,094.704); GS Capital Partners VI Offshore Fund, L.P. (36,884,689.242); GSUIG, L.L.C. (4,999,997.608); Goldman Sachs DGC Investors, L.P. (6,692,778.104) and Goldman Sachs DGC Investors Offshore Holdings, L.P. (13,307,212.332). Affiliates of The Goldman Sachs Group, Inc. are the general partner, managing general partner or investment manager of each of the GS Funds, and each of the GS Funds shares voting and investment power with certain of its respective affiliates. Each of the GS Funds is affiliated with or managed by Goldman, Sachs & Co., a wholly owned subsidiary of The Goldman Sachs Group, Inc. Each of The Goldman Sachs Group, Inc. and Goldman, Sachs & Co. disclaims beneficial ownership of the shares owned by each of the GS Funds, except to the extent of their pecuniary interest therein, if any.

The address of GS Capital Partners is c/o Goldman, Sachs & Co., 85 Broad Street 10th floor, New York, New York 10004.

- (3) Includes the following number of shares held by the following entities: Citigroup Capital Partners II Employee Master Fund, L.P. (8,598,705.956); Citigroup Capital Partners II 2007 Citigroup Investment, L.P. (7,655,121.066); Citigroup Capital Partners II Onshore, L.P. (3,881,957.266); Citigroup Capital Partners II Cayman Holdings, L.P. (4,864,203.756) and CPE Co-Investment (Dollar General) LLC (14,999,997.608).

The address of Citigroup Capital Partners is c/o Citigroup Inc., 388 Greenwich Street, 32nd Floor, New York, New York 10013.

- (4) The Address of CPP Investment Board (USRE II) Inc. is c/o Canada Pension Plan Investment Board, One Queen Street East, Suite 2600, Toronto, ON M5C 2W5, Canada.
- (5) Includes the following number of shares held by the following entities: Buck Co-Investor I, LLC (17,933,540); Buck Co-Investor II, LLC (827,780); Buck Co-Investor III, LLC (7,365,100); Buck Co-Investor IV, LLC (5,822,740); Buck Co-Investor V, LLC (2,201,580); Buck Co-Investor VI, LLC (499,900), Buck Co-Investor VII, LLC (2,252,700), Buck Co-Investor VIII, LLC (445,820), Buck Co-Investor IX, LLC (281,560), Buck Co-Investor X, LLC (609,280), Buck Co-Investor XI, LLC (1,160,000), Buck Co-Investor XII, LLC (476,000), and Buck Co-Investor XIII, LLC (124,000).

The address of Wellington Management Company, LLP is 75 State Street, Boston, Massachusetts 02109.

- (6) Messrs. Michael M. Calbert and Raj Agrawal are our directors and are executives of KKR, and as such may be deemed to share beneficial ownership of any shares beneficially owned by KKR, but disclaim such beneficial ownership except to the extent of their pecuniary interest in those shares.
- (7) Mr. Adrian Jones is our director and an executive of GS Capital Partners, but disclaims any beneficial ownership except to the extent of his pecuniary interest in those shares.
- (8) Includes the following number of shares subject to options either currently exercisable or exercisable within 60 days of November 2, 2007 over which the person will not have voting or investment power until the options are exercised: Mr. Beré (48,712); Mr. Tehle (192,007); Mr. Buley (201,297); Ms. Guion (132,786); Ms. Lowe (105,700); and all current directors and executive officers as a group (955,628). The shares described in this note as included in the table are considered outstanding for the purpose of computing the percentage of outstanding stock owned by each named person and by the group, but not for the purpose of computing the percentage ownership of any other person.

DESCRIPTION OF OTHER INDEBTEDNESS

Senior Secured Credit Facilities

Overview

In connection with the Transactions, we entered into two senior secured credit agreements, each with Goldman Sachs Credit Partners L.P., Citicorp North America Inc., Lehman Brothers Inc. and Wachovia Capital Markets, LLC, each as joint lead arranger and joint bookrunner. The CIT Group/Business Credit, Inc. is administrative agent under the senior secured credit agreement for the asset-based revolving credit facility and Citicorp North America, Inc. is administrative agent under the senior secured credit agreement for the term loan facility. We refer to these new facilities as the "New Credit Facilities."

The New Credit Facilities provided senior secured financing of \$3.425 billion, consisting of:

- \$2.3 billion in a senior secured term loan facility; and
- a senior secured asset-based revolving credit facility of up to \$1.125 billion (of which up to \$350.0 million is available for letters of credit), subject to borrowing base availability.

The term loan facility consists of two tranches, one of which is a "first-loss" tranche, which, in certain circumstances, will be subordinated in right of payment to the other tranche of the term loan facility.

The borrower under the New Credit Facilities on the closing date was Dollar General. In addition, certain of our subsidiaries were designated as borrowers under the asset-based revolving credit facility described above. The asset-based revolving credit facility includes borrowing capacity available for letters of credit and for short-term borrowings referred to as swingline loans.

The New Credit Facilities provide that we will have the right at any time to request up to \$325.0 million of incremental commitments under one or more incremental term loan facilities and/or asset-based revolving credit facilities. The lenders under these facilities are not under any obligation to provide any such incremental commitments and any such addition of or increase in commitments will be subject to our not exceeding certain senior secured leverage ratios and certain other customary conditions precedent. Our ability to obtain extensions of credit under these incremental commitments are also subject to the same conditions as extensions of credit under the New Credit Facilities.

The amount from time to time available under the senior secured asset-based revolving credit facility (including in respect of letters of credit) shall not exceed the sum of the tranche A borrowing base and the tranche A-1 borrowing base. The tranche A borrowing base will equal the sum of (i) 85% of the net orderly liquidation value of all eligible inventory of ours and each co-borrower and each guarantor thereunder and (ii) 90% of all accounts receivable and credit/debit card receivables of ours and each co-borrower and each guarantor thereunder, in each case, subject to a reserve equal to the principal amount of the 2010 Notes that remain outstanding at any time on or after the closing date and other customary reserves and eligibility criteria to be agreed. The tranche A-1 borrowing base will equal 10% to 12% of the net orderly liquidation value of all eligible inventory of ours and each co-borrower and each guarantor under the asset-based revolving credit facility. All loans under the asset-based revolving credit facility shall be made as tranche A-1 loans until such time as all tranche A-1 commitments have been funded or there is no further availability under the tranche A-1 borrowing base, at which point loans under the asset-based revolving credit facility shall be made as tranche A loans. Any payments made on the principal amount of the loans outstanding under the asset-based revolving credit facility will first be applied to all the tranche A loans outstanding before any amount will be applied to the tranche A-1 loans outstanding.

Interest Rate and Fees

Borrowings under the New Credit Facilities bear interest at a rate equal to an applicable margin plus, at our option, either (a) a LIBOR rate adjusted for certain additional costs or (b) a base rate, in each case plus a spread. The initial applicable margin for borrowings will be (i) under the asset-based revolving credit facility, 1.50% with respect to LIBOR borrowings of tranche A loans and 0.50% with respect to base-rate borrowings and 2.25% with respect to LIBOR borrowings of tranche A-1 loans and 1.25% with respect to base-rate borrowings of tranche A-1 loans and (ii) under the term loan facility, 2.75% with respect to LIBOR borrowings and 1.75% with respect to base-rate borrowings. The applicable margins for tranche A-1 borrowings under the asset-based revolving credit facility are subject to adjustment each quarter based on average daily excess availability for the preceding fiscal quarter.

In addition to paying interest on outstanding principal under the New Credit Facilities, we are required to pay a commitment fee to the lenders under the asset-based revolving credit facility in respect of the unutilized commitments thereunder. The initial commitment fee rate is 0.375% per annum. The commitment fee rate under the tranche A will be reduced to 0.25% per annum at any time the undrawn portion in respect of the tranche A of the asset-based revolving credit facility is equal to or less than 50% of the aggregate commitments under the asset-based revolving credit facility. We must also pay customary letter of credit fees.

Prepayments

The senior secured credit agreement for the term loan facility requires us to prepay outstanding term loans, subject to certain exceptions, with:

- 50% of our annual excess cash flow (as defined in the credit agreement) commencing with the first full fiscal year following the date of the closing of the Transactions (which percentage will be reduced to 25% and 0% based on achievement of certain leverage ratios);
- 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of property in excess of an amount to be agreed upon and subject to our right to reinvest the proceeds; and
- 100% of the net cash proceeds of any incurrence of debt, other than proceeds from debt permitted under the senior secured credit agreement for the term loan facility.

The foregoing mandatory prepayments will be applied to the term loan facility as directed by the senior secured credit agreement for the term loan facility.

In addition, the senior secured credit agreement for the asset-based revolving credit facility requires us to prepay the asset-based revolving credit facility, subject to certain exceptions, with:

- 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of revolving facility collateral (as defined below) in excess of an amount to be agreed upon and subject to our right to reinvest the proceeds; and
- to the extent such extensions of credit exceed the then current borrowing bases (as defined in the senior secured credit agreement for the asset-based revolving credit facility).

Beginning September 30, 2009, we are required to repay installments on the loans under the term loan credit facility in equal quarterly principal amounts in an aggregate amount per annum equal to 1% of the total funded principal amount at July 6, 2007, with the balance payable on July 6, 2014. There is no amortization under the asset-based revolving credit facility. The entire principal amounts (if any) outstanding under the asset-based revolving credit facility are due and payable in full at maturity, on July 6, 2013, on which day the commitments thereunder will terminate.

If a change of control as defined in the senior secured credit agreements governing our New Credit Facilities occurs, this will cause an event of default under the senior secured credit agreements. Upon an event of default, indebtedness under the New Credit Facilities may be accelerated, in which case we will be required to repay all outstanding loans plus accrued and unpaid interest and all other amounts outstanding under the New Credit Facilities.

Letters of Credit

\$350.0 million of our asset-based revolving credit facility is available for letters of credit.

Amortization

We are required to repay installments on the loans under the term loan facility in equal quarterly principal amounts in an aggregate amount per annum equal to 1% of the total funded principal amount at July 6, 2007 with the balance payable on July 6, 2014.

Principal amounts outstanding under the asset-based revolving credit facility are due and payable in full at maturity, July 6, 2013 on which day the commitments thereunder will terminate.

Guarantee and Security

All obligations under the New Credit Facilities are initially unconditionally guaranteed by substantially all of our existing and future domestic subsidiaries (excluding certain immaterial subsidiaries and certain subsidiaries designated by us under our senior secured credit agreements as "unrestricted subsidiaries"), referred to, collectively, as U.S. Guarantors.

All obligations under the asset-based revolving credit facility, and the guarantees of those obligations, are secured by all existing and after-acquired inventory, accounts receivable, and other assets arising from such inventory and accounts receivable, of ours and each U.S. Guarantor (the "Revolving Facility Collateral"), subject to certain exceptions.

All obligations under the term loan facility and the guarantees of those obligations are secured by:

- a second-priority security interest in the Revolving Facility Collateral;
- a first priority security interest in, and mortgages on, substantially all of the tangible and intangible assets of ours and each U.S. Guarantor (other than the Revolving Facility Collateral); and
- a first-priority pledge of 100% of the capital stock held by us or any of our domestic subsidiaries that are directly owned by us or one of the U.S. Guarantors and 65% of the voting capital stock of each of our existing and future foreign subsidiaries that are directly owned by us or one of the U.S. Guarantors.

Certain Covenants and Events of Default

The senior secured credit agreements contain a number of covenants that, among other things, restrict, subject to certain exceptions, our ability to:

- incur additional indebtedness;
- sell assets;
- pay dividends and distributions or repurchase our capital stock;
- make investments or acquisitions;
- repay or repurchase subordinated indebtedness (including the senior subordinated notes) or the senior notes;
- amend material agreements governing our subordinated indebtedness (including the senior subordinated notes) or the senior notes; and
- change our lines of business.

The senior secured credit agreements also contain certain customary affirmative covenants and events of default.

2010 Notes and Other Indebtedness

On July 6, 2007, immediately after the completion of the Merger, we completed a cash tender offer to purchase any and all of our \$200 million principal amount of the 2010 Notes. Approximately 99% of the 2010 Notes were validly tendered and accepted for payment. The tender offer included a consent payment equal to 3% of the par value of the 2010 Notes, and such payments along with associated settlement costs totaling \$6.2 million were paid and reflected as a loss on debt retirement in the 2007 periods presented. Additionally, because we received the requisite consents to the proposed amendments to the indenture pursuant to which the 2010 Notes were issued, a supplemental indenture to effect such amendments was executed and delivered. The amendments, which eliminated substantially all of the restrictive covenants contained in the indenture, became operative upon the purchase of the tendered 2010 Notes.

At November 2, 2007, we had outstanding standby letters of credit totaling \$68.8 million and commercial letters of credit totaling \$43.7 million.

THE EXCHANGE OFFER

General

We are offering to exchange a like principal amount of exchange notes for any or all outstanding notes on the terms and subject to the conditions set forth in this prospectus and accompanying letter of transmittal. We refer to the offer as the "exchange offer." You may tender some or all of your outstanding notes pursuant to the exchange offer.

As of the date of this prospectus, \$1,175,000,000 aggregate principal amount of 10.625% Senior Notes and \$725,000,000 aggregate principal amount of 11.875%/12.625% Senior Subordinated Notes are outstanding. This prospectus, together with the letter of transmittal, is first being sent to all holders of outstanding notes known to us on or about [redacted], 2007. Our obligation to accept outstanding notes for exchange pursuant to the exchange offer is subject to certain conditions set forth under "Conditions to the exchange offer" below. We currently expect that each of the conditions will be satisfied and that no waivers will be necessary.

Purpose and effect of the exchange offer

We entered into a registration rights agreement with the initial purchasers of the outstanding notes in which we agreed, under certain circumstances, to file a registration statement relating to an offer to exchange the outstanding notes for exchange notes. We also agreed to use our reasonable best efforts to cause this registration statement to be declared effective and to cause the exchange offer to be consummated within 270 days after the issue date of the outstanding notes. The exchange notes will have terms substantially identical to the terms of the corresponding outstanding notes, except that the exchange notes will be registered under the Securities Act, and will not contain terms with respect to transfer restrictions or additional interest upon a failure to fulfill certain of our obligations under the registration rights agreement. The outstanding notes were issued on July 6, 2007.

Under the circumstances set forth below, we will use our reasonable best efforts to cause the SEC to declare effective a shelf registration statement with respect to the resale of the outstanding notes within the time periods specified in the registration rights agreement and to keep the shelf registration statement effective for two years or such shorter period ending when all outstanding notes or exchange notes covered by the statement have been sold in the manner set forth and as contemplated in the statement or to the extent that the applicable provisions of Rule 144 (k) under the Securities Act are amended or revised. These circumstances include:

- if applicable law or interpretations of the staff of the SEC do not permit us and the guarantors to effect this exchange offer;
- if for any other reason the exchange offer is not consummated within 270 days of the issue date of the outstanding notes;
- any initial purchaser requests in writing to us within 30 days after the consummation of this exchange offer with respect to outstanding notes that are not eligible to be exchanged for exchange notes in the exchange offer and held by it following the consummation of the exchange offer; or
- if any holder of the outstanding notes that participates in the exchange offer does not receive exchange notes that may be sold without restriction in exchange for its tendered outstanding notes (other than due solely to the status of such holder as an affiliate of ours) and notifies us within 30 days after becoming aware of restrictions; or
- if we so elect.

If we fail to comply with certain obligations under the registration rights agreement, we will be required to pay additional interest to holders of the outstanding notes and the exchange notes required

to be registered on a shelf registration statement. Please read the section "Registration Rights" for more details regarding the registration rights agreement.

If you wish to exchange your outstanding notes for exchange notes in the exchange offer, you will be required to make the following written representations:

- you will acquire the exchange notes in the ordinary course of your business;
- you have no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the exchange notes in violation of the provisions of the Securities Act;
- you are not our affiliate, as defined by Rule 405 of the Securities Act, or if you are an affiliate, you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable; and
- you are not engaged in, and do not intend to engage in, a distribution of exchange notes.

Each broker-dealer that receives exchange notes for its own account in exchange for outstanding notes, where the broker-dealer acquired the outstanding notes as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. Please see "Plan of Distribution."

Resale of exchange notes

Based on interpretations by the staff of the SEC as set forth in no-action letters issued to third parties referred to below, we believe that you may resell or otherwise transfer exchange notes issued in the exchange offer without complying with the registration and prospectus delivery provisions of the Securities Act, if:

- you are acquiring the exchange notes in your ordinary course of business;
- you do not have an arrangement or understanding with any person to participate in a distribution of the exchange notes;
- you are not our affiliate as defined by Rule 405 of the Securities Act; and
- you are not engaged in, and do not intend to engage in, a distribution of the exchange notes.

If you are an affiliate, or are engaging in, or intend to engage in, or have any arrangement or understanding with any person to participate in, a distribution of the exchange notes, or are not acquiring the exchange notes in the ordinary course of your business, then:

- you cannot rely on the position of the staff of the SEC enunciated in *Morgan Stanley & Co., Inc.* (available June 5, 1991), *Exxon Capital Holdings Corporation* (available May 13, 1988), as interpreted in the SEC's letter to *Shearman & Sterling* dated July 2, 1993, or similar no-action letters; and
- in the absence of an exception from the position stated immediately above, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes.

This prospectus may be used for an offer to resell, for the resale or for other retransfer of exchange notes only as specifically set forth in this prospectus. With regard to broker-dealers, only broker-dealers that acquired the outstanding notes as a result of market-making activities or other trading activities may participate in the exchange offer. Each broker-dealer that receives exchange notes for its own account in exchange for outstanding notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. Please read "Plan of Distribution" for more details regarding the transfer of exchange notes.

Terms of the exchange offer

On the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal, we will accept for exchange in the exchange offer outstanding notes that are validly tendered and not validly withdrawn prior to the expiration date. Outstanding notes may only be tendered in denominations of \$2,000 and integral multiples of \$1,000 in excess of \$2,000. We will issue \$2,000 principal amount or an integral multiple of \$1,000 of exchange notes in exchange for a corresponding principal amount of outstanding notes surrendered in the exchange offer.

The form and terms of the exchange notes will be substantially identical to the form and terms of the corresponding outstanding notes, except that the exchange notes will not contain terms with respect to transfer restrictions or additional interest upon a failure to fulfill certain of our obligations under the registration rights agreement. The exchange notes will evidence the same debt as the corresponding outstanding notes. The exchange notes will be issued under and entitled to the benefits of the same indentures under which the corresponding outstanding notes were issued, and the exchange notes and the corresponding outstanding notes will constitute a single class for all purposes under the indentures. For a description of the indentures, please see "Description of Senior Notes" and "Description of Senior Subordinated Notes."

The exchange offer is not conditioned upon any minimum aggregate principal amount of outstanding notes being tendered for exchange.

As of the date of this prospectus, \$1,175,000,000 aggregate principal amount of 10.625% Senior Notes and \$725,000,000 aggregate principal amount of 11.875%/12.625% Senior Subordinated Notes is outstanding. This prospectus and a letter of transmittal are being sent to all registered holders of outstanding notes. There will be no fixed record date for determining registered holders of outstanding notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations of the SEC. Outstanding notes that are not tendered for exchange in the exchange offer will remain outstanding and continue to accrue interest and will be entitled to the rights and benefits that such holders have under the indenture relating to such holders' outstanding notes, except for any rights under the registration rights agreement that by their terms terminate upon the consummation of the exchange offer.

We will be deemed to have accepted for exchange properly tendered outstanding notes when we have given oral or written notice of the acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the exchange notes from us and delivering exchange notes to holders. Subject to the terms of the registration rights agreement, we expressly reserve the right to amend or terminate the exchange offer and to refuse to accept the occurrence of any of the conditions specified below under "Conditions to the exchange offer".

Holders who tender outstanding notes in the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of outstanding notes. We will pay all charges and expenses, other than certain applicable taxes described below, in connection with the exchange offer. It is important that you read "Fees and expenses" below for more details regarding fees and expenses incurred in the exchange offer.

Expiration Date; Extensions, Amendments

As used in this prospectus, the term "expiration date" means 5:00 p.m., New York City time, on _____, 2008 which is the 21st business day after the date of this prospectus. However, if we, in our sole discretion, extend the period of time for which the exchange offer is open, the term "expiration date"

will mean the latest time and date to which we shall have extended the expiration of the exchange offer.

To extend the period of time during which the exchange offer is open, we will notify the exchange agent of any extension by oral or written notice, followed by notification to the registered holders of the outstanding notes no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

We reserve the right, in our sole discretion:

- to delay accepting for exchange any outstanding notes (only if we amend or extend the applicable exchange offer);
- to extend the exchange offer or to terminate the exchange offer and to refuse to accept outstanding notes not previously accepted if any of the conditions set forth below under "Conditions to the exchange offer" have not been satisfied, by giving oral or written notice of such delay, extension or termination to the exchange agent; and
- subject to the terms of the registration rights agreement, to amend the terms of the exchange offer in any manner.

Any delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice to the registered holders of the outstanding notes. If we amend the exchange offer in a manner that we determine to constitute a material change, including the waiver of a material condition, we will promptly disclose the amendment by press release or other public announcement as required by Rule 14e-1(d) of the Exchange Act and will extend the offer period if necessary so that at least five business days remain in the offer following notice of the material change.

Conditions to the exchange offer

Despite any other term of the exchange offer, we will not be required to accept for exchange, or to issue exchange notes in exchange for, any outstanding notes, and we may terminate or amend the exchange offer as provided in this prospectus before accepting any outstanding notes for exchange, if:

- the exchange offer, or the making of any exchange by a holder of outstanding notes, violates any applicable law or interpretation of the staff of the SEC;
- any action or proceeding shall have been instituted or threatened in any court or by any governmental agency that might materially impair our ability to proceed with the exchange offer, and any material adverse development shall have occurred in any existing action or proceeding with respect to us; or
- we shall not have obtained all governmental approvals that we deem necessary for the consummation of the exchange offer.

In addition, we will not be obligated to accept for exchange the outstanding notes of any holder that has not made to us:

- the representations described under "Purpose and effect of the exchange offer" and "Procedures for tendering outstanding notes"; and
- any other representations as may be reasonably necessary under applicable SEC rules, regulations, or interpretations to make available to us an appropriate form for registration of the exchange notes under the Securities Act.

We expressly reserve the right at any time or at various times to extend the period of time during which the exchange offer is open. Consequently, we may delay acceptance of any outstanding notes by notice by press release or other public announcement as required by Rule 14e-1(d) of the Exchange Act of such extension. During any such extensions, all outstanding notes previously tendered will

remain subject to the exchange offer, and we may accept them for exchange. We will return any outstanding notes that we do not accept for exchange for any reason without expense to their tendering holder promptly after the expiration or termination of the exchange offer.

We expressly reserve the right to amend or terminate the exchange offer and to reject for exchange any outstanding notes not previously accepted for exchange upon the occurrence of any of the conditions of the exchange offer specified above. We will promptly give notice by press release or other public announcement as required by Rule 14e-1(d) of the Exchange Act of any extension, amendment, non-acceptance or termination to the holders of the outstanding notes. In the case of any extension, such notice will be issued no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

These conditions are for our sole benefit, and we may assert them regardless of the circumstances that may give rise to them so long as such circumstances do not arise due to our action or inaction or waive them in whole or in part at any or at various times in our sole discretion. If we fail at any time to exercise any of these rights, it will not constitute a waiver of such right. Each such right will be deemed an ongoing right that we may assert at any time or at various times.

Procedures for tendering outstanding notes

Only a holder of outstanding notes may tender their outstanding notes in the exchange offer. To tender outstanding notes in the exchange offer, you must comply with either of the following:

- complete, sign and date the letter of transmittal or a facsimile of the letter of transmittal, have the signature(s) on the letter of transmittal guaranteed if required by the letter of transmittal and mail or deliver such letter of transmittal or facsimile to the exchange agent prior to the expiration date; or
- comply with DTC's Automated Tender Offer Program procedures described below.

In addition, either:

- the exchange agent must receive outstanding notes along with the letter of transmittal; or
- prior to the expiration date, the exchange agent must receive a timely confirmation of book-entry transfer of outstanding notes into the exchange agent's account at DTC according to the procedure for book-entry transfer described below or a properly transmitted agent's message; or
- the holder must comply with the guaranteed delivery procedures described below.

To be tendered effectively, the exchange agent must receive any physical delivery of the letter of transmittal and other required documents at the address set forth below under "Exchange agent" prior to the expiration date.

Your tender to us that is not withdrawn prior to the expiration date constitutes an agreement between us and you upon the terms and subject to the conditions described in this prospectus and in the letter of transmittal.

The method of delivery of outstanding notes, letter of transmittal and all other required documents to the exchange agent is at your election and risk. Rather than mail these items, we recommend that you use an overnight or hand delivery service. In all cases, you should allow sufficient time to assure timely delivery to the exchange agent before the expiration date. You should not send letters of transmittal or certificates representing outstanding notes to us. You may request that your broker, dealer, commercial bank, trust company or other nominee effect the above transactions for you.

If you are a beneficial owner whose outstanding notes are held in the name of a broker, dealer, commercial bank, trust company, or other nominee and you wish to tender your outstanding notes, you should promptly instruct the registered holder to tender outstanding notes on your behalf.

You must make these arrangements or follow these procedures before completing and executing the letter of transmittal and delivering the outstanding notes.

Signatures on the letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the U.S. or another "eligible guarantor institution" within the meaning of Rule 17A(d)-15 under the Exchange Act unless the outstanding notes surrendered for exchange are tendered:

- by a registered holder of the outstanding notes who has not completed the box entitled "Special Registration Instructions" or "Special Delivery Instructions" on the letter of transmittal; or
- for the account of an eligible guarantor institution.

If the applicable letter of transmittal is signed by a person other than the registered holder of any outstanding notes listed on the outstanding notes, such outstanding notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder's name appears on the outstanding notes and an eligible guarantor institution must guarantee the signature on the bond power.

If the applicable letter of transmittal or any certificates representing outstanding notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, those persons should also indicate when signing and, unless waived by us, they should also submit evidence satisfactory to us of their authority to so act.

The exchange agent and DTC have confirmed that any financial institution that is a participant in DTC's system may use DTC's Automated Tender Offer Program to tender. Participants in the program may, instead of physically completing and signing the letter of transmittal and delivering it to the exchange agent, electronically transmit their acceptance of the exchange by causing DTC to transfer the outstanding notes to the exchange agent in accordance with DTC's Automated Tender Offer Program procedures for transfer. DTC will then send an agent's message to the exchange agent. The term "agent's message" means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, that states that:

- DTC has received an express acknowledgment from a participant in its Automated Tender Offer Program that is tendering outstanding notes that are the subject of the book-entry confirmation;
- the participant has received and agrees to be bound by the terms of the letter of transmittal or, in the case of an agent's message relating to guaranteed delivery, such participant has received and agrees to be bound by the applicable notice of guaranteed delivery; and
- we may enforce that agreement against such participant.

Acceptance of exchange notes

In all cases, we will promptly issue exchange notes for outstanding notes that we have accepted for exchange under the applicable exchange offer only after the exchange agent timely receives:

- outstanding notes or a timely book-entry confirmation of such outstanding notes into the exchange agent's account at the applicable book-entry transfer facility; and
- a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent's message.

By tendering outstanding notes pursuant to the applicable exchange offer, you will represent to us that, among other things:

- you are not our affiliate or an affiliate of any guarantor within the meaning of Rule 405 under the Securities Act;
- you do not have an arrangement or understanding with any person or entity to participate in a distribution of the exchange notes; and
- you are acquiring the exchange notes in the ordinary course of your business.

In addition, each broker-dealer that is to receive exchange notes for its own account in exchange for outstanding notes must represent that such outstanding notes were acquired by that broker-dealer as a result of market-making activities or other trading activities and must acknowledge that it will deliver a prospectus that meets the requirements of the Securities Act in connection with any resale of the exchange notes. The applicable letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. See "Plan of Distribution."

We will interpret the terms and conditions of the exchange offer, including the letters of transmittal and the instructions to the letters of transmittal, and will resolve all questions as to the validity, form, eligibility, including time of receipt, and acceptance of outstanding notes tendered for exchange. Our determinations in this regard will be final and binding on all parties. We reserve the absolute right to reject any and all tenders of any particular outstanding notes not properly tendered or to not accept any particular outstanding notes if the acceptance might, in our or our counsel's judgment, be unlawful. We also reserve the absolute right to waive any defects or irregularities as to any particular outstanding notes prior to the expiration date.

Unless waived, any defects or irregularities in connection with tenders of outstanding notes for exchange must be cured within such reasonable period of time as we determine. Neither we, the exchange agent, nor any other person will be under any duty to give notification of any defect or irregularity with respect to any tender of outstanding notes for exchange, nor will any of them incur any liability for any failure to give notification. Any outstanding notes received by the exchange agent that are not properly tendered and as to which the irregularities have not been cured or waived will be returned by the exchange agent to the tendering holder, unless otherwise provided in the applicable letter of transmittal, promptly after the expiration date.

Book-entry delivery procedures

Promptly after the date of this prospectus, the exchange agent will establish an account with respect to the outstanding notes at DTC as the book-entry transfer facility, for purposes of the exchange offer. Any financial institution that is a participant in the book-entry transfer facility's system may make book-entry delivery of the outstanding notes by causing the book-entry transfer facility to transfer those outstanding notes into the exchange agent's account at the facility in accordance with the facility's procedures for such transfer. To be timely, book-entry delivery of outstanding notes requires receipt of a confirmation of a book-entry transfer, a "book-entry confirmation," prior to the expiration date. In addition, although delivery of outstanding notes may be effected through book-entry transfer into the exchange agent's account at the applicable book-entry transfer facility, the applicable letter of transmittal or a manually signed facsimile thereof, together with any required signature guarantees and any other required documents, or an "agent's message," as defined below, in connection with a book-entry transfer, must, in any case, be delivered or transmitted to and received by the exchange agent at its address set forth on the cover page of the applicable letter of transmittal prior to the expiration date to receive exchange notes for tendered outstanding notes, or the guaranteed delivery procedure described below must be complied with. Tender will not be deemed made until such

documents are received by the exchange agent. Delivery of documents to the applicable book-entry transfer facility does not constitute delivery to the exchange agent.

Guaranteed delivery procedures

If you wish to tender outstanding notes that are not immediately available or you cannot deliver your outstanding notes, the letter of transmittal or any other required documents to the exchange agent or comply with the applicable procedures under DTC's Automatic Tender Offer Program prior to the expiration date, you may still tender if:

- the tender is made through an Eligible Guarantor Institution;
- prior to the expiration date, the exchange agent receives from such Eligible Guarantor Institution either: (i) a properly completed and duly executed notice of guaranteed delivery, by facsimile transmission, mail, or hand delivery or (ii) a properly transmitted agent's message and notice of guaranteed delivery, that (a) sets forth your name and address, the certificate number(s) of such outstanding notes and the principal amount of outstanding notes tendered; (b) states that the tender is being made by that notice of guaranteed delivery; and (c) guarantees that, within three New York Stock Exchange trading days after the expiration date, the letter of transmittal, or facsimile thereof, together with the outstanding notes or a book-entry confirmation, and any other documents required by the letter of transmittal, will be deposited by the Eligible Guarantor Institution with the exchange agent; and
- the exchange agent receives the properly completed and executed letter of transmittal or facsimile thereof, as well as certificate(s) representing all tendered outstanding notes in proper form for transfer or a book-entry confirmation of transfer of the outstanding notes into the exchange agent's account at DTC, and all other documents required by the letter of transmittal within three New York Stock Exchange trading days after the expiration date.

Upon request, the exchange agent will send to you a notice of guaranteed delivery if you wish to tender your notes according to the guaranteed delivery procedures.

Withdrawal rights

Except as otherwise provided in this prospectus, you may withdraw your tender of outstanding notes at any time prior to 5:00 p.m., New York City time, on the expiration date. For a withdrawal to be effective:

- the exchange agent must receive a written notice, which may be by telegram, telex, facsimile or letter, of withdrawal; or
- you must comply with the appropriate procedures of DTC's Automated Tender Offer Program system;

Any notice of withdrawal must:

- specify the name of the person who tendered the outstanding notes to be withdrawn;
- identify the outstanding notes to be withdrawn, including the certificate numbers and principal amount of the outstanding notes; and
- where certificates for outstanding notes have been transmitted, specify the name in which such outstanding notes were registered, if different from that of the withdrawing holder.

If certificates for outstanding notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of such certificates, you must also submit:

- the serial numbers of the particular certificates to be withdrawn; and

- a signed notice of withdrawal with signatures guaranteed by an eligible institution unless you are an eligible guarantor institution.

If outstanding notes have been tendered pursuant to the procedures for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn outstanding notes and otherwise comply with the procedures of the facility. We will determine all questions as to the validity, form, and eligibility, including time of receipt of notices of withdrawal and our determination will be final and binding on all parties. Any outstanding notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer. Any outstanding notes that have been tendered for exchange but that are not exchanged for any reason will be returned to their holder, without cost to the holder, or, in the case of book-entry transfer, the outstanding notes will be credited to an account at the book-entry transfer facility, promptly after withdrawal, rejection of tender or termination of the applicable exchange offer. Properly withdrawn outstanding notes may be retendered by following the procedures described under "Procedures for tendering outstanding notes" above at any time on or prior to the expiration date.

Exchange agent

Wells Fargo Bank, National Association has been appointed as the exchange agent for the exchange offer. Wells Fargo Bank, National Association also acts as trustee under the indentures governing the notes. You should direct all executed letters of transmittal and all questions and requests for assistance, requests for additional copies of this prospectus or of the letters of transmittal, and requests for notices of guaranteed delivery to the exchange agent addressed as follows:

By Registered or Certified Mail:

Wells Fargo Bank,
National Association
Corporate Trust Department
707 Wilshire Blvd, 17th Floor
Los Angeles, CA 90017
(Attn: Madeliena Hall)

By Facsimile Transmission:

213-614-3355

To Confirm by Telephone:

213-614-2588

*By Overnight Courier or Hand
Delivery:*

Wells Fargo Bank,
National Association
Corporate Trust Department
707 Wilshire Blvd, 17th Floor
Los Angeles, CA 90017
(Attn: Madeliena Hall)

If you deliver the letter of transmittal to an address other than the one set forth above or transmit instructions via facsimile other than the one set forth above, that delivery or those instructions will not be effective.

Fees and expenses

The registration rights agreement provides that we will bear all expenses in connection with the performance of our obligations relating to the registration of the exchange notes and the conduct of the exchange offer. These expenses include registration and filing fees, accounting and legal fees and printing costs, among others. We will pay the exchange agent reasonable and customary fees for its services and reasonable out-of-pocket expenses. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for customary mailing and handling expenses incurred by them in forwarding this prospectus and related documents to their clients that are holders of outstanding notes and for handling or tendering for such clients.

We have not retained any dealer-manager in connection with the exchange offer and will not pay any fee or commission to any broker, dealer, nominee or other person, other than the exchange agent, for soliciting tenders of outstanding notes pursuant to the exchange offer.

Accounting treatment

We will record the exchange notes in our accounting records at the same carrying value as the outstanding notes, which is the aggregate principal amount as reflected in our accounting records on the date of exchanges. Accordingly, we will not recognize any gain or loss for accounting purposes upon the consummation of the exchange offer. We will record the expenses of the exchange offer as incurred.

Transfer taxes

We will pay all transfer taxes, if any, applicable to the exchanges of outstanding notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing outstanding notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of outstanding notes tendered;
- tendered outstanding notes are registered in the name of any person other than the person signing the letter of transmittal; or
- a transfer tax is imposed for any reason other than the exchange of outstanding notes under the exchange offer.

If satisfactory evidence of payment of such taxes is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed to that tendering holder.

Holders who tender their outstanding notes for exchange will not be required to pay any transfer taxes. However, holders who instruct us to register exchange notes in the name of, or request that outstanding notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be required to pay any applicable transfer tax.

Consequences of failure to exchange

If you do not exchange your outstanding notes for exchange notes in the exchange offer, your outstanding notes will remain subject to the restrictions on transfer as set forth in the legend printed on the outstanding notes as a consequence of the issuance of the outstanding notes pursuant to the exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws.

In general, you may not offer or sell your outstanding notes unless they are registered under the Securities Act or if the offer or sale is exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the outstanding notes under the Securities Act.

Other

Participating in the exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

We may in the future seek to acquire untendered outstanding notes in open market or privately negotiated transactions, through subsequent exchange offer or otherwise. We have no present plans to acquire any outstanding notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered outstanding notes.

DESCRIPTION OF SENIOR NOTES

General

Certain terms used in this description are defined under the subheading "Certain Definitions."

Buck Acquisition Corp. issued \$1,175,000,000 aggregate principal amount of 10.625% senior notes due 2015 (the " *Senior Notes* ") under an indenture dated July 6, 2007 (the " *Senior Indenture* ") among Buck Acquisition Corp., the Guarantors and Wells Fargo Bank, National Association, as trustee (the " *Trustee* "). Immediately following the closing of the offering and as part of the Transactions, Buck Acquisition Corp. merged with and into Dollar General Corporation, with Dollar General Corporation continuing as the surviving corporation and assuming all the obligations of Buck Acquisition Corp. under the Senior Indenture. Dollar General Corporation will issue the exchange notes described in this prospectus under the Senior Indenture. In this description, the terms " *we* ," " *our* ," " *us* ," " *the Issuer* " and " *the Company* " refer to Buck Acquisition Corp. prior to the merger described above and to Dollar General Corporation as the surviving corporation in the merger, together with its consolidated Subsidiaries (except that "the Issuer" does not include consolidated subsidiaries). Except as set forth herein, the terms of the Senior Notes are substantially identical and include those stated in the Senior Indenture and those made part of the Senior Indenture by reference to the Trust Indenture Act.

The following description is only a summary of the material provisions of the Senior Indenture, does not purport to be complete and is qualified in its entirety by reference to the provisions of that agreement, including the definitions therein of certain terms used below. We urge you to read the Senior Indenture because it, and not this description, will define your rights as Holders. You may request copies of the Senior Indenture at our address set forth under the heading "Summary."

Brief Description of the Senior Notes

The Senior Notes:

- are general unsecured senior obligations of the Issuer;
- are *pari passu* in right of payment with all existing and future unsecured Senior Indebtedness of the Issuer;
- are effectively subordinated to all Secured Indebtedness of the Issuer, including Indebtedness under the Issuer's new Senior Credit Facilities, to the extent of the collateral securing such Indebtedness;
- are senior in right of payment to all existing and future Subordinated Indebtedness of the Issuer, including the Senior Subordinated Notes;
- are structurally subordinated to any existing and future indebtedness and liabilities of non-guarantor Subsidiaries, including the Issuer's Foreign Subsidiaries and any Unrestricted Subsidiaries;
- are initially unconditionally guaranteed on a joint and several and senior basis by each Restricted Subsidiary that guarantees the General Credit Facility; and
- are subject to registration with the SEC pursuant to the Registration Rights Agreement.

Guarantees

The Guarantors, as primary obligors and not merely as sureties, initially jointly and severally fully and unconditionally guarantee, on a senior basis, the performance and full and punctual payment when due, whether at maturity, by acceleration or otherwise, of all obligations of the Issuer under the Senior Indenture and the Senior Notes, whether for payment of principal of, premium, if any, or interest or

Special Interest in respect of the Senior Notes, expenses, indemnification or otherwise, on the terms set forth in the Senior Indenture by executing the Senior Indenture.

The Restricted Subsidiaries which guarantee the General Credit Facility initially guaranteed the Senior Notes. Each Guarantee is a general unsecured senior obligation of the applicable Guarantor, ranks *pari passu* in right of payment with all existing and any future Senior Indebtedness of such Guarantor, is effectively subordinated to all Secured Indebtedness of such Guarantor to the extent of the value of the collateral securing such Indebtedness, and is senior in right of payment to all existing and any future Subordinated Indebtedness of such Guarantor (including the Senior Subordinated Notes). The Senior Notes will be structurally subordinated to Indebtedness and other liabilities of Subsidiaries of the Issuer that do not guarantee the Senior Notes.

Not all of the Issuer's Subsidiaries guarantee the Senior Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-Guarantor Subsidiaries, the non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer. None of the Issuer's Subsidiaries which are Foreign Subsidiaries, non-Wholly Owned Subsidiaries or any Receivables Subsidiaries will guarantee the Senior Credit Facilities, the Senior Notes or the Senior Subordinated Notes. Our non-Guarantor Subsidiaries accounted for approximately \$107.4 million of net revenues and approximately \$20.5 million of net income, in each case, for 2006 and approximately \$243.0 million of total assets, and approximately \$187.0 million of total liabilities, in each case as of February 2, 2007.

The obligations of each Guarantor under its Guarantee is limited as necessary to prevent the Guarantee from constituting a fraudulent conveyance under applicable law.

Any entity that makes a payment under its Guarantee will be entitled upon payment in full of all guaranteed obligations under the Senior Indenture to a contribution from each other Guarantor in an amount equal to such other Guarantor's pro rata portion of such payment based on the respective net assets of all the Guarantors at the time of such payment determined in accordance with GAAP.

If a Guarantee were rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the Guarantor, and, depending on the amount of such indebtedness, a Guarantor's liability on its Guarantee could be reduced to zero. See "Risk Factors—Risks Related to the Notes—Federal and state fraudulent transfer laws may permit a court to void the guarantees, and, if that occurs, you may not receive any payments on the notes."

Each Guarantee by a Guarantor will provide by its terms that it will be automatically and unconditionally released and discharged upon:

- (1) (a) any sale, exchange or transfer (by merger or otherwise) of the Capital Stock of such Guarantor, after which the applicable Guarantor is no longer a Restricted Subsidiary of all or substantially all the assets of such Guarantor, which sale, exchange or transfer is made in compliance with the applicable provisions of the Senior Indenture;
- (b) the release or discharge of the guarantee by such Guarantor of the Senior Credit Facilities or such other guarantee that resulted in the creation of such guarantee, except a discharge or release by or as a result of payment under such guarantee;
- (c) the designation of any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary in compliance with the applicable provisions of the Senior Indenture; or
- (d) the exercise by the Issuer of its legal defeasance option or covenant defeasance option as described under "Legal Defeasance and Covenant Defeasance" or the discharge of the Issuer's obligations under the Senior Indenture in accordance with the terms of the Senior Indenture; and

- (2) such Guarantor delivering to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in the Senior Indenture relating to such transaction have been complied with.

Paying Agent and Registrar for the Senior Notes

The Issuer maintains one or more paying agents and a registrar for the Senior Notes with offices in the Borough of Manhattan, City of New York. The initial paying agent and the initial registrar for the Senior Notes is the Trustee.

The registrar will maintain a register reflecting ownership of the Senior Notes outstanding from time to time and will make payments on and facilitate transfer of Senior Notes on behalf of the Issuer.

The Issuer may change the paying agents or the registrars without prior notice to the Holders. The Issuer or any of its Subsidiaries may act as a paying agent or registrar.

Transfer and Exchange

A Holder may transfer or exchange Senior Notes in accordance with the Senior Indenture. The registrar and the Trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of Senior Notes. Holders will be required to pay all taxes due on transfer. The Issuer will not be required to transfer or exchange any Senior Note selected for redemption. Also, the Issuer will not be required to transfer or exchange any Senior Note for a period of 15 days before a selection of Senior Notes to be redeemed.

Principal, Maturity and Interest

The Issuer issued \$1,175,000,000 in aggregate principal amount of Senior Notes. The Senior Notes will mature on July 15, 2015. Subject to compliance with the covenant described below under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," the Issuer may issue additional Senior Notes under the Senior Indenture (any such Senior Notes, "*Additional Senior Notes*"). The Senior Notes, and any Additional Senior Notes subsequently issued under the Senior Indenture, will be treated as a single class for all purposes under the Senior Indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context requires otherwise, references to "Senior Notes" for all purposes of the Senior Indenture and this "Description of Senior Notes" include any Additional Senior Notes that are actually issued.

Interest on the Senior Notes accrues at the rate of 10.625% per annum and is payable semi-annually in arrears on January 15 and July 15, commencing on January 15, 2008, to the Holders of record on the immediately preceding January 1 and July 1. Interest on the Senior Notes accrues from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest on the Senior Notes is computed on the basis of a 360-day year comprised of twelve 30-day months.

Special Interest

Special Interest may accrue on the Senior Notes in certain circumstances pursuant to the Registration Rights Agreement. Any Special Interest on the Senior Notes will be payable in the same form elected by the Issuer for payment of interest for the applicable interest payment period. All references in the Senior Indenture, in any context, to any interest or other amount payable on or with respect to the Senior Notes shall be deemed to include any Special Interest pursuant to the Registration Rights Agreement. Principal of, premium, if any, and interest on the Senior Notes will be payable at the office or agency of the Issuer maintained for such purpose within the City and State of New York or, at the option of the Issuer, payment of interest may be made by check mailed to the

Holders of the Senior Notes at their respective addresses set forth in the register of Holders; *provided* that all payments of principal, premium, if any, and interest with respect to the Senior Notes represented by one or more global notes registered in the name of or held by the Depository Trust Company ("DTC") or its nominee will be made by wire transfer of immediately available funds to the accounts specified by the Holder or Holders thereof. Until otherwise designated by the Issuer, the Issuer's office or agency in New York will be the office of the Trustee maintained for such purpose.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Issuer will not be required to make any mandatory redemption or sinking fund payments with respect to the Senior Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Senior Notes as described under the caption "Repurchase at the Option of Holders." The Issuer may from time to time acquire any Senior Notes by means other than a redemption, whether by tender offer, in open market purchases, through negotiated transactions or otherwise.

Optional Redemption

Except as set forth below, the Issuer will not be entitled to redeem Senior Notes at its option prior to July 15, 2011.

At any time prior to July 15, 2011, the Issuer may redeem all or a part of the Senior Notes, upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to the registered address of each Holder or otherwise in accordance with the procedures of DTC, at a redemption price equal to 100% of the principal amount of the Senior Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest and Special Interest, if any, to the date of redemption (the "*Redemption Date*"), subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date.

On and after July 15, 2011, the Issuer may redeem the Senior Notes, in whole or in part, upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to the registered address of each Holder or otherwise in accordance with the procedures of DTC, at the redemption prices (expressed as percentages of principal amount of the Senior Notes to be redeemed) set forth below, plus accrued and unpaid interest thereon and Special Interest, if any, to the applicable Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, if redeemed during the twelve-month period beginning on July 15 of each of the years indicated below:

Year	Percentage
2011	105.313%
2012	102.656%
2013 and thereafter	100.000%

In addition, until July 15, 2010, the Issuer may, at its option, on one or more occasions redeem up to 35% of the aggregate principal amount of Senior Notes at a redemption price equal to 110.625% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon and Special Interest, if any, to the applicable Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, with the net cash proceeds of one or more Equity Offerings; *provided* that at least 50% of the sum of the original aggregate principal amount of Senior Notes issued under the Senior Indenture and the original principal amount of any Additional Senior Notes issued under the Senior Indenture after the Issue Date remains outstanding immediately after the occurrence of each such redemption; *provided further* that each such redemption occurs within 90 days of the date of closing of each such Equity Offering.

Notice of any redemption may be given prior to the redemption thereof, and any such redemption or notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of an Equity Offering or other corporate transaction.

If the Issuer redeems less than all of the outstanding Senior Notes, the Trustee shall select the Senior Notes to be redeemed in the manner described under "Repurchase at the Option of Holders—Selection and Notice."

Repurchase at the Option of Holders

Change of Control

The Senior Notes provide that if a Change of Control occurs, unless the Issuer has previously or concurrently mailed a redemption notice with respect to all the outstanding Senior Notes as described under "Optional Redemption," the Issuer will make an offer to purchase all of the Senior Notes pursuant to the offer described below (the "*Change of Control Offer*") at a price in cash (the "*Change of Control Payment*") equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Special Interest, if any, to the date of purchase, subject to the right of Holders of the Senior Notes of record on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will send notice of such Change of Control Offer by first-class mail, with a copy to the Trustee, to each Holder to the address of such Holder appearing in the security register with a copy to the Trustee or otherwise in accordance with the procedures of DTC, with the following information:

- (1) that a Change of Control Offer is being made pursuant to the covenant entitled "Change of Control" and that all Senior Notes properly tendered pursuant to such Change of Control Offer will be accepted for payment by the Issuer;
- (2) the purchase price and the purchase date, which will be no earlier than 30 days nor later than 60 days from the date such notice is mailed (the "*Change of Control Payment Date*");
- (3) that any Senior Note not properly tendered will remain outstanding and continue to accrue interest;
- (4) that unless the Issuer defaults in the payment of the Change of Control Payment, all Senior Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;
- (5) that Holders electing to have any Senior Notes purchased pursuant to a Change of Control Offer will be required to surrender such Senior Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of such Senior Notes completed, to the paying agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;
- (6) that Holders will be entitled to withdraw their tendered Senior Notes and their election to require the Issuer to purchase such Senior Notes; *provided* that the paying agent receives, not later than the close of business on the 30th day following the date of the Change of Control notice, a telegram, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Senior Notes tendered for purchase, and a statement that such Holder is withdrawing its tendered Senior Notes and its election to have such Senior Notes purchased;
- (7) that if the Issuer is redeeming less than all of the Senior Notes, the Holders of the remaining Senior Notes will be issued new Senior Notes that will be equal in principal amount to the unpurchased portion of the Senior Notes surrendered. The unpurchased portion of the Senior Notes must be equal to \$2,000 or an integral multiple of \$1,000 in excess thereof; and

(8) the other instructions, as determined by us, consistent with the covenant described hereunder, that a Holder must follow.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent they are applicable in connection with the repurchase of Senior Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Senior Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Senior Indenture by virtue thereof.

On the Change of Control Payment Date, the Issuer will, to the extent permitted by law,

- (1) accept for payment all Senior Notes issued by it or portions thereof properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the paying agent an amount equal to the aggregate Change of Control Payment in respect of all Senior Notes or portions thereof so tendered; and
- (3) deliver, or cause to be delivered, to the Trustee for cancellation the Senior Notes so accepted together with an Officer's Certificate to the Trustee stating that such Senior Notes or portions thereof have been tendered to and purchased by the Issuer.

The paying agent will promptly mail to each Holder the Change of Control Payment for such Senior Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Senior Note equal in principal amount to any unpurchased portion of the Senior Notes surrendered, if any; *provided* that each such new Senior Note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof.

The Senior Credit Facilities will, and future credit agreements or other agreements relating to Senior Indebtedness to which the Issuer becomes a party may, provide that certain change of control events with respect to the Issuer would constitute a default thereunder (including a Change of Control under the Senior Indenture). If we experience a change of control that triggers a default under our Senior Credit Facilities, we could seek a waiver of such default or seek to refinance our Senior Credit Facilities. In the event we do not obtain such a waiver or refinance the Senior Credit Facilities, such default could result in amounts outstanding under our Senior Credit Facilities being declared due and payable and could cause a Receivables Facility to be wound down.

Our ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by our then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases.

The Change of Control purchase feature of the Senior Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between the Initial Purchasers and us. After the Issue Date, we have no present intention to engage in a transaction involving a Change of Control, although it is possible that we could decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Senior Indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to incur additional Indebtedness are contained in the covenants described under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "Certain Covenants—Liens." Such restrictions in the Senior Indenture can be waived only with the consent of the Holders of a majority in principal amount of the Senior Notes then outstanding. Except for the limitations

contained in such covenants, however, the Senior Indenture will not contain any covenants or provisions that may afford Holders protection in the event of a highly leveraged transaction.

The Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Senior Indenture applicable to a Change of Control Offer made by us and purchases all Senior Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

The definition of "Change of Control" includes a disposition of all or substantially all of the assets of the Issuer to any Person. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Senior Notes as described above.

The provisions under the Senior Indenture relating to the Issuer's obligation to make an offer to repurchase the Senior Notes as a result of a Change of Control may be waived or modified with the written consent of the Holders of a majority in principal amount of the Senior Notes.

Asset Sales

The Senior Indenture provides that the Issuer will not, and will not permit any of its Restricted Subsidiaries to consummate, directly or indirectly, an Asset Sale, unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value (as determined in good faith by the Issuer) of the assets sold or otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration therefor received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; *provided* that the amount of:

(a) any liabilities (as shown on the Issuer's or such Restricted Subsidiary's most recent balance sheet or in the footnotes thereto) of the Issuer or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the Senior Notes, that are assumed by the transferee of any such assets and for which the Issuer and all of its Restricted Subsidiaries have been validly released by all creditors in writing,

(b) any securities received by the Issuer or such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of such Asset Sale, and

(c) any Designated Non-cash Consideration received by the Issuer or such Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed 5.0% of Total Assets at the time of the receipt of such Designated Non-cash Consideration, with the fair market value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value,

shall be deemed to be cash for purposes of this provision and for no other purpose.

Within 360 days after the receipt of any Net Proceeds of any Asset Sale, the Issuer or such Restricted Subsidiary, at its option, may apply the Net Proceeds from such Asset Sale,

(1) to permanently reduce:

(a) Obligations under the Senior Notes or any other Senior Indebtedness of the Issuer or any Guarantor (other than Obligations owed to the Issuer or a Restricted Subsidiary) and, in the case of Obligations under revolving credit facilities or other similar Indebtedness, to correspondingly permanently reduce commitments with respect thereto; *provided* that if the Issuer or any Restricted Subsidiary shall so reduce Obligations under any Senior Indebtedness that is not secured by a Lien, the Issuer or such Guarantor will, equally and ratably, reduce Obligations under the Senior Notes by, at its option, (A) redeeming Senior Notes, (B) making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all Holders to purchase their Senior Notes at 100% of the principal amount thereof, *plus* the amount of accrued and unpaid interest and Special Interest, if any, on the principal amount of Senior Notes to be repurchased or (C) purchasing Senior Notes through open market purchases (to the extent such purchases are at a price equal to or higher than 100% of the principal amount thereof) in a manner that complies with the Senior Indenture and applicable securities law; or

(b) Indebtedness of a Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to the Issuer or another Restricted Subsidiary;

(2) to make (a) an Investment in any one or more businesses, *provided* that such Investment in any business is in the form of the acquisition of Capital Stock and results in the Issuer or another of its Restricted Subsidiaries, as the case may be, owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary, (b) capital expenditures or (c) acquisitions of other assets, in each of (a), (b) and (c), used or useful in a Similar Business; or

(3) to make an Investment in (a) any one or more businesses, *provided* that such Investment in any business is in the form of the acquisition of Capital Stock and results in the Issuer or another of its Restricted Subsidiaries, as the case may be, owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary, (b) properties or (c) acquisitions of other assets that, in each of (a), (b) and (c), replace the businesses, properties and/or assets that are the subject of such Asset Sale;

provided that, in the case of clauses (2) and (3) above, a binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment so long as the Issuer, or such other Restricted Subsidiary enters into such commitment with the good faith expectation that such Net Proceeds will be applied to satisfy such commitment within 180 days of such commitment (an " *Acceptable Commitment* ") and, in the event any *Acceptable Commitment* is later cancelled or terminated for any reason before the Net Proceeds are applied in connection therewith, the Issuer or such Restricted Subsidiary enters into another *Acceptable Commitment* (a " *Second Commitment* ") within 180 days of such cancellation or termination; *provided*, *further*, that if any *Second Commitment* is later cancelled or terminated for any reason before such Net Proceeds are applied, then such Net Proceeds shall constitute *Excess Proceeds*.

Any Net Proceeds from Asset Sales that are not invested or applied as provided and within the time period set forth in the first sentence of the preceding paragraph will be deemed to constitute " *Excess Proceeds* ." When the aggregate amount of *Excess Proceeds* exceeds \$75.0 million, the Issuer shall make an offer to all Holders and, if required or permitted by the terms of any Senior Indebtedness, to the holders of such Senior Indebtedness (an " *Asset Sale Offer* "), to purchase the maximum aggregate principal amount of the Senior Notes and such Senior Indebtedness that is a minimum of \$2,000 or an integral multiple of \$1,000 in excess thereof that may be purchased out of the *Excess Proceeds* at an offer price in cash in an amount equal to 100% of the principal amount thereof,

plus accrued and unpaid interest and Special Interest, if any, to the date fixed for the closing of such offer, in accordance with the procedures set forth in the Senior Indenture. The Issuer will commence an Asset Sale Offer with respect to Excess Proceeds within ten Business Days after the date that Excess Proceeds exceed \$75.0 million by mailing the notice required pursuant to the terms of the Senior Indenture, with a copy to the Trustee.

To the extent that the aggregate amount of Senior Notes and such Senior Indebtedness tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Senior Indenture. If the aggregate principal amount of Senior Notes or other Senior Indebtedness surrendered by such holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Senior Notes and such other Senior Indebtedness to be purchased on a pro rata basis based on the accreted value or principal amount of the Senior Notes or such Senior Indebtedness tendered. Upon completion of any such Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero. Additionally, the Issuer may, at its option, make an Asset Sale Offer using proceeds from any Asset Sale at any time after consummation of such Asset Sale; *provided* that such Asset Sale Offer shall be in an aggregate amount of not less than \$75.0 million. Upon consummation of such Asset Sale Offer, any Net Proceeds not required to be used to purchase Senior Notes shall not be deemed Excess Proceeds.

Pending the final application of any Net Proceeds pursuant to this covenant, the holder of such Net Proceeds may apply such Net Proceeds temporarily to reduce Indebtedness outstanding under a revolving credit facility or otherwise invest such Net Proceeds in any manner not prohibited by the Senior Indenture.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of the Senior Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Senior Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Senior Indenture by virtue thereof.

The Senior Credit Facilities will prohibit or limit (subject to limited exceptions), and future credit agreements or other agreements to which the Issuer becomes a party may limit or prohibit, the Issuer from purchasing any Senior Notes as a result of an Asset Sale Offer. In the event the Issuer is required to make an Asset Sale Offer at a time when the Issuer is prohibited from purchasing the Senior Notes, the Issuer could seek the consent of its lenders to permit the purchase of the Senior Notes or could attempt to refinance the borrowings that contain such prohibition. If the Issuer does not obtain such consent or repay such borrowings, the Issuer will remain prohibited from purchasing the Senior Notes. In such case, the Issuer's failure to purchase tendered Senior Notes would constitute an Event of Default under the Senior Indenture.

The provisions under the Senior Indenture relative to the Issuer's obligation to make an offer to repurchase the Senior Notes as a result of an Asset Sale may be waived or modified with the written consent of the Holders of a majority in principal amount of the Senior Notes.

Selection and Notice

If the Issuer is redeeming less than all of the Senior Notes issued at any time, the Trustee will select the Senior Notes to be redeemed (a) if the Senior Notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Senior Notes are listed, (b) on a pro rata basis to the extent practicable or (c) by lot or such other similar method in accordance with the procedures of DTC.

Notices of purchase or redemption shall be mailed by first-class mail, postage prepaid, at least 30 but not more than 60 days before the purchase or Redemption Date to each Holder at such Holder's registered address or otherwise in accordance with the procedures of DTC, except that redemption notices may be mailed more than 60 days prior to a Redemption Date if the notice is issued in connection with a defeasance of the Senior Notes or a satisfaction and discharge of the Senior Indenture. If any Senior Note is to be purchased or redeemed in part only, any notice of purchase or redemption that relates to such Senior Note shall state the portion of the principal amount thereof that has been or is to be purchased or redeemed.

The Issuer will issue a new Senior Note in a principal amount equal to the unredeemed portion of the original Senior Note in the name of the Holder upon cancellation of the original Senior Note. Senior Notes called for redemption become due on the date fixed for redemption. On and after the Redemption Date, interest ceases to accrue on Senior Notes or portions thereof called for redemption.

Certain Covenants

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(I) declare or pay any dividend or make any payment or distribution on account of the Issuer's, or any of its Restricted Subsidiaries' Equity Interests, including any dividend or distribution payable in connection with any merger or consolidation other than:

(a) dividends or distributions by the Issuer payable solely in Equity Interests (other than Disqualified Stock) of the Issuer; or

(b) dividends or distributions by a Restricted Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly-Owned Subsidiary, the Issuer or a Restricted Subsidiary receives at least its pro rata share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities;

(II) purchase, redeem, defease or otherwise acquire or retire for value any Equity Interests of the Issuer or any direct or indirect parent of the Issuer, including in connection with any merger or consolidation;

(III) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value in each case, prior to any scheduled repayment, sinking fund payment or maturity, any Subordinated Indebtedness, other than:

(a) Indebtedness permitted under clauses (8) and (9) of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; or

(b) the purchase, repurchase or other acquisition of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase or acquisition; or

(IV) make any Restricted Investment

(all such payments and other actions set forth in clauses (I) through (IV) above (other than any exception thereto) being collectively referred to as "*Restricted Payments*"), unless, at the time of such Restricted Payment:

(1) no Default shall have occurred and be continuing or would occur as a consequence thereof;

(2) immediately after giving effect to such transaction on a *pro forma* basis, the Issuer could incur \$1.00 of additional Indebtedness under the provisions of the first paragraph of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries after the Issue Date (including Restricted Payments permitted by clauses (1), (2) (with respect to the payment of dividends on Refunding Capital Stock (as defined below) pursuant to clause (b) thereof only), (6)(c), (9) and (14) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph), is less than the sum of (without duplication):

(a) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) beginning May 4, 2007, to the end of the Issuer's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment, or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit; *plus*

(b) 100% of the aggregate net cash proceeds and the fair market value, as determined in good faith by the Issuer, of marketable securities or other property received by the Issuer since immediately after the Issue Date from the issue or sale of:

(i) (A) Equity Interests of the Issuer, including Treasury Capital Stock (as defined below), but excluding cash proceeds and the fair market value, as determined in good faith by the Issuer, of marketable securities or other property received from the sale of:

(x) Equity Interests to members of management, directors or consultants of the Issuer, any direct or indirect parent company of the Issuer and the Issuer's Subsidiaries after the Issue Date to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph; and

(y) Designated Preferred Stock; and

(B) to the extent such net cash proceeds are actually contributed to the Issuer, Equity Interests of the Issuer's direct or indirect parent companies (excluding contributions of the proceeds from the sale of Designated Preferred Stock of such companies or contributions to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph); or

(ii) debt securities of the Issuer that have been converted into or exchanged for such Equity Interests of the Issuer;

provided, however, that this clause (b) shall not include the proceeds from (V) Refunding Capital Stock (as defined below), (W) Equity Interests of the Issuer or convertible debt securities of the Issuer sold to a Restricted Subsidiary, as the case may be, (X) Disqualified Stock or debt securities that have been converted into Disqualified Stock, (Y) Excluded Contributions or (Z) transactions whose proceeds were used to incur Indebtedness, Disqualified Stock or Preferred Stock pursuant to clause (13)(a) of the second paragraph of "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock", solely to the extent of such usage; *plus*

(c) 100% of the aggregate amount of cash and the fair market value, as determined in good faith by the Issuer, of marketable securities or other property contributed to the capital of the Issuer following the Issue Date (other than net cash proceeds to the extent such net cash proceeds (i) have been used to incur Indebtedness, Disqualified Stock or Preferred Stock pursuant to clause (13)(a) of the second paragraph of "—Limitation on Incurrence of Indebtedness and

Issuance of Disqualified Stock and Preferred Stock", (ii) are contributed by a Restricted Subsidiary or (iii) constitute Excluded Contributions; *plus*

(d) to the extent not already included in Consolidated Net Income, 100% of the aggregate amount received in cash and the fair market value, as determined in good faith by the Issuer, of marketable securities or other property received by means of:

(i) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of Restricted Investments made by the Issuer or its Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Issuer or its Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees, which constitute Restricted Investments by the Issuer or its Restricted Subsidiaries, in each case after the Issue Date; or

(ii) the sale (other than to the Issuer or a Restricted Subsidiary) of the stock of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary (other than in each case to the extent the Investment in such Unrestricted Subsidiary was made by the Issuer or a Restricted Subsidiary pursuant to clause (7) of the next succeeding paragraph or to the extent such Investment constituted a Permitted Investment) or a dividend from an Unrestricted Subsidiary after the Issue Date; *plus*

(e) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary after the Issue Date, the fair market value of the Investment in such Unrestricted Subsidiary, as determined by the Issuer in good faith (or if such fair market value exceeds \$75.0 million, in writing by an Independent Financial Advisor), at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary other than to the extent the Investment in such Unrestricted Subsidiary was made by the Issuer or a Restricted Subsidiary pursuant to clause (7) of the next succeeding paragraph or to the extent such Investment constituted a Permitted Investment.

The foregoing provisions will not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at the date of declaration such payment would have complied with the provisions of the Senior Indenture;

(2) (a) the redemption, repurchase, retirement or other acquisition of any Equity Interests (" *Treasury Capital Stock* ") or Subordinated Indebtedness of the Issuer or any Equity Interests of any direct or indirect parent company of the Issuer, in exchange for, or out of the proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary) of, Equity Interests of the Issuer or any direct or indirect parent company of the Issuer to the extent contributed to the Issuer (in each case, other than any Disqualified Stock) (" *Refunding Capital Stock* ") and (b) if immediately prior to the retirement of Treasury Capital Stock, the declaration and payment of dividends thereon was permitted under clause (6) of this paragraph, the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Equity Interests of any direct or indirect parent company of the Issuer) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Treasury Capital Stock immediately prior to such retirement;

(3) the redemption, repurchase or other acquisition or retirement of Subordinated Indebtedness of the Issuer or a Guarantor made in exchange for, or out of the proceeds of the substantially concurrent sale of, new Indebtedness of the Issuer or a Guarantor, as the case may be, which is incurred in compliance with "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" so long as:

(a) the principal amount (or accreted value) of such new Indebtedness does not exceed the principal amount of (or accreted value, if applicable), plus any accrued and unpaid interest on, the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired for value, plus the amount of any reasonable premium (including reasonable tender premiums), defeasance costs and any reasonable fees and expenses incurred in connection with the issuance of such new Indebtedness;

(b) such new Indebtedness is subordinated to the Senior Notes or the applicable Guarantee at least to the same extent as such Subordinated Indebtedness so purchased, exchanged, redeemed, repurchased, acquired or retired for value;

(c) such new Indebtedness has a final scheduled maturity date equal to or later than the final scheduled maturity date of the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired; and

(d) such new Indebtedness has a Weighted Average Life to Maturity equal to or greater than the remaining Weighted Average Life to Maturity of the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired;

(4) a Restricted Payment to pay for the repurchase, retirement or other acquisition or retirement for value of Equity Interests (other than Disqualified Stock) of the Issuer or any of its direct or indirect parent companies held by any future, present or former employee, director or consultant of the Issuer, any of its Subsidiaries or any of its direct or indirect parent companies pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement, including any Equity Interests rolled over by management of the Company or any of its direct or indirect parent companies in connection with the Transactions; *provided, however*, that the aggregate Restricted Payments made under this clause (4) do not exceed in any calendar year \$12.5 million (which shall increase to \$25.0 million subsequent to the consummation of an underwritten public Equity Offering by the Issuer or any direct or indirect parent entity of the Issuer) (with unused amounts in any calendar year being carried over to succeeding calendar years subject to a maximum (without giving effect to the following proviso) of \$50.0 million in any calendar year (which shall increase to \$100.0 million subsequent to the consummation of an underwritten public Equity Offering by the Issuer or any direct or indirect parent corporation of the Issuer)); *provided further* that such amount in any calendar year may be increased by an amount not to exceed:

(a) the cash proceeds from the sale of Equity Interests (other than Disqualified Stock) of the Issuer and, to the extent contributed to the Issuer, Equity Interests of any of the Issuer's direct or indirect parent companies, in each case to members of management, directors or consultants of the Issuer, any of its Subsidiaries or any of its direct or indirect parent companies that occurs after the Issue Date to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the payment of Restricted Payments by virtue of clause (3) of the preceding paragraph; *plus*

(b) the cash proceeds of key man life insurance policies received by the Issuer or its Restricted Subsidiaries after the Issue Date; *less*

(c) the amount of any Restricted Payments previously made with the cash proceeds described in clauses (a) and (b) of this clause (4);

and *provided, further*, that cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary from members of management of the Issuer, any of the Issuer's direct or indirect parent companies or any of the Issuer's Restricted Subsidiaries in connection with a repurchase of Equity Interests of the Issuer or any of its direct or indirect parent companies will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Senior Indenture;

(5) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Issuer or any of its Restricted Subsidiaries or any class or series of Preferred Stock of any Restricted Subsidiary issued in accordance with the covenant described under "— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" to the extent such dividends are included in the definition of "Fixed Charges";

(6) (a) the declaration and payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued by the Issuer after the Issue Date;

(b) the declaration and payment of dividends to a direct or indirect parent company of the Issuer, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of such parent company issued after the Issue Date; *provided* that the amount of dividends paid pursuant to this clause (b) shall not exceed the aggregate amount of cash actually contributed to the Issuer from the sale of such Designated Preferred Stock; or

(c) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to clause (2) of this paragraph;

provided, however, in the case of each of (a), (b) and (c) of this clause (6), that for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock or the declaration of such dividends on Refunding Capital Stock that is Preferred Stock, after giving effect to such issuance or declaration on a *pro forma* basis, the Issuer and its Restricted Subsidiaries on a consolidated basis would have had a Fixed Charge Coverage Ratio of at least 2.00 to 1.00;

(7) Investments in Unrestricted Subsidiaries having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (7) that are at the time outstanding, without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash or marketable securities, not to exceed \$50.0 million at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(8) repurchases of Equity Interests deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants;

(9) the declaration and payment of dividends on the Issuer's common stock (or the payment of dividends to any direct or indirect parent entity to fund a payment of dividends on such entity's common stock), following consummation of the first public offering of the Issuer's common stock or the common stock of any of its direct or indirect parent companies after the Issue Date, of up to 6% per annum of the net cash proceeds received by or contributed to the Issuer in or from any such public offering, other than public offerings with respect to the Issuer's common stock registered on Form S-8 and other than any public sale constituting an Excluded Contribution;

(10) Restricted Payments that are made with Excluded Contributions;

(11) other Restricted Payments in an aggregate amount taken together with all other Restricted Payments made pursuant to this clause (11) not to exceed \$100.0 million at the time made;

(12) distributions or payments of Receivables Fees;

(13) any Restricted Payment made as part of the Transactions and the fees and expenses related thereto or used to fund amounts owed to Affiliates (including dividends to any direct or indirect parent of the Issuer to permit payment by such parent of such amount), in each case to the extent permitted by the covenant described under "—Transactions with Affiliates";

(14) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness in accordance with the provisions similar to those described under the captions "Repurchase at the Option of Holders—Change of Control" and "Repurchase at the Option of Holders—Asset Sales"; *provided* that all Senior Notes tendered by Holders in connection with a

Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed or acquired for value;

(15) the declaration and payment of dividends by the Issuer to, or the making of loans to, any direct or indirect parent in amounts required for any direct or indirect parent companies to pay, in each case without duplication,

(a) franchise and excise taxes and other fees, taxes and expenses required to maintain their corporate existence;

(b) foreign, federal, state and local income taxes, to the extent such income taxes are attributable to the income of the Issuer and its Restricted Subsidiaries and, to the extent of the amount actually received from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries; *provided* that in each case the amount of such payments in any fiscal year does not exceed the amount that the Issuer and its Restricted Subsidiaries would be required to pay in respect of foreign, federal, state and local taxes for such fiscal year were the Issuer, its Restricted Subsidiaries and its Unrestricted Subsidiaries (to the extent described above) to pay such taxes separately from any such parent entity;

(c) customary salary, bonus and other benefits payable to officers and employees of any direct or indirect parent company of the Issuer to the extent such salaries, bonuses and other benefits are attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries;

(d) general corporate operating and overhead costs and expenses of any direct or indirect parent company of the Issuer to the extent such costs and expenses are attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries; and

(e) fees and expenses other than to Affiliates of the Issuer related to any unsuccessful equity or debt offering of such parent entity; and

(16) the redemption for cash of a portion of each Senior Subordinated Note then outstanding equal to any "Mandatory Principal Redemption Amount" applicable thereto, to the extent required under the Senior Subordinated Indenture. The "Mandatory Principal Redemption Amount" means, as of the date of such redemption, the excess, if any, of (a) the aggregate amount of accrued and unpaid interest and all accrued and unpaid "original issue discount" (as defined in Section 1273(a)(1) of the Code) with respect to the Senior Subordinated Notes, over (b) an amount equal to the product of (i) the "issue price" (as defined in Sections 1273(b) and 1274(a) of the Code) of the Senior Subordinated Notes multiplied by (ii) the "yield to maturity" (as defined in the Treasury Regulation Section 1.1272-1(b)(1)(i)) of the Senior Subordinated Notes;

provided, however, that at the time of, and after giving effect to, any Restricted Payment permitted under clause (11), no Default shall have occurred and be continuing or would occur as a consequence thereof.

As of the Issue Date, all of the Issuer's Subsidiaries will be Restricted Subsidiaries. The Issuer will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the last sentence of the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by the Issuer and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments in an amount determined as set forth in the last sentence of the definition of "Investment." Such designation will be permitted only if a Restricted Payment in such amount would be permitted at such time, whether pursuant to the first paragraph of this covenant or under clause (7), (10) or (11) of the second paragraph of this covenant, or pursuant to the definition of "Permitted Investments," and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Unrestricted Subsidiaries will not be subject to any of the restrictive covenants set forth in the Senior Indenture.

Notwithstanding the foregoing provisions of this covenant, the Issuer will not, and will not permit any of its Restricted Subsidiaries to, pay any cash dividend or make any cash distribution on or in respect of the Issuer's Capital Stock or purchase for cash or otherwise acquire for cash any Capital Stock of the Issuer or any direct or indirect parent of the Issuer, for the purpose of paying any cash dividend or making any cash distribution to, or acquiring Capital Stock of any direct or indirect parent of the Issuer for cash from, the Investors, or Guarantee any Indebtedness of any Affiliate of the Issuer for the purpose of paying such dividend, making such distribution or so acquiring such Capital Stock to or from the Investors, in each case by means of utilization of the cumulative Restricted Payment credit provided by the first paragraph of this covenant, or the exceptions provided by clauses (1), (7) or (11) of the second paragraph of this covenant or clauses (8) or (13) of the definition of "Permitted Investments", unless at the time and after giving effect to such payment, the Consolidated Leverage Ratio of the Issuer would be equal to or less than 6.00:1.00.

Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise (collectively, "incur" and collectively, an "incurrence") with respect to any Indebtedness (including Acquired Indebtedness), and the Issuer will not issue any shares of Disqualified Stock and will not permit any Restricted Subsidiary to issue any shares of Disqualified Stock or Preferred Stock; *provided, however*, that the Issuer may incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock, and any of its Restricted Subsidiaries may incur Indebtedness (including Acquired Indebtedness), issue shares of Disqualified Stock and issue shares of Preferred Stock, if the Fixed Charge Coverage Ratio on a consolidated basis for the Issuer and its Restricted Subsidiaries' most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or Preferred Stock is issued would have been at least 2.00 to 1.00, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period; *provided, further*, that Restricted Subsidiaries that are not Guarantors may not incur Indebtedness or Disqualified Stock or Preferred Stock if, after giving *pro forma* effect to such incurrence or issuance (including a *pro forma* application of the net proceeds therefrom), more than an aggregate of \$250.0 million of Indebtedness or Disqualified Stock or Preferred Stock of Restricted Subsidiaries that are not Guarantors would be outstanding pursuant to this paragraph and clauses (13)(b), (15) and (20) below at such time.

The foregoing limitations will not apply to:

(1) the incurrence of Indebtedness under (x) Credit Facilities (other than the ABL Facility) by the Issuer or any of its Restricted Subsidiaries and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof), up to an aggregate principal amount of \$2,625.0 million outstanding at any one time and (y) the ABL Facility by the Issuer or any of its Restricted Subsidiaries and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof), up to an aggregate principal amount equal to the ABL Facility Cap;

(2) the incurrence by the Issuer and any Guarantor of Indebtedness represented by the Senior Notes issued on the Issue Date (including any Guarantee hereof) and the Senior Exchange Notes and

related guarantees of the Senior Exchange Notes to be issued in exchange for the Senior Notes and the Guarantees pursuant to the Registration Rights Agreement (other than any Additional Senior Notes and related guarantees);

(3) the incurrence by the Issuer and any Guarantor of Indebtedness represented by the Senior Subordinated Notes and related guarantees, as well as any exchange notes and exchange guarantees to be issued in exchange for the Senior Subordinated Notes and related guarantees pursuant a registration rights agreement;

(4) Indebtedness of the Issuer and its Restricted Subsidiaries in existence on the Issue Date (other than Indebtedness described in clauses (1), (2) and (3) of this paragraph);

(5) Indebtedness consisting of Capitalized Lease Obligations and Purchase Money Obligations in a principal amount not to exceed \$250.0 million (excluding the principal amount of any Capitalized Lease Obligations or Purchase Money Obligations relating to the purchase, lease or improvement of the Company's distribution centers located in Fulton, Missouri, Indianola, Mississippi and Ardmore, Oklahoma) in the aggregate at any one time outstanding together with all other Indebtedness issued under this clause (5); so long as such Indebtedness exists at the date of such purchase, lease or improvement, or is created within 270 days thereafter;

(6) Indebtedness incurred by the Issuer or any of its Restricted Subsidiaries constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business, including letters of credit in respect of workers' compensation or employee health claims, or other Indebtedness with respect to reimbursement-type obligations regarding workers' compensation, or employee health claims; *provided*, *however*, that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence;

(7) Indebtedness arising from agreements of the Issuer or its Restricted Subsidiaries providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; *provided*, *however*, that such Indebtedness is not reflected on the balance sheet of the Issuer, or any of its Restricted Subsidiaries (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (7));

(8) Indebtedness of the Issuer to a Restricted Subsidiary; *provided* that any such Indebtedness owing to a Restricted Subsidiary that is not a Guarantor is expressly subordinated in right of payment to the Senior Notes; *provided*, *further*, that any subsequent issuance or transfer of any Capital Stock or any other event which results in any Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary) shall be deemed, in each case, to be an incurrence of such Indebtedness not permitted by this clause (8);

(9) Indebtedness of a Restricted Subsidiary to the Issuer or another Restricted Subsidiary; *provided* that if a Guarantor issues such Indebtedness to a Restricted Subsidiary that is not a Guarantor (other than to any Restricted Subsidiary engaged in the insurance business in order to provide insurance to the Issuer and its Subsidiaries), such Indebtedness is expressly subordinated in right of payment to the Guarantee of the Senior Notes of such Guarantor; *provided*, *further*, that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary) shall be deemed, in each case, to be an incurrence of such Indebtedness not permitted by this clause (9);

(10) shares of Preferred Stock of a Restricted Subsidiary issued to the Issuer or another Restricted Subsidiary; *provided* that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of Preferred Stock (except to the Issuer or another of its Restricted Subsidiaries) shall be deemed in each case to be an issuance of such shares of Preferred Stock not permitted by this clause (10);

(11) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes) for the purpose of limiting interest rate risk with respect to any Indebtedness permitted to be incurred pursuant to "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," exchange rate risk or commodity pricing risk;

(12) obligations in respect of performance, bid, appeal and surety bonds and completion guarantees provided by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(13) (a) Indebtedness or Disqualified Stock of the Issuer and Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary equal to 100.0% of the net cash proceeds received by the Issuer since immediately after the Issue Date from the issue or sale of Equity Interests of the Issuer or cash contributed to the capital of the Issuer (in each case, other than Excluded Contributions or proceeds of Disqualified Stock or sales of Equity Interests to the Issuer or any of its Subsidiaries) as determined in accordance with clauses (3)(b) and (3) (c) of the first paragraph of "—Limitation on Restricted Payments" to the extent such net cash proceeds or cash have not been applied pursuant to such clauses to make Restricted Payments or to make other Investments, payments or exchanges pursuant to the second paragraph of "—Limitation on Restricted Payments" or to make Permitted Investments (other than Permitted Investments specified in clauses (1) and (3) of the definition thereof) and (b) Indebtedness or Disqualified Stock of Issuer and Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary not otherwise permitted hereunder in an aggregate principal amount or liquidation preference, which when aggregated with the principal amount and liquidation preference of all other Indebtedness, Disqualified Stock and Preferred Stock then outstanding and incurred pursuant to this clause (13)(b), does not at any one time outstanding exceed \$250.0 million; *provided, however* that on a *pro forma basis*, together with any amounts incurred and outstanding by Restricted Subsidiaries that are not Guarantors pursuant to the second proviso to the first paragraph of this covenant and clauses (15) and (20), no more than \$250.0 million of Indebtedness, Disqualified Stock or Preferred Stock at any one time outstanding and incurred pursuant to this clause (13)(b) shall be incurred by Restricted Subsidiaries that are not Guarantors (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to this clause (13)(b) shall cease to be deemed incurred or outstanding for purposes of this clause (13)(b) but shall be deemed incurred for the purposes of the first paragraph of this covenant from and after the first date on which the Issuer or such Restricted Subsidiary could have incurred such Indebtedness, Disqualified Stock or Preferred Stock under the first paragraph of this covenant without reliance on this clause (13)(b));

(14) the incurrence or issuance by the Issuer or any Restricted Subsidiary of Indebtedness, Disqualified Stock or Preferred Stock which serves to refund or refinance any Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary incurred as permitted under the first paragraph of this covenant and clauses (2), (3), (4), (5) and (13)(a) above, this clause (14) and clause (15) below or any Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary issued to so refund or refinance such Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary including additional Indebtedness, Disqualified Stock or Preferred Stock incurred to pay premiums (including reasonable tender

premiums), defeasance costs and fees in connection therewith (the " *Refinancing Indebtedness* ") prior to its respective maturity; *provided* , *however* , that such Refinancing Indebtedness:

(a) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being refunded or refinanced,

(b) to the extent such Refinancing Indebtedness refinances (i) Indebtedness subordinated or *pari passu* to the Senior Notes or any Guarantee thereof, such Refinancing Indebtedness is subordinated or *pari passu* to the Senior Notes or the Guarantee at least to the same extent as the Indebtedness being refinanced or refunded or (ii) Disqualified Stock or Preferred Stock, such Refinancing Indebtedness must be Disqualified Stock or Preferred Stock, respectively, and

(c) shall not include Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or a Guarantor;

and *provided further* that subclause (a) of this clause (14) will not apply to any refunding or refinancing of any Indebtedness outstanding under a Credit Facility;

(15) Indebtedness, Disqualified Stock or Preferred Stock of (x) the Issuer or a Restricted Subsidiary incurred to finance an acquisition of any Person or assets or (y) Persons that are acquired by the Issuer or any Restricted Subsidiary or merged into the Issuer or a Restricted Subsidiary in accordance with the terms of the Senior Indenture; *provided* that after giving effect to such acquisition or merger, either:

(a) the Issuer would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence of this covenant, or

(b) the Fixed Charge Coverage Ratio of the Issuer and the Restricted Subsidiaries is greater than immediately prior to such acquisition or merger;

provided , *however* that on a *pro forma* basis, together with amounts incurred and outstanding pursuant to the second proviso to the first paragraph of this covenant and clauses (13)(b) and (20), no more than \$250.0 million of Indebtedness, Disqualified Stock or Preferred Stock at any one time outstanding and incurred by Restricted Subsidiaries that are not Guarantors pursuant to this clause (15) shall be incurred and outstanding;

(16) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within two Business Days of its incurrence;

(17) Indebtedness of the Issuer or any of its Restricted Subsidiaries supported by a letter of credit issued pursuant to any Credit Facilities, in a principal amount not in excess of the stated amount of such letter of credit;

(18) (a) any guarantee by the Issuer or a Restricted Subsidiary of Indebtedness or other Obligations of any Restricted Subsidiary, so long as the incurrence of such Indebtedness incurred by such Restricted Subsidiary is permitted under the terms of the Senior Indenture, or (b) any guarantee by a Restricted Subsidiary of Indebtedness of the Issuer permitted to be incurred under the terms of the Senior Indenture; *provided* that such guarantee is incurred in accordance with the covenant described below under "—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries";

(19) Indebtedness of Foreign Subsidiaries of the Issuer in an amount not to exceed at any one time outstanding and together with any other Indebtedness incurred under this clause (19) 5.0% of the Total Assets of the Foreign Subsidiaries (it being understood that any Indebtedness incurred pursuant to this clause (19) shall cease to be deemed incurred or outstanding for purposes of this clause (19) but shall

be deemed incurred for the purposes of the first paragraph of this covenant from and after the first date on which the Issuer or such Restricted Subsidiaries could have incurred such Indebtedness under the first paragraph of this covenant without reliance on this clause (19));

(20) Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary incurred to finance or assumed in connection with an acquisition in a principal amount not to exceed \$100.0 million in the aggregate at any one time outstanding together with all other Indebtedness, Disqualified Stock and/or Preferred Stock issued under this clause (20) (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to this clause (20) shall cease to be deemed incurred or outstanding for purposes of this clause (20) but shall be deemed incurred for the purposes of the first paragraph of this covenant from and after the first date on which such Restricted Subsidiary could have incurred such Indebtedness, Disqualified Stock or Preferred Stock under the first paragraph of this covenant without reliance on this clause (20)); *provided, however*, that, on a *pro forma* basis, together with amounts incurred and outstanding by Restricted Subsidiaries that are not Guarantors pursuant to the second proviso to the first paragraph of this covenant and clauses (13)(b) and (15), no more than \$250.0 million of Indebtedness would be incurred and outstanding by Restricted Subsidiaries that are not Guarantors;

(21) Indebtedness of the Issuer or any of its Restricted Subsidiaries consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case, incurred in the ordinary course of business; and

(22) Indebtedness consisting of Indebtedness issued by the Issuer or any of its Restricted Subsidiaries to current or former officers, directors and employees thereof, their respective estates, spouses or former spouses, in each case to finance the purchase or redemption of Equity Interests of the Issuer or any direct or indirect parent company of the Issuer to the extent described in clause (4) of the second paragraph under the caption "—Limitation on Restricted Payments."

For purposes of determining compliance with this covenant:

(1) in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of permitted Indebtedness, Disqualified Stock or Preferred Stock described in clauses (1) through (22) above or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuer, in its sole discretion, will classify or reclassify such item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) and will only be required to include the amount and type of such Indebtedness, Disqualified Stock or Preferred Stock in one of the above clauses; *provided* that all Indebtedness outstanding under the Credit Facilities on the Issue Date will be treated as incurred on the Issue Date under clause (1) of the preceding paragraph; and

(2) at the time of incurrence, the Issuer will be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs above.

Accrual of interest, the accretion of accreted value and the payment of interest in the form of additional Indebtedness, Disqualified Stock or Preferred Stock will not be deemed to be an incurrence of Indebtedness, Disqualified Stock or Preferred Stock for purposes of this covenant.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on

the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced.

The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

The Senior Indenture provides that the Issuer will not, and will not permit any Guarantor to, directly or indirectly, incur any Indebtedness (including Acquired Indebtedness) that is subordinated or junior in right of payment to any Indebtedness of the Issuer or such Guarantor, as the case may be, unless such Indebtedness is expressly subordinated in right of payment to the Senior Notes or such Guarantor's Guarantee to the extent and in the same manner as such Indebtedness is subordinated to other Indebtedness of the Issuer or such Guarantor, as the case may be; *provided* that this sentence shall not apply to Indebtedness incurred under clause (1) of the second paragraph of this covenant.

The Senior Indenture will not treat (1) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because it is unsecured or (2) Senior Indebtedness as subordinated or junior to any other Senior Indebtedness merely because it has a junior priority with respect to the same collateral.

Liens

The Issuer will not, and will not permit any Guarantor to, directly or indirectly, create, incur, assume or suffer to exist any Lien (except Permitted Liens) that secures obligations under any Indebtedness or any related Guarantee, on any asset or property of the Issuer or any Guarantor now owned or hereafter acquired, or any income or profits therefrom, or assign or convey any right to receive income therefrom, unless:

(1) in the case of Liens securing Subordinated Indebtedness, the Senior Notes and related Guarantees are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens; or

(2) in all other cases, the Senior Notes or the Guarantees are equally and ratably secured or are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens;

except that the foregoing shall not apply to (a) Liens securing Indebtedness permitted to be incurred under Credit Facilities, including any letter of credit relating thereto, that was permitted by the terms of the Senior Indenture to be incurred pursuant to clause (1) of the second paragraph under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and (b) Liens incurred to secure Obligations in respect of any Indebtedness permitted to be incurred pursuant to the covenant described above under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; *provided* that, with respect to Liens securing Obligations permitted under this subclause (b), at the time of incurrence and after giving pro forma effect thereto, the Consolidated Secured Debt Ratio would be no greater than 3.25 to 1.0. Any Lien which is granted to secure the Senior Notes under this covenant shall be discharged at the same time as the discharge of the Lien (other than through the exercise of remedies with respect thereto) that gave rise to the obligation to so secure the Senior Notes.

Merger, Consolidation or Sale of All or Substantially All Assets

The Issuer may not consolidate or merge with or into or wind up into (whether or not the Issuer is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(1) the Issuer is the surviving corporation or the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation organized or existing under the laws of the jurisdiction of organization of the Issuer or the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such Person, as the case may be, being herein called the " *Successor Company* ");

(2) the Successor Company, if other than the Issuer, expressly assumes all the obligations of the Issuer under the Senior Notes and the Senior Indenture pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;

(3) immediately after such transaction, no Default exists;

(4) immediately after giving *pro forma* effect to such transaction and any related financing transactions, as if such transactions had occurred at the beginning of the applicable four-quarter period,

(a) the Successor Company would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," or

(b) the Fixed Charge Coverage Ratio for the Successor Company, the Issuer and its Restricted Subsidiaries would be greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such transaction;

(5) each Guarantor, unless it is the other party to the transactions described above, in which case clause (b) of the second succeeding paragraph shall apply, shall have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations under the Senior Indenture, the Senior Notes and the Registration Rights Agreement; and

(6) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Senior Indenture.

The Successor Company will succeed to, and be substituted for the Issuer, as the case may be, under the Senior Indenture, the Guarantees and the Senior Notes, as applicable. Notwithstanding the foregoing clauses (3) and (4),

(1) any Restricted Subsidiary may consolidate with or merge into or transfer all or part of its properties and assets to the Issuer, and

(2) the Issuer may merge with an Affiliate of the Issuer, as the case may be, solely for the purpose of reincorporating the Issuer in a State of the United States or any state thereof, the District of Columbia or any territory thereof so long as the amount of Indebtedness of the Issuer and its Restricted Subsidiaries is not increased thereby.

Subject to certain limitations described in the Senior Indenture governing release of a Guarantee upon the sale, disposition or transfer of a Guarantor, no Guarantor will, and the Issuer will not permit any Guarantor to, consolidate or merge with or into or wind up into (whether or not the Issuer or Guarantor is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of

all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(1) (a) such Guarantor is the surviving corporation or the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership, limited partnership, limited liability corporation or trust organized or existing under the laws of the jurisdiction of organization of such Guarantor, as the case may be, or the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such Guarantor or such Person, as the case may be, being herein called the " *Successor Person* ");

(b) the Successor Person, if other than such Guarantor, expressly assumes all the obligations of such Guarantor under the Senior Indenture and such Guarantor's related Guarantee pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;

(c) immediately after such transaction, no Default exists; and

(d) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Senior Indenture; or

(2) the transaction is made in compliance with the covenant described under "Repurchase at the Option of Holders—Asset Sales."

Subject to certain limitations described in the Senior Indenture, the Successor Person will succeed to, and be substituted for, such Guarantor under the Senior Indenture and such Guarantor's Guarantee. Notwithstanding the foregoing, any Guarantor may (i) merge into or transfer all or part of its properties and assets to another Guarantor or the Issuer, (ii) merge with an Affiliate of the Issuer solely for the purpose of reincorporating the Guarantor in the United States, any state thereof, the District of Columbia or any territory thereof or (iii) convert into a corporation, partnership, limited partnership, limited liability corporation or trust organized or existing under the laws of the jurisdiction of organization of such Guarantor.

Transactions with Affiliates

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each of the foregoing, an " *Affiliate Transaction* ") involving aggregate payments or consideration in excess of \$15.0 million, unless:

(1) such Affiliate Transaction is on terms that are not materially less favorable to the Issuer or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's-length basis; and

(2) the Issuer delivers to the Trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of \$25.0 million, a resolution adopted by the majority of the board of directors of the Issuer approving such Affiliate Transaction and set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with clause (1) above.

The foregoing provisions will not apply to the following:

(1) transactions between or among the Issuer or any of its Restricted Subsidiaries;

(2) Restricted Payments permitted by the provisions of the Senior Indenture described above under the covenant "—Limitation on Restricted Payments" and the definition of "Permitted Investments";

(3) the payment of management, consulting, monitoring and advisory fees and related expenses to the Investors pursuant to the Sponsor Management Agreement (plus any unpaid management, consulting, monitoring and advisory fees and related expenses accrued in any prior year) and the termination fees pursuant to the Sponsor Management Agreement, in each case as in effect on the Issue Date, or any amendment thereto (so long as any such amendment is not disadvantageous in the good faith judgment of the board of directors of the Issuer to the Holders when taken as a whole as compared to the Sponsor Management Agreement in effect on the Issue Date);

(4) the payment of reasonable and customary fees paid to, and indemnities provided for the benefit of, officers, directors, employees or consultants of Issuer, any of its direct or indirect parent companies or any of its Restricted Subsidiaries;

(5) transactions in which the Issuer or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Issuer or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's-length basis;

(6) any agreement as in effect as of the Issue Date, or any amendment thereto (so long as any such amendment is not disadvantageous to the Holders when taken as a whole as compared to the applicable agreement as in effect on the Issue Date in the reasonable determination of the Issuer);

(7) the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under the terms of, any stockholders agreement (including any registration rights agreement or purchase agreement related thereto) to which it is a party as of the Issue Date and any similar agreements which it may enter into thereafter; *provided, however*, that the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of obligations under any future amendment to any such existing agreement or under any similar agreement entered into after the Issue Date shall only be permitted by this clause (7) to the extent that the terms of any such amendment or new agreement are not otherwise disadvantageous to the Holders when taken as a whole in the reasonable determination of the Issuer;

(8) the Transactions and the payment of all fees and expenses related to the Transactions, in each case as disclosed in the offering documentation relating to the outstanding notes;

(9) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Senior Indenture which are fair to the Issuer and its Restricted Subsidiaries, in the reasonable determination of the board of directors of the Issuer or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

(10) the issuance of Equity Interests (other than Disqualified Stock) of the Issuer to any Permitted Holder or to any director, officer, employee or consultant;

(11) sales of accounts receivable, or participations therein, in connection with the ABL Facility and any Receivables Facility;

(12) payments by the Issuer or any of its Restricted Subsidiaries to any of the Investors made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with acquisitions or divestitures, which payments are approved by a majority of the board of directors of the Issuer in good faith;

(13) payments or loans (or cancellation of loans) to employees or consultants of the Issuer, any of its direct or indirect parent companies or any of its Restricted Subsidiaries and employment agreements, stock option plans and other similar arrangements with such employees or consultants which, in each case, are approved by the Issuer in good faith;

(14) investments by the Investors in securities of the Issuer or any of its Restricted Subsidiaries so long as (i) the investment is being offered generally to other investors on the same or more favorable terms and (ii) the investment constitutes less than 5.0% of the proposed or outstanding issue amount of such class of securities;

(15) payments to or from, and transactions with, any joint ventures in the ordinary course of business; and

(16) payments by the Issuer (and any direct or indirect parent thereof) and its Subsidiaries pursuant to tax sharing agreements among the Issuer (and any such parent) and its Subsidiaries on customary terms to the extent attributable to the ownership or operation of the Issuer and its Subsidiaries; *provided* that in each case the amount of such payments in any fiscal year does not exceed the amount that the Issuer, its Restricted Subsidiaries and its Unrestricted Subsidiaries (to the extent of amounts received from Unrestricted Subsidiaries) would be required to pay in respect of foreign, federal, state and local taxes for such fiscal year were the Issuer and its Restricted Subsidiaries (to the extent described above) to pay such taxes separately from any such parent entity.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Issuer will not, and will not permit any of its Restricted Subsidiaries that are not Guarantors to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any such Restricted Subsidiary to:

(1) (a) pay dividends or make any other distributions to the Issuer or any of its Restricted Subsidiaries on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or

(b) pay any Indebtedness owed to the Issuer or any of its Restricted Subsidiaries;

(2) make loans or advances to the Issuer or any of its Restricted Subsidiaries; or

(3) sell, lease or transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries,

except (in each case) for such encumbrances or restrictions existing under or by reason of:

(a) contractual encumbrances or restrictions in effect on the Issue Date, including pursuant to the Senior Credit Facilities and the related documentation;

(b) the Senior Indenture, the Senior Notes, the Senior Subordinated Indenture and the Senior Subordinated Notes;

(c) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature discussed in clause (3) above on the property so acquired;

(d) applicable law or any applicable rule, regulation or order;

(e) any agreement or other instrument of a Person acquired by the Issuer or any Restricted Subsidiary in existence at the time of such acquisition (but not created in connection therewith or in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired;

(f) contracts for the sale of assets, including customary restrictions with respect to a Subsidiary of the Issuer pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Subsidiary;

(g) Secured Indebtedness that limits the right of the debtor to dispose of the assets securing such Indebtedness that is otherwise permitted to be incurred pursuant to the covenants described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "—Liens";

(h) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(i) other Indebtedness, Disqualified Stock or Preferred Stock of Foreign Subsidiaries permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(j) customary provisions in joint venture agreements and other agreements or arrangements relating solely to such joint venture;

(k) customary provisions contained in leases or licenses of intellectual property and other agreements, in each case entered into in the ordinary course of business;

(l) any encumbrances or restrictions of the type referred to in clauses (1), (2) and (3) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (a) through (k) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Issuer, no more restrictive with respect to such encumbrance and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing; and

(m) restrictions created in connection with any Receivables Facility that, in the good faith determination of the Issuer, are necessary or advisable to effect the transactions contemplated under such Receivables Facility.

Limitation on Guarantees of Indebtedness by Restricted Subsidiaries

The Issuer will not permit any of its Wholly-Owned Subsidiaries that are Restricted Subsidiaries (and non-Wholly-Owned Subsidiaries if such non-Wholly-Owned Subsidiaries guarantee other capital markets debt securities of the Issuer or any Guarantor), other than a Guarantor, a Foreign Subsidiary or a Receivables Subsidiary, to guarantee the payment of any Indebtedness of the Issuer or any other Guarantor unless:

(1) such Restricted Subsidiary within 30 days executes and delivers a supplemental indenture to the Senior Indenture providing for a Guarantee by such Restricted Subsidiary, except that with respect to a guarantee of Indebtedness of the Issuer or any Guarantor:

(a) if the Senior Notes or such Guarantor's Guarantee are subordinated in right of payment to such Indebtedness, the Guarantee under the supplemental indenture shall be subordinated to such Restricted Subsidiary's guarantee with respect to such Indebtedness substantially to the same extent as the Senior Notes are subordinated to such Indebtedness; and

(b) if such Indebtedness is by its express terms subordinated in right of payment to the Senior Notes or such Guarantor's Guarantee, any such guarantee by such Restricted Subsidiary

with respect to such Indebtedness shall be subordinated in right of payment to such Guarantee substantially to the same extent as such Indebtedness is subordinated to the Senior Notes; and

(2) such Restricted Subsidiary waives, and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Issuer or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Guarantee;

provided that this covenant shall not be applicable to (i) any guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary and (ii) guarantees of any Receivables Facility by any Receivables Subsidiary.

Reports and Other Information

Notwithstanding that the Issuer may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the SEC, the Senior Indenture will require the Issuer to file with the SEC (and make available to the Trustee and Holders (without exhibits), without cost to any Holder, within 15 days after it files with the SEC) from and after the Issue Date,

(1) within 90 days (or any other time period then in effect under the rules and regulations of the Exchange Act with respect to the filing of a Form 10-K by a non-accelerated filer) after the end of each fiscal year, annual reports on Form 10-K, or any successor or comparable form, containing the information required to be contained therein, or required in such successor or comparable form;

(2) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, reports on Form 10-Q containing all information that would be required to be contained in Form 10-Q, or any successor or comparable form;

(3) promptly from time to time after the occurrence of an event required to be therein reported, such other reports on Form 8-K, or any successor or comparable form; and

(4) any other information, documents and other reports which the Issuer would be required to file with the SEC if it were subject to Section 13 or 15(d) of the Exchange Act;

in each case in a manner that complies in all material respects with the requirements specified in such form; *provided* that the Issuer shall not be so obligated to file such reports with the SEC if the SEC does not permit such filing, in which event the Issuer will make available such information to prospective purchasers of Senior Notes, in addition to providing such information to the Trustee and the Holders, in each case within 15 days after the time the Issuer would be required to file such information with the SEC if it were subject to Section 13 or 15(d) of the Exchange Act. In addition, to the extent not satisfied by the foregoing, the Issuer will agree that, for so long as any Senior Notes are outstanding, it will furnish to Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

In the event that any direct or indirect parent company of the Issuer becomes a Guarantor of the Senior Notes, the Senior Indenture will permit the Issuer to satisfy its obligations in this covenant with respect to financial information relating to the Issuer by furnishing financial information relating to such parent; *provided* that the same is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such parent, on the one hand, and the information relating to the Issuer and its Restricted Subsidiaries on a standalone basis, on the other hand.

Notwithstanding the foregoing, such requirements shall be deemed satisfied prior to the commencement of the exchange offer or the effectiveness of the shelf registration statement described in the Registration Rights Agreement (1) by the filing with the SEC of the exchange offer registration statement or shelf registration statement (or any other similar registration statement), and any amendments thereto, with such financial information that satisfies Regulation S-X, subject to exceptions consistent with the presentation of financial information in the offering documentation relating to the outstanding notes, to the extent filed within the times specified above, or (2) by posting reports that would be required to be filed substantially in the form required by the SEC on the Issuer's website (or that of any of its parent companies) or providing such reports to the Trustee within 15 days after the time the Issuer would be required to file such information with the SEC if it were subject to Section 13 or 15(d) of the Exchange Act, the financial information (including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" section) that would be required to be included in such reports, subject to exceptions consistent with the presentation of financial information in the offering documentation relating to the outstanding notes, to the extent filed within the times specified above. Notwithstanding anything herein to the contrary, the Issuer will not be deemed to have failed to comply with any of its agreements set forth under this covenant for purposes of clause (3) under "Events of Default and Remedies" until 120 days after the date any report is required to be filed with the SEC (or posted on the Issuer's website or provided to the Trustee) pursuant to this covenant.

Events of Default and Remedies

The Senior Indenture provides that each of the following is an "*Event of Default*":

- (1) default in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on the Senior Notes;
- (2) default for 30 days or more in the payment when due of interest or Special Interest on or with respect to the Senior Notes;
- (3) failure by the Issuer or any Guarantor for 60 days after receipt of written notice given by the Trustee or the Holders of not less 30% in principal amount of the Senior Notes then outstanding under the Senior Indenture to comply with any of its obligations, covenants or agreements (other than a default referred to in clauses (1) and (2) above) contained in the Senior Indenture or the Senior Notes;
- (4) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries or the payment of which is guaranteed by the Issuer or any of its Restricted Subsidiaries, other than Indebtedness owed to the Issuer or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists or is created after the issuance of the Senior Notes, if both:
 - (a) such default either results from the failure to pay any principal of such Indebtedness at its stated final maturity (after giving effect to any applicable grace periods) or relates to an obligation other than the obligation to pay principal of any such Indebtedness at its stated final maturity and results in the holder or holders of such Indebtedness causing such Indebtedness to become due prior to its stated maturity; and
 - (b) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at stated final maturity (after giving effect to any applicable grace periods), or the maturity of which has been so accelerated, aggregate \$50.0 million or more at any one time outstanding;
- (5) failure by the Issuer or any Significant Subsidiary (or group of Subsidiaries that together would constitute a Significant Subsidiary) to pay final judgments aggregating in excess of \$50.0 million, which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days after such judgment becomes final, and in the event such judgment is covered by insurance, an

enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;

(6) certain events of bankruptcy or insolvency with respect to the Issuer or any Significant Subsidiary (or group of Subsidiaries that together would constitute a Significant Subsidiary); or

(7) the Guarantee of any Significant Subsidiary (or group of Subsidiaries that together would constitute a Significant Subsidiary) shall for any reason cease to be in full force and effect or be declared null and void or any responsible officer (or the responsible officers of any group of Subsidiaries that together would constitute a Significant Subsidiary) of any Guarantor that is a Significant Subsidiary, as the case may be, denies that it has any further liability under its Guarantee or gives notice to such effect, other than by reason of the termination of the Senior Indenture or the release of any such Guarantee in accordance with the Senior Indenture.

If any Event of Default (other than of a type specified in clause (6) above) occurs and is continuing under the Senior Indenture, the Trustee or the Holders of at least 30% in principal amount of the Senior Notes then outstanding under the Senior Indenture may declare the principal, premium, if any, interest and any other monetary obligations on all the Senior Notes then outstanding under the Senior Indenture to be due and payable immediately.

Upon the effectiveness of such declaration, such principal premium, if any, and interest will be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising under clause (6) of the first paragraph of this section, all outstanding Senior Notes will become due and payable without further action or notice. The Senior Indenture provides that the Trustee may withhold from the Holders notice of any continuing Default, except a Default relating to the payment of principal, premium, if any, or interest, if it determines that withholding notice is in their interest. In addition, the Trustee shall have no obligation to accelerate the Senior Notes if in the best judgment of the Trustee acceleration is not in the best interest of the Holders.

The Senior Indenture provides that the Holders of a majority in aggregate principal amount of the Senior Notes then outstanding under the Senior Indenture by notice to the Trustee may on behalf of the Holders of all of the Senior Notes waive any existing Default and its consequences under the Senior Indenture except a continuing Default in the payment of interest on, premium, if any, or the principal of any Senior Note held by a non-consenting Holder. In the event of any Event of Default specified in clause (4) above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the Senior Notes) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 20 days after such Event of Default arose:

- (1) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged;
- (2) the Holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or
- (3) the default that is the basis for such Event of Default has been cured.

Subject to the provisions of the Senior Indenture relating to the duties of the Trustee thereunder, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Senior Indenture at the request or direction of any of the Holders unless the Holders have offered to the Trustee reasonable indemnity or security against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest when due, no Holder may pursue any remedy with respect to the Senior Indenture or the Senior Notes unless:

- (1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

- (2) Holders of at least 30% in principal amount of the then outstanding Senior Notes have requested the Trustee to pursue the remedy;
- (3) Holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and
- (5) Holders of a majority in principal amount of the then outstanding Senior Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

Subject to certain restrictions, under the Senior Indenture the Holders of a majority in principal amount of the total outstanding Senior Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Senior Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would subject the Trustee to personal liability.

The Senior Indenture provides that the Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Senior Indenture, and the Issuer is required, within five Business Days upon becoming aware of any Default, to deliver to the Trustee a statement specifying such Default.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or any Guarantor or any of their parent companies (other than the Issuer and the Guarantors) shall have any liability for any obligations of the Issuer or the Guarantors under the Senior Notes, the Guarantees or the Senior Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting the Senior Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Senior Notes. Such waiver may not be effective to waive liabilities under the federal securities laws, and it is the view of the SEC that such a waiver is against public policy.

Legal Defeasance and Covenant Defeasance

The obligations of the Issuer and the Guarantors under the Senior Indenture will terminate (other than certain obligations) and will be released upon payment in full of all of the Senior Notes issued under the Senior Indenture. The Issuer may, at its option and at any time, elect to have all of its obligations discharged with respect to the Senior Notes issued under the Senior Indenture and have the Issuer's and each Guarantor's obligation discharged with respect to its Guarantee (" *Legal Defeasance* ") and cure all then existing Events of Default except for:

- (1) the rights of Holders of Senior Notes issued under the Senior Indenture to receive payments in respect of the principal of, premium, if any, and interest on the Senior Notes when such payments are due solely out of the trust created pursuant to the Senior Indenture;
- (2) the Issuer's obligations with respect to Senior Notes concerning issuing temporary notes, registration of such Senior Notes, mutilated, destroyed, lost or stolen Senior Notes and the maintenance of an office or agency for payment and money for security payments held in trust;
- (3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's obligations in connection therewith; and
- (4) the Legal Defeasance provisions of the Senior Indenture.

In addition, the Issuer may, at its option and at any time, elect to have its obligations and those of each Guarantor released with respect to certain covenants that are described in the Senior Indenture (" *Covenant Defeasance* ") and thereafter any omission to comply with such obligations shall not constitute a Default with respect to the Senior Notes. In the event Covenant Defeasance occurs, certain events (not including bankruptcy, receivership, rehabilitation and insolvency events pertaining to the Issuer) described under "Events of Default and Remedies" will no longer constitute an Event of Default with respect to the Senior Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the Senior Notes:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest due on the Senior Notes issued under the Senior Indenture on the stated maturity date or on the redemption date, as the case may be, of such principal, premium, if any, or interest on such Senior Notes, and the Issuer must specify whether such Senior Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions,

(a) the Issuer has received from, or there has been published by, the United States Internal Revenue Service a ruling, or

(b) since the original issuance of the Senior Notes, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, subject to customary assumptions and exclusions, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes, as applicable, as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to such tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith) shall have occurred and be continuing on the date of such deposit;

(5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under the Senior Credit Facilities, the Senior Subordinated Indenture, the Senior Subordinated Notes or any other material agreement or instrument (other than the Senior Indenture) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith);

(6) the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect that, as of the date of such opinion and subject to customary assumptions and exclusions following the deposit, the trust funds will not be subject to the effect of Section 547 of Title 11 of the United States Code;

(7) the Issuer shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or any Guarantor or others; and

(8) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions) each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Senior Indenture will be discharged and will cease to be of further effect as to all Senior Notes issued thereunder, when either:

(1) all Senior Notes theretofore authenticated and delivered, except lost, stolen or destroyed Senior Notes which have been replaced or paid and Senior Notes for whose payment money has theretofore been deposited in trust, have been delivered to the Trustee for cancellation; or

(2) (a) all Senior Notes not theretofore delivered to the Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise, will become due and payable within one year or may be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer, and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest to pay and discharge the entire indebtedness on the Senior Notes not theretofore delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(b) no Default (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith) with respect to the Senior Indenture or the Senior Notes shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit, and such deposit will not result in a breach or violation of, or constitute a default under, the Senior Credit Facilities, the Senior Subordinated Indenture, the Senior Subordinated Notes or any other material agreement or instrument (other than the Senior Indenture) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith);

(c) the Issuer has paid or caused to be paid all sums payable by it under the Senior Indenture; and

(d) the Issuer has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Senior Notes at maturity or the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Senior Indenture, any Guarantee, and the Senior Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Senior Notes then outstanding, including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Senior Notes, and any existing Default or compliance with any provision of the Senior Indenture, the Senior Notes issued thereunder, any Guarantee may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Senior Notes, other than Senior Notes beneficially owned by the Issuer or its Affiliates (including consents obtained in connection with a purchase of or tender offer or exchange offer for the Senior Notes).

The Senior Indenture provides that, without the consent of each affected Holder, an amendment or waiver may not, with respect to any Senior Notes held by a non-consenting Holder:

- (1) reduce the principal amount of such Senior Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed final maturity of any such Senior Note or alter or waive the provisions with respect to the redemption of such Senior Notes (other than provisions relating to the covenants described above under the caption "Repurchase at the Option of Holders");
- (3) reduce the rate of or change the time for payment of interest on any Senior Note;
- (4) waive a Default in the payment of principal of or premium, if any, or interest on the Senior Notes, except a rescission of acceleration of the Senior Notes by the Holders of at least a majority in aggregate principal amount of the Senior Notes and a waiver of the payment default that resulted from such acceleration, or in respect of a covenant or provision contained in the Senior Indenture or any Guarantee which cannot be amended or modified without the consent of all Holders;
- (5) make any Senior Note payable in money other than that stated therein;
- (6) make any change in the provisions of the Senior Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of or premium, if any, or interest on the Senior Notes;
- (7) make any change in these amendment and waiver provisions;
- (8) impair the right of any Holder to receive payment of principal of, or interest on such Holder's Senior Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Senior Notes;
- (9) make any change to or modify the ranking of the Senior Notes that would adversely affect the Holders; or
- (10) except as expressly permitted by the Senior Indenture, modify the Guarantees of any Significant Subsidiary in any manner adverse to the Holders.

Notwithstanding the foregoing, the Issuer, any Guarantor (with respect to a Guarantee or the Senior Indenture to which it is a party) and the Trustee may amend or supplement the Senior Indenture, any Guarantee or Notes without the consent of any Holder;

- (1) to cure any ambiguity, omission, mistake, defect or inconsistency;
- (2) to provide for uncertificated Senior Notes of such series in addition to or in place of certificated Senior Notes;

- (3) to comply with the covenant relating to mergers, consolidations and sales of assets;
- (4) to provide for the assumption of the Issuer's or any Guarantor's obligations to the Holders;
- (5) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under the Senior Indenture of any such Holder;
- (6) to add covenants for the benefit of the Holders or to surrender any right or power conferred upon the Issuer or any Guarantor;
- (7) to comply with requirements of the SEC in order to effect or maintain the qualification of the Senior Indenture under the Trust Indenture Act;
- (8) to evidence and provide for the acceptance and appointment under the Senior Indenture of a successor Trustee thereunder pursuant to the requirements thereof;
- (9) to provide for the issuance of Senior Exchange Notes or private exchange notes, which are identical to Senior Exchange Notes except that they are not freely transferable;
- (10) to add a Guarantor under the Senior Indenture;
- (11) to conform the text of the Senior Indenture, Guarantees or the Senior Notes to any provision of this "Description of Senior Notes" to the extent that such provision in this "Description of Senior Notes" was intended to be a verbatim recitation of a provision of the Senior Indenture, Guarantee or Senior Notes; or
- (12) to make any amendment to the provisions of the Senior Indenture relating to the transfer and legending of Senior Notes as permitted by the Senior Indenture, including, without limitation, to facilitate the issuance and administration of the Senior Notes; *provided, however*, that (i) compliance with the Senior Indenture as so amended would not result in Senior Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of Holders to transfer Senior Notes.

The consent of the Holders will not be necessary under the Senior Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

Notices

Notices given by publication will be deemed given on the first date on which publication is made and notices given by first-class mail, postage prepaid, will be deemed given five calendar days after mailing.

Concerning the Trustee

The Senior Indenture contains certain limitations on the rights of the Trustee thereunder, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee is permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign.

The Senior Indenture provides that the Holders of a majority in principal amount of the outstanding Senior Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Senior Indenture provides that in case an Event of Default shall occur (which shall not be cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the

conduct of his own affairs. Subject to such provisions, the Trustee is under no obligation to exercise any of its rights or powers under the Senior Indenture at the request of any Holder, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

Governing Law

The Senior Indenture, the Senior Notes and any Guarantee are governed by and construed in accordance with the laws of the State of New York.

Certain Definitions

Set forth below are certain defined terms used in the Senior Indenture. For purposes of the Senior Indenture, unless otherwise specifically indicated, the term "consolidated" with respect to any Person refers to such Person on a consolidated basis in accordance with GAAP, but excluding from such consolidation any Unrestricted Subsidiary as if such Unrestricted Subsidiary were not an Affiliate of such Person.

"*ABL Facility*" means the Asset-Based Revolving Credit Agreement to be entered into as of the Issue Date by and among the Issuer, the lenders party thereto in their capacities as lenders thereunder and The CIT Group/Business Credit Inc., as Administrative Agent, including any guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements, refundings or refinancings thereof and any indentures, notes, debentures or credit facilities or commercial paper facilities with banks or other institutional lenders or investors that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or alters the maturity thereof (*provided* that such increase in borrowings is permitted under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" above).

"*ABL Facility Cap*" means an amount equal to the greater of (x) \$1,125.0 million and (y) the sum of (i) 85% of the net orderly liquidation value as determined in good faith by the Issuer of inventory of the Issuer and each Guarantor and (ii) 90% of all credit card receivables of the Issuer and each Guarantor determined in accordance with GAAP.

"*ABL Obligations*" means Obligations under the ABL Facility.

"*ABL Secured Parties*" means each of (i) the ABL Collateral Agent on behalf of itself and the lenders under the ABL Facility and lenders or their affiliates counterparty to related Hedging Obligations and (ii) each other holder of ABL Obligations.

"*Acquired Indebtedness*" means, with respect to any specified Person,

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Restricted Subsidiary of such specified Person, and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

" *Applicable Premium* " means, with respect to any Senior Note on any Redemption Date, the greater of:

- (1) 1.0% of the principal amount of such Senior Note; and
- (2) the excess, if any, of (a) the present value at such Redemption Date of (i) the redemption price of such Senior Note at July 15, 2011 (such redemption price being set forth in the tables appearing above under the captions "Optional Redemption"), plus (ii) all required interest payments due on such Senior Note through July 15, 2011 (excluding accrued but unpaid interest to the Redemption Date), computed using a discount rate equal to the Treasury Rate as of such Redemption Date plus 50 basis points; over (b) the principal amount of such Senior Note.

" *Asset Sale* " means:

- (1) the sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including by way of a Sale and Lease-Back Transaction) of the Issuer or any of its Restricted Subsidiaries (each referred to in this definition as a " *disposition* "); or
- (2) the issuance or sale of Equity Interests of any Restricted Subsidiary, whether in a single transaction or a series of related transactions (other than Preferred Stock of Restricted Subsidiaries issued in compliance with the covenant described under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock");

in each case, other than:

- (a) any disposition of Cash Equivalents or Investment Grade Securities or obsolete or worn out equipment in the ordinary course of business or any disposition of inventory or goods (or other assets) held for sale in the ordinary course of business;
- (b) the disposition of all or substantially all of the assets of the Issuer in a manner permitted pursuant to the provisions described above under "Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets" or any disposition that constitutes a Change of Control pursuant to the Senior Indenture;
- (c) the making of any Restricted Payment or Permitted Investment that is permitted to be made, and is made, under the covenant described above under "Certain Covenants—Limitation on Restricted Payments";
- (d) any disposition of assets or issuance or sale of Equity Interests of any Restricted Subsidiary in any transaction or series of related transactions with an aggregate fair market value of less than \$25.0 million;
- (e) any disposition of property or assets or issuance of securities by a Restricted Subsidiary of the Issuer to the Issuer or by the Issuer or a Restricted Subsidiary of the Issuer to another Restricted Subsidiary of the Issuer;
- (f) to the extent allowable under Section 1031 of the Code or any comparable or successor provision, any exchange of like property (excluding any boot thereon) for use in a Similar Business;
- (g) the lease, assignment or sub-lease of any real or personal property in the ordinary course of business;
- (h) any issuance or sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

- (i) foreclosures on assets;
- (j) sales of accounts receivable, or participations therein, in connection with the ABL Facility or any Receivables Facility;
- (k) any financing transaction with respect to property built or acquired by the Issuer or any Restricted Subsidiary after the Issue Date, including Sale and Lease-Back Transactions and asset securitizations permitted by the Senior Indenture;
- (l) dispositions in the ordinary course of business by any Restricted Subsidiary engaged in the insurance business in order to provide insurance to the Issuer and its Subsidiaries;
- (m) the unwinding of any Hedging Obligations; and
- (n) sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding arrangements.

" *Asset Sale Offer* " has the meaning set forth in the fourth paragraph under "Repurchase at the Option of Holders—Asset Sales."

" *Bankruptcy Code* " means Title 11 of the United States Code, as amended.

" *Bankruptcy Law* " means the Bankruptcy Code and any similar federal, state or foreign law for the relief of debtors.

" *Business Day* " means each day which is not a Legal Holiday.

" *Capital Stock* " means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

" *Capitalized Lease Obligation* " means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP.

" *Capitalized Software Expenditures* " means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a Person and its Restricted Subsidiaries during such period in respect of purchased software or internally developed software and software enhancements that, in conformity with GAAP, are or are required to be reflected as capitalized costs on the consolidated balance sheet of a Person and its Restricted Subsidiaries.

" *Cash Equivalents* " means:

- (1) United States dollars;
- (2) euro or any national currency of any participating member state of the EMU or such local currencies held by the Issuer and its Restricted Subsidiaries from time to time in the ordinary course of business;

(3) securities issued or directly and fully and unconditionally guaranteed or insured by the U.S. government (or any agency or instrumentality thereof the securities of which are unconditionally guaranteed as a full faith and credit obligation of the U.S. government) with maturities of 24 months or less from the date of acquisition;

(4) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case with any commercial bank having capital and surplus of not less than \$500.0 million in the case of U.S. banks and \$100.0 million (or the U.S. dollar equivalent as of the date of determination) in the case of non-U.S. banks;

(5) repurchase obligations for underlying securities of the types described in clauses (3) and (4) entered into with any financial institution meeting the qualifications specified in clause (4) above;

(6) commercial paper rated at least P-1 by Moody's or at least A-1 by S&P and in each case maturing within 24 months after the date of creation thereof;

(7) marketable short-term money market and similar securities having a rating of at least P-2 or A-2 from either Moody's or S&P, respectively (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another Rating Agency) and in each case maturing within 24 months after the date of creation thereof;

(8) investment funds investing 95% of their assets in securities of the types described in clauses (1) through (7) above;

(9) readily marketable direct obligations issued by any state, commonwealth or territory of the United States or any political subdivision or taxing authority thereof having an Investment Grade Rating from either Moody's or S&P with maturities of 24 months or less from the date of acquisition;

(10) Indebtedness or Preferred Stock issued by Persons with a rating of "A" or higher from S&P or "A2" or higher from Moody's with maturities of 24 months or less from the date of acquisition; and

(11) Investments with average maturities of 24 months or less from the date of acquisition in money market funds rated AAA- (or the equivalent thereof) or better by S&P or Aaa3 (or the equivalent thereof) or better by Moody's.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clauses (1) and (2) above; *provided* that such amounts are converted into any currency listed in clauses (1) and (2) as promptly as practicable and in any event within ten Business Days following the receipt of such amounts.

" *Change of Control* " means the occurrence of any of the following:

(1) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to any Person other than a Permitted Holder; or

(2) the Issuer becomes aware (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) of the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act or any successor provision), other than the Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) of 50% or more of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent companies holding directly or indirectly 100% of the total voting power of the Voting Stock of the Issuer.

" Code " means the Internal Revenue Code of 1986, as amended, or any successor thereto.

" Consolidated Depreciation and Amortization Expense " means with respect to any Person for any period, the total amount of depreciation and amortization expense, including the amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses and Capitalized Software Expenditures, of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

" Consolidated Interest Expense " means, with respect to any Person for any period, without duplication, the sum of:

(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income (including (a) amortization of original issue discount resulting from the issuance of Indebtedness at less than par, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers' acceptances, (c) non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments pursuant to GAAP), (d) the interest component of Capitalized Lease Obligations, and (e) net payments, if any, pursuant to interest rate Hedging Obligations with respect to Indebtedness, and excluding (u) accretion or accrual of discounted liabilities not constituting Indebtedness, (v) any expense resulting from the discounting any Indebtedness in connection with the application of recapitalization accounting or, if applicable, purchase accounting, (w) any Special Interest and any comparable "additional interest" with respect to other securities, (x) amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses, (y) any expensing of bridge, commitment and other financing fees and (z) commissions, discounts, yield and other fees and charges (including any interest expense) related to any Receivables Facility); plus

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued; less

(3) interest income for such period.

For purposes of this definition, interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP.

" Consolidated Leverage Ratio " as of any date of determination, means the ratio of (1) Consolidated Total Indebtedness of the Issuer and its Restricted Subsidiaries as of the end of the most recent fiscal period for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur to (2) the Issuer's EBITDA for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur, in each case with such pro forma adjustments to Consolidated Total Indebtedness and EBITDA as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of "Fixed Charge Coverage Ratio."

" Consolidated Net Income " means, with respect to any Person for any period, the aggregate of the Net Income of such Person for such period, on a consolidated basis, and otherwise determined in accordance with GAAP; *provided, however*, that, without duplication,

(1) any after-tax effect of extraordinary, non-recurring or unusual gains or losses (less all fees and expenses relating thereto) or expenses (including relating to the Transactions to the extent incurred on or prior to May 1, 2008), severance, relocation costs, consolidation and closing costs, integration and facilities opening costs, business optimization costs, transition costs, restructuring costs, signing,

retention or completion bonuses, and curtailments or modifications to pension and post-retirement employee benefit plans shall be excluded,

(2) the cumulative effect of a change in accounting principles during such period shall be excluded,

(3) any after-tax effect of income (loss) from disposed, abandoned or discontinued operations and any net after-tax gains or losses on disposal of disposed, abandoned, transferred, closed or discontinued operations shall be excluded,

(4) any after-tax effect of gains or losses (less all fees and expenses relating thereto) attributable to asset dispositions or abandonments other than in the ordinary course of business, as determined in good faith by the Issuer, shall be excluded,

(5) the Net Income for such period of any Person that is an Unrestricted Subsidiary shall be excluded, and, solely for the purpose of determining the amount available for Restricted Payments under clause 3(a) of the first paragraph of "Certain Covenants—Limitation on Restricted Payments," the Net Income for such period of any Person that is not a Subsidiary or that is accounted for by the equity method of accounting shall be excluded; *provided* that Consolidated Net Income of the Issuer shall be increased by the amount of dividends or distributions or other payments that are actually paid in cash (or to the extent converted into cash) to the Issuer or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein,

(6) solely for the purpose of determining the amount available for Restricted Payments under clause (3)(a) of the first paragraph of "Certain Covenants—Limitation on Restricted Payments," the Net Income for such period of any Restricted Subsidiary (other than any Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its Net Income is not at the date of determination wholly permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule, or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restriction with respect to the payment of dividends or similar distributions has been legally waived; *provided* that Consolidated Net Income of the Issuer will be increased by the amount of dividends or other distributions or other payments actually paid in cash (or to the extent converted into cash) or Cash Equivalents to the Issuer or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein,

(7) effects of adjustments (including the effects of such adjustments pushed down to the Issuer and its Restricted Subsidiaries) in the property, equipment, inventory, software and other intangible assets, deferred revenue and debt line items in such Person's consolidated financial statements pursuant to GAAP resulting from the application of recapitalization accounting or, if applicable, purchase accounting in relation to the Transactions or any consummated acquisition or the amortization or write-off of any amounts thereof, net of taxes, shall be excluded,

(8) any after-tax effect of income (loss) from the early extinguishment of Indebtedness or Hedging Obligations or other derivative instruments shall be excluded,

(9) any impairment charge or asset write-off, including, without limitation, impairment charges or asset write-offs related to intangible assets, long-lived assets or investments in debt and equity securities, in each case, pursuant to GAAP and the amortization of intangibles arising pursuant to GAAP shall be excluded,

(10) any non-cash compensation expense recorded from grants of stock appreciation or similar rights, stock options, restricted stock or other rights, and any cash charges associated with the rollover,

acceleration or payout of Equity Interests by management of the Company or any of its direct or indirect parent companies in connection with the Transactions, shall be excluded,

(11) any fees and expenses incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, Asset Sale, issuance or repayment of Indebtedness, issuance of Equity Interests, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed) and any charges or non-recurring merger costs incurred during such period as a result of any such transaction shall be excluded,

(12) accruals and reserves that are established or adjusted within twelve months after the Issue Date that are so required to be established as a result of the Transactions in accordance with GAAP, or changes as a result of adoption or modification of accounting policies, shall be excluded, and

(13) to the extent covered by insurance and actually reimbursed, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) not denied by the applicable carrier in writing within 180 days and (b) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption shall be excluded.

Notwithstanding the foregoing, for the purpose of the covenant described under "Certain Covenants—Limitation on Restricted Payments" only (other than clause (3)(d) thereof), there shall be excluded from Consolidated Net Income any income arising from any sale or other disposition of Restricted Investments made by the Issuer and its Restricted Subsidiaries, any repurchases and redemptions of Restricted Investments from the Issuer and its Restricted Subsidiaries, any repayments of loans and advances which constitute Restricted Investments by the Issuer or any of its Restricted Subsidiaries, any sale of the stock of an Unrestricted Subsidiary or any distribution or dividend from an Unrestricted Subsidiary, in each case only to the extent such amounts increase the amount of Restricted Payments permitted under such covenant pursuant to clause (3)(d) thereof.

" *Consolidated Secured Debt Ratio* " as of any date of determination, means the ratio of (1) Consolidated Total Indebtedness of the Issuer and its Restricted Subsidiaries that is secured by Liens as of the end of the most recent fiscal period for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur to (2) the Issuer's EBITDA for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur, in each case with such pro forma adjustments to Consolidated Total Indebtedness and EBITDA as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of "Fixed Charge Coverage Ratio."

" *Consolidated Total Indebtedness* " means, as of any date of determination, an amount equal to the sum of (1) the aggregate amount of all outstanding Indebtedness of the Issuer and its Restricted Subsidiaries on a consolidated basis consisting of Indebtedness for borrowed money, Obligations in respect of Capitalized Lease Obligations and debt obligations evidenced by promissory notes and similar instruments (and excluding, for the avoidance of doubt, all obligations relating to Receivables Facilities) and (2) the aggregate amount of all outstanding Disqualified Stock of the Issuer and all Preferred Stock of its Restricted Subsidiaries on a consolidated basis, with the amount of such Disqualified Stock and Preferred Stock equal to the greater of their respective voluntary or involuntary liquidation preferences and maximum fixed repurchase prices, in each case determined on a consolidated basis in accordance with GAAP. For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Stock or Preferred Stock that does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock or Preferred Stock as if such Disqualified Stock or Preferred Stock were purchased on any date on which Consolidated Total

Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock or Preferred Stock, such fair market value shall be determined reasonably and in good faith by the Issuer.

" *Contingent Obligations* " means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness (" *primary obligations* ") of any other Person (the " *primary obligor* ") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent,

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor,

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation, or

(b) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

" *Credit Facilities* " means, with respect to the Issuer or any of its Restricted Subsidiaries, one or more debt facilities, including the Senior Credit Facilities, or other financing arrangements (including, without limitation, commercial paper facilities or indentures) providing for revolving credit loans, term loans, letters of credit or other long-term indebtedness, including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof and any indentures, notes, debentures or credit facilities or commercial paper facilities that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount permitted to be borrowed thereunder or alters the maturity thereof (*provided* that such increase in borrowings is permitted under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock") or adds Restricted Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, lender or group of lenders.

" *Default* " means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

" *Designated Non-cash Consideration* " means the fair market value of non-cash consideration received by the Issuer or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, executed by the principal financial officer of the Issuer, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of or collection on such Designated Non-cash Consideration.

" *Designated Preferred Stock* " means Preferred Stock of the Issuer or any parent corporation thereof (in each case other than Disqualified Stock) that is issued for cash (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officer's Certificate executed by the principal financial officer of the Issuer or the applicable parent corporation thereof, as the case may be, on the issuance date thereof, the cash proceeds of which are excluded from the calculation set forth in clause (3) of the first paragraph under "Certain Covenants—Limitation on Restricted Payments."

" *Disqualified Stock* " means, with respect to any Person, any Capital Stock of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is puttable or exchangeable, or upon the happening of any event, matures or is mandatorily redeemable (other than solely as a result of a change of control or asset sale) pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof (other than solely as a result of a change of control or asset sale), in whole or in part, in each case prior to the date 91 days after the earlier of the maturity date of the Senior Notes or the date the Senior Notes are no longer outstanding; *provided* , *however* , that if such Capital Stock is issued to any plan for the benefit of employees of the Issuer or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

" *EBITDA* " means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period

(1) increased (without duplication) by:

(a) provision for taxes based on income or profits or capital gains, including, without limitation, foreign, federal, state, franchise and similar taxes and foreign withholding taxes (including penalties and interest related to such taxes or arising from tax examinations) of such Person paid or accrued during such period deducted (and not added back) in computing Consolidated Net Income in such period; *plus*

(b) Fixed Charges of such Person for such period (including (x) net losses on Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate risk and (y) costs of surety bonds in connection with financing activities, in each case, to the extent included in Fixed Charges), together with items excluded from the definition of "Consolidated Interest Expense" pursuant to clauses (1)(u), (v), (w), (x), (y) and (z) of the definition thereof, and, in each such case, to the extent the same were deducted (and not added back) in calculating such Consolidated Net Income in such period; *plus*

(c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent the same was deducted (and not added back) in computing Consolidated Net Income in such period; *plus*

(d) any expenses or charges (other than depreciation or amortization expense) related to any Equity Offering, Permitted Investment, acquisition, disposition, recapitalization or the incurrence of Indebtedness permitted to be incurred by the Senior Indenture (including a refinancing thereof) (whether or not successful), including (i) such fees, expenses or charges related to the offering of the Senior Notes and any Credit Facilities and (ii) any amendment or other modification of the Senior Notes, and, in each case, deducted (and not added back) in computing Consolidated Net Income in such period; *plus*

(e) the amount of any restructuring charge or reserve deducted (and not added back) in such period in computing Consolidated Net Income, including any one-time costs incurred in connection with acquisitions after the Issue Date and costs related to the closure and/or consolidation of facilities; *plus*

(f) any other non-cash charges, including any write-offs or write-downs, reducing Consolidated Net Income for such period (*provided* that if any such non-cash charges represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period); *plus*

(g) the amount of any minority interest expense consisting of income attributable to minority equity interests of third parties deducted (and not added back) in such period in calculating Consolidated Net Income in such period; *plus*

(h) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Investors to the extent otherwise permitted under "Certain Covenants—Transactions with Affiliates"; *plus*

(i) the amount of net cost savings projected by the Issuer in good faith to be realized as a result of specified actions taken or to be taken (calculated on a *pro forma* basis as though such cost savings had been realized on the first day of such period), net of the amount of actual benefits realized during such period from such actions; *provided* that (w) such cost savings are reasonably identifiable and factually supportable, (x) such actions have been taken or are to be taken within 12 months after the date of determination to take such action, (y) no cost savings shall be added pursuant to this clause (i) to the extent duplicative of any expenses or charges relating to such cost savings that are included in clause (e) above with respect to such period and (z) the aggregate amount of cost savings added pursuant to this clause (i) shall not exceed \$25.0 million for any four consecutive quarter period (which adjustments may be incremental to *pro forma* adjustments made pursuant to the second paragraph of the definition of "Fixed Charge Coverage Ratio"); *plus*

(j) the amount of loss on sales of receivables and related assets to the Receivables Subsidiary in connection with a Receivables Facility; *plus*

(k) an amount equal to the impact on cost of goods sold and operating profit of incremental markdowns taken as a result of Project Alpha as described in the offering documentation relating to the outstanding notes; *provided* that this clause (k) shall not apply to any quarterly period beginning after February 1, 2008; *plus*

(l) any expenses associated with Project Alpha inventory and real estate initiatives as described in the offering documentation relating to the outstanding notes; *provided* that this clause (l) shall not apply to any quarterly period beginning after February 1, 2008; *plus*

(m) any costs or expense incurred by the Issuer or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Issuer or net cash proceeds of an issuance of Equity Interests of the Issuer (other than Disqualified Stock) solely to the extent that such net cash proceeds are excluded from the calculation set forth in clause (3) of the first paragraph under "Certain Covenants—Limitation on Restricted Payments";

(2) decreased by (without duplication) non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced EBITDA in any prior period; and

(3) increased or decreased by (without duplication):

(a) any net gain or loss resulting in such period from Hedging Obligations and the application of Statement of Financial Accounting Standards No. 133; *plus* or *minus*, as applicable, and

(b) any net gain or loss resulting in such period from currency translation gains or losses related to currency remeasurements of Indebtedness (including any net loss or gain resulting from Hedging Obligations for currency exchange risk).

" *EMU* " means the economic and monetary union as contemplated in the Treaty on European Union.

" *Equity Interests* " means Capital Stock and all warrants, options or other rights to acquire Capital Stock, but excluding any debt security that is convertible into, or exchangeable for, Capital Stock.

" *Equity Offering* " means any public or private sale of common stock or Preferred Stock of the Issuer or any of its direct or indirect parent companies (excluding Disqualified Stock), other than:

- (1) public offerings with respect to the Issuer's or any direct or indirect parent company's common stock registered on Form S-8;
- (2) issuances to any Subsidiary of the Issuer; and
- (3) any such public or private sale that constitutes an Excluded Contribution.

" *euro* " means the single currency of participating member states of the EMU.

" *Event of Default* " has the meaning set forth under "Events of Default and Remedies."

" *Excess Proceeds* " has the meaning set forth in the fourth paragraph under "Repurchase at the Option of Holders—Asset Sales."

" *Exchange Act* " means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

" *Excluded Contribution* " means net cash proceeds, marketable securities or Qualified Proceeds received by the Issuer after the Issue Date from

- (1) contributions to its common equity capital, and

(2) the sale (other than to a Subsidiary of the Issuer or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Issuer) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock) of the Issuer,

in each case designated as Excluded Contributions pursuant to an Officer's Certificate executed by the principal financial officer of the Issuer on the date such capital contributions are made or the date such Equity Interests are sold, as the case may be, which are excluded from the calculation set forth in clause (3) of the first paragraph under "Certain Covenants—Limitation on Restricted Payments."

" *Fixed Charge Coverage Ratio* " means, with respect to any Person for any period, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Issuer or any Restricted Subsidiary incurs, assumes, guarantees, redeems, retires or extinguishes any Indebtedness (other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the " *Fixed Charge Coverage Ratio Calculation Date* "), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such incurrence, assumption, guarantee, redemption, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred on the first day of the applicable four-quarter period.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, consolidations and disposed operations (as determined in accordance with GAAP) that have been made by the Issuer or any of its Restricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a *pro forma* basis assuming that all such

Investments, acquisitions, dispositions, mergers, consolidations and disposed operations (and the change in any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If, since the beginning of such period, any Person that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed operation had occurred on the first day of the applicable four-quarter period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or accounting officer of the Issuer. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate or other rate shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuer may designate.

" *Fixed Charges* " means, with respect to any Person for any period, the sum of:

- (1) Consolidated Interest Expense of such Person for such period;
- (2) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock during such period; and
- (3) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock during such period.

" *Foreign Subsidiary* " means, with respect to any Person, any Restricted Subsidiary of such Person that is not organized or existing under the laws of the United States, any state thereof or the District of Columbia and any Restricted Subsidiary of such Foreign Subsidiary.

" *GAAP* " means generally accepted accounting principles in the United States which are in effect on the Issue Date.

" *General Credit Facility* " means the credit agreement to be entered into as of the Issue Date by and among the Issuer, the lenders party thereto in their capacities as lenders thereunder and Citicorp North America, Inc., as Administrative Agent, including any guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements, refundings or refinancings thereof and any indentures, notes, debentures or credit facilities or commercial paper facilities with banks or other institutional lenders or investors that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or alters the maturity thereof (*provided* that such increase in borrowings is permitted under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" above).

" *Government Securities* " means securities that are:

(1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged; or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America,

which, in either case, are not callable or redeemable at the option of the issuers thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

" *guarantee* " means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other obligations.

" *Guarantee* " means the guarantee by any Guarantor of the Issuer's Obligations under the Senior Indenture.

" *Guarantor* " means each Restricted Subsidiary that Guarantees the Senior Notes in accordance with the terms of the Senior Indenture.

" *Hedging Obligations* " means, with respect to any Person, the obligations of such Person under any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, commodity swap agreement, commodity cap agreement, commodity collar agreement, foreign exchange contract, currency swap agreement or similar agreement providing for the transfer or mitigation of interest rate or currency risks either generally or under specific contingencies.

" *Holder* " means the Person in whose name a Senior Note is registered on the registrar's books.

" *Indebtedness* " means, with respect to any Person, without duplication:

(1) any indebtedness (including principal and premium) of such Person, whether or not contingent:

(a) in respect of borrowed money;

(b) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers' acceptances (or, without duplication, reimbursement agreements in respect thereof);

(c) representing the balance deferred and unpaid of the purchase price of any property (including Capitalized Lease Obligations), except (i) any such balance that constitutes a trade payable or similar obligation to a trade creditor, in each case accrued in the ordinary course of business and (ii) any earn-out obligations until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP; or

(d) representing any Hedging Obligations;

if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP;

(2) to the extent not otherwise included, any obligation by such Person to be liable for, or to pay, as obligor, guarantor or otherwise on, the obligations of the type referred to in clause (1) of a third Person (whether or not such items would appear upon the balance sheet of the such obligor or guarantor), other than by endorsement of negotiable instruments for collection in the ordinary course of business; and

(3) to the extent not otherwise included, the obligations of the type referred to in clause (1) of a third Person secured by a Lien on any asset owned by such first Person, whether or not such Indebtedness is assumed by such first Person;

provided, however, that notwithstanding the foregoing, Indebtedness shall be deemed not to include (a) Contingent Obligations incurred in the ordinary course of business or (b) obligations under or in respect of Receivables Facilities.

" *Independent Financial Advisor* " means an accounting, appraisal, investment banking firm or consultant to Persons engaged in Similar Businesses of nationally recognized standing that is, in the good faith judgment of the Issuer, qualified to perform the task for which it has been engaged.

" *Initial Purchasers* " means Goldman, Sachs & Co., Citigroup Global Markets Inc., Lehman Brothers Inc. and Wachovia Capital Markets, LLC.

" *insolvency or liquidation proceeding* " means:

(1) any case commenced by or against the Issuer or any Guarantor under any Bankruptcy Law for the relief of debtors, any other proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of the Issuer or any Guarantor, any receivership or assignment for the benefit of creditors relating to the Issuer or any Guarantor or any similar case or proceeding relative to the Issuer or any Guarantor or its creditors, as such, in each case whether or not voluntary;

(2) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to the Issuer or any Guarantor, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency; or

(3) any other proceeding of any type or nature in which substantially all claims of creditors of the Issuer or any Guarantor are determined and any payment or distribution is or may be made on account of such claims.

" *Investment Grade Rating* " means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, or an equivalent rating by any other Rating Agency.

" *Investment Grade Securities* " means:

(1) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) debt securities or debt instruments with an Investment Grade Rating, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

(3) investments in any fund that invests exclusively in investments of the type described in clauses (1) and (2) which fund may also hold immaterial amounts of cash pending investment or distribution; and

(4) corresponding instruments in countries other than the United States customarily utilized for high quality investments.

" *Investments* " means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees), advances or capital contributions (excluding accounts receivable, trade credit, advances to customers, commissions, travel and similar

advances to officers and employees, in each case made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet (excluding the footnotes) of the Issuer in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under "Certain Covenants—Limitation on Restricted Payments":

(1) "Investments" shall include the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets of a Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

(a) the Issuer's "Investment" in such Subsidiary at the time of such redesignation; *less*

(b) the portion (proportionate to the Issuer equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Issuer.

" *Investors* " means Kohlberg Kravis Roberts & Co. L.P., GS Capital Partners VI Fund, L.P. and funds managed by Citigroup Private Equity LP, and each of their respective Affiliates but not including, however, any portfolio companies of any of the foregoing.

" *Issue Date* " means July 6, 2007.

" *Issuer* " has the meaning set forth in the first paragraph under "General"; *provided* that when used in the context of determining the fair market value of an asset or liability under the Senior Indenture other than in calculating the ABL Facility Cap, "Issuer" shall be deemed to mean the board of directors of the Issuer when the fair market value is equal to or in excess of \$50.0 million (unless otherwise expressly stated).

" *Legal Holiday* " means a Saturday, a Sunday or a day on which commercial banking institutions are not required to be open in the State of New York.

" *Lien* " means, with respect to any asset, any mortgage, lien (statutory or otherwise), pledge, hypothecation, charge, security interest, preference, priority or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction; *provided* that in no event shall an operating lease be deemed to constitute a Lien.

" *Moody's* " means Moody's Investors Service, Inc. and any successor to its rating agency business.

" *Net Income* " means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends.

" *Net Proceeds* " means the aggregate cash proceeds received by the Issuer or any of its Restricted Subsidiaries in respect of any Asset Sale, including any cash received upon the sale or other disposition of any Designated Non-cash Consideration received in any Asset Sale, net of the direct costs relating to such Asset Sale and the sale or disposition of such Designated Non-cash Consideration, including legal, accounting and investment banking fees, and brokerage and sales commissions, any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), amounts required to be applied

to the repayment of principal, premium, if any, and interest on Senior Indebtedness required (other than required by clause (1) of the second paragraph of "Repurchase at the Option of Holders—Asset Sales") to be paid as a result of such transaction and any deduction of appropriate amounts to be provided by the Issuer or any of its Restricted Subsidiaries as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Issuer or any of its Restricted Subsidiaries after such sale or other disposition thereof, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

" *Obligations* " means any principal, interest (including any interest accruing subsequent to the filing of a petition in bankruptcy, reorganization or similar proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable state, federal or foreign law), premium, penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and bankers' acceptances), damages and other liabilities, and guarantees of payment of such principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities, payable under the documentation governing any Indebtedness.

" *Officer* " means the Chairman of the Board, the Chief Executive Officer, the President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer or the Secretary of the Issuer.

" *Officer's Certificate* " means a certificate signed on behalf of the Issuer by an Officer of the Issuer, who must be the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Issuer, that meets the requirements set forth in the Senior Indenture.

" *Opinion of Counsel* " means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer or the Trustee.

" *Permitted Asset Swap* " means the concurrent purchase and sale or exchange of Related Business Assets or a combination of Related Business Assets and cash or Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* , that any cash or Cash Equivalents received must be applied in accordance with the covenant described under "Repurchase at the Option of Holders—Asset Sales."

" *Permitted Holders* " means each of the Investors, members of management of the Issuer (or its direct or indirect parent) and any assignees of the equity commitments of the Investors on the Issue Date who are (or will be, pursuant to the agreements described under "Management—Equity Investment by Senior Management Participants" and "—Equity Investment by Other Management Participants") holders of Equity Interests of the Issuer (or any of its direct or indirect parent companies) and any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, such Investors, members of management and assignees of the equity commitments of the Investors, collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent companies.

" *Permitted Investments* " means:

- (1) any Investment in the Issuer or any of its Restricted Subsidiaries;
- (2) any Investment in cash and Cash Equivalents or Investment Grade Securities;

(3) any Investment by the Issuer or any of its Restricted Subsidiaries in a Person that is engaged in a Similar Business if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary; or

(b) such Person, in one transaction or a series of related transactions, is merged or consolidated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary,

and, in each case, any Investment held by such Person; *provided*, that such Investment was not acquired by such Person in contemplation of such acquisition, merger, consolidation or transfer;

(4) any Investment in securities or other assets not constituting cash, Cash Equivalents or Investment Grade Securities and received in connection with an Asset Sale made pursuant to the provisions described under "Repurchase at the Option of Holders—Asset Sales" or any other disposition of assets not constituting an Asset Sale;

(5) any Investment existing on the Issue Date;

(6) any Investment acquired by the Issuer or any of its Restricted Subsidiaries:

(a) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable; or

(b) as a result of a foreclosure by the Issuer or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(7) Hedging Obligations permitted under clause (11) of the second paragraph of the covenant described in "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(8) any Investment in a Similar Business having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (8) that are at that time outstanding, not to exceed \$50.0 million at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(9) Investments the payment for which consists of Equity Interests (exclusive of Disqualified Stock) of the Issuer or any of its direct or indirect parent companies; *provided, however*, that such Equity Interests will not increase the amount available for Restricted Payments under clause (3) of the first paragraph under the covenant described in "Certain Covenants—Limitations on Restricted Payments";

(10) guarantees of Indebtedness permitted under the covenant described in "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(11) any transaction to the extent it constitutes an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "Certain Covenants—Transactions with Affiliates" (except transactions described in clauses (2), (5) and (9) of such paragraph);

(12) Investments consisting of purchases and acquisitions of inventory, supplies, material or equipment;

(13) additional Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (13) that are at that time outstanding (without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash

or marketable securities), not to exceed \$100.0 million at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(14) Investments relating to a Receivables Subsidiary that, in the good faith determination of the Issuer, are necessary or advisable to effect the ABL Facility or any Receivables Facility, as the case may be;

(15) advances to, or guarantees of Indebtedness of, employees not in excess of \$10.0 million outstanding at any one time, in the aggregate;

(16) loans and advances to officers, directors and employees for business-related travel expenses, moving expenses and other similar expenses, in each case incurred in the ordinary course of business or consistent with past practices or to fund such Person's purchase of Equity Interests of the Issuer or any direct or indirect parent company thereof; and

(17) Investments consisting of purchases and acquisitions of inventory, supplies, material or equipment or the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons.

" *Permitted Liens* " means, with respect to any Person:

(1) pledges or deposits by such Person under workmen's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or U.S. government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case incurred in the ordinary course of business;

(2) Liens imposed by law, such as carriers', warehousemen's and mechanics' Liens, in each case for sums not yet overdue for a period of more than 30 days or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review if adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP;

(3) Liens for taxes, assessments or other governmental charges not yet overdue for a period of more than 30 days or payable or subject to penalties for nonpayment or which are being contested in good faith by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP;

(4) Liens in favor of issuers of performance and surety bonds or bid bonds or with respect to other regulatory requirements or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(5) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or Liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not incurred in connection with Indebtedness and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(6) Liens securing Indebtedness permitted to be incurred pursuant to clauses (1), (5), (13), (14), (19) or (20) of the second paragraph under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; *provided* that (a) Liens securing

Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred pursuant to clause (14) relate only to Refinancing Indebtedness that serves to refund or refinance Indebtedness, Disqualified Stock or Preferred Stock incurred under clause (5) or (13) of the second paragraph under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," (b) Liens securing Indebtedness permitted to be incurred pursuant to clause (19) extend only to the assets of Foreign Subsidiaries, (c) Liens securing Indebtedness permitted to be incurred pursuant to clause (20) are solely on acquired property or the assets of the acquired entity, as the case may be and (d) Liens securing Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred pursuant to clause (5) of the second paragraph under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" extend only to the assets so financed, purchased, constructed or improved;

(7) Liens existing on the Issue Date (other than Liens in favor of the lenders under the Senior Credit Facilities);

(8) Liens on property or shares of stock of a Person at the time such Person becomes a Subsidiary; *provided, however*, such Liens are not created or incurred in connection with, or in contemplation of, such other Person becoming such a Subsidiary; *provided, further, however*, that such Liens may not extend to any other property owned by the Issuer or any of its Restricted Subsidiaries;

(9) Liens on property at the time the Issuer or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Issuer or any of its Restricted Subsidiaries; *provided, however*, that such Liens are not created or incurred in connection with, or in contemplation of, such acquisition; *provided, further, however*, that the Liens may not extend to any other property owned by the Issuer or any of its Restricted Subsidiaries;

(10) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary permitted to be incurred in accordance with the covenant described under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(11) Liens securing Hedging Obligations so long as the related Indebtedness is, and is permitted to be under the Senior Indenture, secured by a Lien on the same property securing such Hedging Obligations;

(12) Liens on specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(13) leases, subleases, licenses or sublicenses granted to others in the ordinary course of business which do not materially interfere with the ordinary conduct of the business of the Issuer or any of its Restricted Subsidiaries and do not secure any Indebtedness;

(14) Liens arising from Uniform Commercial Code financing statement filings regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(15) Liens in favor of the Issuer or any Guarantor;

(16) Liens on equipment of the Issuer or any of its Restricted Subsidiaries granted in the ordinary course of business;

(17) Liens on accounts receivable and related assets incurred in connection with a Receivables Facility;

(18) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancing, refunding, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien referred to in the foregoing clauses (6), (7), (8) and (9); *provided*,

however, that (a) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements on such property), and (b) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (i) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clauses (6), (7), (8) and (9) at the time the original Lien became a Permitted Lien under the Senior Indenture, and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement;

(19) deposits made in the ordinary course of business to secure liability to insurance carriers;

(20) other Liens securing obligations incurred in the ordinary course of business which obligations do not exceed \$20.0 million at any one time outstanding;

(21) Liens securing judgments for the payment of money not constituting an Event of Default under clause (5) under the caption "Events of Default and Remedies" so long as such Liens are adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(22) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(23) Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code, or any comparable or successor provision, on items in the course of collection, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business, and (iii) in favor of banking institutions arising as a matter of law encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry;

(24) Liens deemed to exist in connection with Investments in repurchase agreements permitted under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; *provided* that such Liens do not extend to any assets other than those that are the subject of such repurchase agreements;

(25) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of the Issuer or any of its Restricted Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(26) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes; and

(27) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale or purchase of goods entered into by the Issuer or any Restricted Subsidiary in the ordinary course of business.

For purposes of this definition, the term "Indebtedness" shall be deemed to include interest on such Indebtedness.

" *Person* " means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

" *Plan of Reorganization* " means any plan of reorganization, plan of liquidation, agreement for composition, or other type of plan of arrangement proposed in or in connection with any insolvency or liquidation proceeding.

" *Preferred Stock* " means any Equity Interest with preferential rights of payment of dividends or upon liquidation, dissolution or winding up.

" *Purchase Money Obligations* " means any Indebtedness incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (other than Capital Stock), and whether acquired through the direct acquisition of such property or assets, or otherwise.

" *Qualified Proceeds* " means the fair value of assets that are used or useful in, or Capital Stock of any Person engaged in, a Similar Business; *provided* that the fair market value of any such assets or Capital Stock shall be determined by the Issuer in good faith.

" *Rating Agencies* " means Moody's and S&P or if Moody's or S&P or both shall not make a rating on the Senior Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuer which shall be substituted for Moody's or S&P or both, as the case may be.

" *Receivables Facility* " means any of one or more receivables financing facilities as amended, supplemented, modified, extended, renewed, restated or refunded from time to time, the Obligations of which are non-recourse (except for customary representations, warranties, covenants and indemnities made in connection with such facilities) to the Issuer or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) pursuant to which the Issuer or any of its Restricted Subsidiaries purports to sell its accounts receivable to either (a) a Person that is not a Restricted Subsidiary or (b) a Receivables Subsidiary that in turn funds such purchase by purporting to sell its accounts receivable to a Person that is not a Restricted Subsidiary or by borrowing from such a Person or from another Receivables Subsidiary that in turn funds itself by borrowing from such a Person.

" *Receivables Fees* " means distributions or payments made directly or by means of discounts with respect to any accounts receivable or participation interest therein issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with any Receivables Facility.

" *Receivables Subsidiary* " means any Subsidiary formed for the purpose of facilitating or entering into one or more Receivables Facilities, and in each case engages only in activities reasonably related or incidental thereto.

" *Redemption Date* " has the meaning set forth under "Optional Redemption—Senior Notes."

" *Registration Rights Agreement* " means the Registration Rights Agreement related to the Senior Notes, dated as of the Issue Date, among the Issuer, the Guarantors and the Initial Purchasers.

" *Related Business Assets* " means assets (other than cash or Cash Equivalents) used or useful in a Similar Business; *provided* that any assets received by the Issuer or a Restricted Subsidiary in exchange for assets transferred by the Issuer or a Restricted Subsidiary will not be deemed to be Related Business Assets if they consist of securities of a Person, unless upon receipt of the securities of such Person, such Person would become a Restricted Subsidiary.

" *Restricted Investment* " means an Investment other than a Permitted Investment.

" *Restricted Subsidiary* " means, at any time, any direct or indirect Subsidiary of the Issuer (including any Foreign Subsidiary) that is not then an Unrestricted Subsidiary; *provided, however*, that upon an Unrestricted Subsidiary's ceasing to be an Unrestricted Subsidiary, such Subsidiary shall be included in the definition of "Restricted Subsidiary."

" *S&P* " means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and any successor to its rating agency business.

" *Sale and Lease-Back Transaction* " means any arrangement providing for the leasing by the Issuer or any of its Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a third Person in contemplation of such leasing.

" *SEC* " means the U.S. Securities and Exchange Commission.

" *Secured Indebtedness* " means any Indebtedness of the Issuer or any of its Restricted Subsidiaries secured by a Lien.

" *Securities Act* " means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

" *Senior Credit Facilities* " means the ABL Facility and the General Credit Facility.

" *Senior Exchange Notes* " means any notes issued in exchange for the Senior Notes pursuant to the Registration Rights Agreement or similar agreement.

" *Senior Indebtedness* " means:

(1) all Indebtedness of the Issuer or any Guarantor outstanding under the Senior Credit Facilities or the Senior Notes and related Guarantees (including interest accruing on or after the filing of any petition in bankruptcy or similar proceeding or for reorganization of the Issuer or any Guarantor (at the rate provided for in the documentation with respect thereto, regardless of whether or not a claim for post-filing interest is allowed in such proceedings)), and any and all other fees, expense reimbursement obligations, indemnification amounts, penalties, and other amounts (whether existing on the Issue Date or thereafter created or incurred) and all obligations of the Issuer or any Guarantor to reimburse any bank or other Person in respect of amounts paid under letters of credit, acceptances or other similar instruments;

(2) all Hedging Obligations (and guarantees thereof) owing to a Lender (as defined in the Senior Credit Facilities) or any Affiliate of such Lender (or any Person that was a Lender or an Affiliate of such Lender at the time the applicable agreement giving rise to such Hedging Obligation was entered into); *provided* that such Hedging Obligations are permitted to be incurred under the terms of the Senior Indenture;

(3) any other Indebtedness of the Issuer or any Guarantor permitted to be incurred under the terms of the Senior Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is subordinated in right of payment to the Senior Notes or any related Guarantee; and

(4) all Obligations with respect to the items listed in the preceding clauses (1), (2) and (3);

provided , however , that Senior Indebtedness shall not include:

(a) any obligation of such Person to the Issuer or any of its Subsidiaries;

(b) any liability for federal, state, local or other taxes owed or owing by such Person;

(c) any accounts payable or other liability to trade creditors arising in the ordinary course of business;

(d) any Indebtedness or other Obligation of such Person which is subordinate or junior in any respect to any other Indebtedness or other Obligation of such Person; or

(e) that portion of any Indebtedness which at the time of incurrence is incurred in violation of the Senior Indenture.

" *Senior Subordinated Indenture* " means the Senior Subordinated Indenture dated as of the Issue Date, among the Issuer, the Guarantors, as guarantors and the Trustee, as trustee, pursuant to which the Senior Subordinated Notes are issued.

" *Senior Subordinated Notes* " means the \$725,000,000 aggregate principal amount of 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 issued by the Issuer under the Senior Subordinated Indenture on the Issue Date.

" *Significant Subsidiary* " means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Issue Date.

" *Similar Business* " means any business conducted or proposed to be conducted by the Issuer and its Restricted Subsidiaries on the Issue Date or any business that is similar, reasonably related, incidental or ancillary thereto.

" *Special Interest* " means all additional interest then owing pursuant to the Registration Rights Agreement.

" *Sponsor Management Agreement* " means the management agreement between certain of the management companies associated with the Investors and the Issuer.

" *Subordinated Indebtedness* " means, with respect to the Senior Notes,

(1) any Indebtedness of the Issuer which is by its terms subordinated in right of payment to the Senior Notes, and

(2) any Indebtedness of any Guarantor which is by its terms subordinated in right of payment to the Guarantee of such entity of the Senior Notes.

" *Subsidiary* " means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof or is consolidated under GAAP with such Person at such time; and

(2) any partnership, joint venture, limited liability company or similar entity of which

(x) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership or otherwise, and

(y) such Person or any Restricted Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

" *Total Assets* " means the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis, as shown on the most recent consolidated balance sheet of the Issuer or such other Person as may be expressly stated.

" *Transactions* " means the acquisition of all of the outstanding capital stock of Dollar General Corporation, including the payment of the acquisition consideration in connection therewith, the equity

investment by the Investors and members of management, the issuance of the Senior Notes and the Senior Subordinated Notes, the tender offer and consent solicitation for any and all of the outstanding 8 ⁵ / 8 % Notes due 2010 of Dollar General Corporation and the execution of, and borrowings on the Issue Date under, the Senior Credit Facilities and, the pledge and security arrangements in connection with the foregoing, in each case as in effect on the Issue Date, and the related transactions described in this prospectus under the section thereof entitled "—The Transactions."

" *Treasury Rate* " means, as of any Redemption Date, the yield to maturity as of such Redemption Date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the Redemption Date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the Redemption Date to July 15, 2011; *provided, however*, that if the period from the Redemption Date to July 15, 2011 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

" *Trust Indenture Act* " means the Trust Indenture Act of 1939, as amended (15 U.S.C §§ 77aaa-777bbb).

" *Unrestricted Subsidiary* " means:

(1) any Subsidiary of the Issuer which at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer, as provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any Subsidiary of the Issuer (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on, any property of, the Issuer or any Subsidiary of the Issuer (other than solely any Subsidiary of the Subsidiary to be so designated); *provided that*:

(1) any Unrestricted Subsidiary must be an entity of which the Equity Interests entitled to cast at least a majority of the votes that may be cast by all Equity Interests having ordinary voting power for the election of directors or Persons performing a similar function are owned, directly or indirectly, by the Issuer;

(2) such designation complies with the covenants described under "Certain Covenants—Limitation on Restricted Payments"; and

(3) each of:

(a) the Subsidiary to be so designated; and

(b) its Subsidiaries

has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Issuer or any Restricted Subsidiary.

The Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided that*, immediately after giving effect to such designation, no Default shall have occurred and be continuing and either:

(1) the Issuer could incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test described in the first paragraph under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; or

(2) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would be greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such designation, in each case on a *pro forma* basis taking into account such designation.

The Issuer shall notify the Trustee of any such designation by promptly filing with the Trustee a copy of the resolution of the board of directors of the Issuer or any committee thereof giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing provisions.

" *Voting Stock* " of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

" *Weighted Average Life to Maturity* " means, when applied to any Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, at any date, the quotient obtained by dividing:

(1) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or Preferred Stock multiplied by the amount of such payment; by

(2) the sum of all such payments.

" *Wholly-Owned Subsidiary* " of any Person means a Subsidiary of such Person, 100% of the outstanding Equity Interests of which (other than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

DESCRIPTION OF SENIOR SUBORDINATED NOTES

General

Certain terms used in this description are defined under the subheading "Certain Definitions."

Buck Acquisition Corp. issued \$725,000,000 aggregate principal amount of 11.875%/12.625% senior subordinated toggle notes due 2017 (the " *Senior Subordinated Notes* ") under an indenture to be dated July 6, 2007 (the " *Senior Subordinated Indenture* ") among Buck Acquisition Corp., the Guarantors and Wells Fargo Bank, National Association, as trustee (the " *Trustee* "). Immediately following the closing of the offering and as part of the Transactions, Buck Acquisition Corp. merged with and into Dollar General Corporation, with Dollar General Corporation continuing as the surviving corporation and assuming all the obligations of Buck Acquisition Corp. under the Senior Subordinated Indenture. Dollar General Corporation will issue the exchange notes described in the prospectus under the Senior Indenture. In this description, the terms " *we* ," " *our* ," " *us* ," " *the Issuer* " and " *the Company* " refer to Buck Acquisition Corp. prior to the merger described above and to Dollar General Corporation as the surviving corporation in the merger, together with its consolidated Subsidiaries (except that "the Issuer" does not include consolidated subsidiaries). The Senior Subordinated Notes were issued in a private transaction that is not subject to the registration requirements of the Securities Act. See "Notice to Investors." Except as set forth herein, the terms of the Senior Subordinated Notes will be substantially identical and include those stated in the Senior Subordinated Indenture and those made part of the Senior Subordinated Indenture by reference to the Trust Indenture Act.

The following description is only a summary of the material provisions of the Senior Subordinated Indenture, does not purport to be complete and is qualified in its entirety by reference to the provisions of that agreement, including the definitions therein of certain terms used below. We urge you to read the Senior Subordinated Indenture because it, and not this description, will define your rights as Holders of Senior Subordinated Notes. You may request copies of the Senior Subordinated Indenture at our address set forth under the heading "Summary."

Brief Description of the Senior Subordinated Notes

The Senior Subordinated Notes:

- are general unsecured senior subordinated obligations of the Issuer;
- are subordinated in right of payment to all existing and future Senior Indebtedness of the Issuer, including Indebtedness under the Issuer's new Senior Credit Facilities and the Issuer's new Senior Notes;
- are *pari passu* in right of payment with all future unsecured Senior Subordinated Indebtedness of the Issuer;
- are effectively subordinated to all Secured Indebtedness of the Issuer, including Indebtedness under the Issuer's new Senior Credit Facilities, to the extent of the collateral securing such Indebtedness;
- are senior in right of payment to all future Subordinated Indebtedness of the Issuer;
- are structurally subordinated to any existing and future indebtedness and liabilities of non-guarantor Subsidiaries, including the Issuer's Foreign Subsidiaries and any Unrestricted Subsidiaries;
- are initially unconditionally guaranteed on a joint and several and senior subordinated basis by each Restricted Subsidiary that guarantees the General Credit Facility; and
- are subject to registration with the SEC pursuant to the Registration Rights Agreement.

Guarantees

The Guarantors, as primary obligors and not merely as sureties, initially jointly and severally fully and unconditionally guarantee, on a senior subordinated basis, the performance and full and punctual payment when due, whether at maturity, by acceleration or otherwise, of all obligations of the Issuer under the Senior Subordinated Indenture and the Senior Subordinated Notes, whether for payment of principal of, premium, if any, or interest or Special Interest in respect of the Senior Subordinated Notes, expenses, indemnification or otherwise, on the terms set forth in the Senior Subordinated Indenture by executing the Senior Subordinated Indenture.

The Restricted Subsidiaries which guarantee the General Credit Facility initially guarantee the Senior Subordinated Notes. Each Guarantee is a general unsecured senior subordinated obligation of the applicable Guarantor, is subordinated in right of payment to all existing and any future Senior Indebtedness of such Guarantor, is *pari passu* in right of payment with any future Senior Subordinated Indebtedness of such Guarantor, is effectively subordinated to all Secured Indebtedness of such Guarantor to the extent of the value of the collateral securing such Indebtedness, and will rank senior in right of payment to any future Subordinated Indebtedness of such Guarantor. The Senior Subordinated Notes are structurally subordinated to Indebtedness and other liabilities of Subsidiaries of the Issuer that do not guarantee the Senior Subordinated Notes.

Not all of the Issuer's Subsidiaries guarantee the Senior Subordinated Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-Guarantor Subsidiaries, the non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer. None of the Issuer's Subsidiaries which are Foreign Subsidiaries, non-Wholly Owned Subsidiaries or any Receivables Subsidiaries will guarantee the Senior Credit Facilities, the Senior Notes or the Senior Subordinated Notes. Our Non-Guarantor Subsidiaries accounted for approximately \$107.4 million of net revenues and approximately \$20.5 million of net income, in each case, for 2006 and approximately \$243.0 million of total assets, and approximately \$187.0 million of total liabilities, in each case as of February 2, 2007.

The obligations of each Guarantor under its Guarantee will be limited as necessary to prevent the Guarantee from constituting a fraudulent conveyance under applicable law.

Any entity that makes a payment under its Guarantee will be entitled upon payment in full of all guaranteed obligations under the Senior Subordinated Indenture to a contribution from each other Guarantor in an amount equal to such other Guarantor's *pro rata* portion of such payment based on the respective net assets of all the Guarantors at the time of such payment determined in accordance with GAAP.

If a Guarantee were rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the Guarantor, and, depending on the amount of such indebtedness, a Guarantor's liability on its Guarantee could be reduced to zero. See "Risk Factors—Risks Related to the Notes—Federal and state fraudulent transfer laws may permit a court to void the guarantees, and, if that occurs, you may not receive any payments on the notes."

Each Guarantee by a Guarantor will provide by its terms that it will be automatically and unconditionally released and discharged upon:

- (1) (a) any sale, exchange or transfer (by merger or otherwise) of the Capital Stock of such Guarantor (including any sale, exchange or transfer), after which the applicable Guarantor is no longer a Restricted Subsidiary or all or substantially all the assets of such Guarantor, which sale, exchange or transfer is made in compliance with the applicable provisions of the Senior Subordinated Indenture;

- (b) the release or discharge of the guarantee by such Guarantor of the Senior Credit Facilities or such other guarantee that resulted in the creation of such guarantee, except a discharge or release by or as a result of payment under such guarantee;
- (c) the designation of any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary in compliance with the applicable provisions of the Senior Subordinated Indenture; or
- (d) the exercise by the Issuer of its legal defeasance option or covenant defeasance option as described under "Legal Defeasance and Covenant Defeasance" or the discharge of the Issuer's obligations under the Senior Subordinated Indenture in accordance with the terms of the Senior Subordinated Indenture; and

(2) such Guarantor delivering to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in the Senior Subordinated Indenture relating to such transaction have been complied with.

Other Senior Subordinated Indebtedness Versus Senior Subordinated Notes

Only Indebtedness of the Issuer or a Guarantor that is Senior Indebtedness ranks senior to the Senior Subordinated Notes and the Guarantees in accordance with the provisions of the Senior Subordinated Indenture. The Senior Subordinated Notes and the Guarantees rank *pari passu* with all future Senior Subordinated Indebtedness of the Issuer and the Guarantors.

The Issuer and the Guarantors agree in the Senior Subordinated Indenture not to incur any Indebtedness that is subordinate or junior in right of payment to Senior Indebtedness, unless such Indebtedness is Senior Subordinated Indebtedness of the applicable person or is expressly subordinated in right of payment to Senior Subordinated Indebtedness of such person. The Senior Subordinated Indenture does not treat (i) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because it is unsecured or (ii) Senior Indebtedness as subordinated or junior to any other Senior Indebtedness merely because it has a junior priority with respect to the same collateral.

Payment of Senior Subordinated Notes

Neither the Issuer nor any Guarantor are permitted to make payments of principal of or premium, if any, or interest on the Senior Subordinated Notes (or pay any other obligations relating to the Senior Subordinated Notes, including Special Interest, fees, costs, expenses, indemnities and rescission or damage claims) or make any deposit pursuant to the provisions described under "Legal Defeasance and Covenant Defeasance" or "Satisfaction and Discharge" below and may not purchase, redeem or otherwise retire any Senior Subordinated Notes (collectively, "*pay the Senior Subordinated Notes*") (except in the form of Permitted Junior Securities) if either of the following occurs (a "*Payment Default* "):

- (1) any Obligation on any Designated Senior Indebtedness of the Issuer is not paid in full in cash when due (after giving effect to any applicable grace period); or
- (2) any other default on Designated Senior Indebtedness of the Issuer occurs and the maturity of such Designated Senior Indebtedness is accelerated in accordance with its terms;

unless, in either case, the Payment Default has been cured or waived and any such acceleration has been rescinded or such Designated Senior Indebtedness has been paid in full in cash. Notwithstanding the foregoing, the Issuer is permitted to pay the Senior Subordinated Notes if it and the Trustee receive written notice approving such payment from the Representatives of all Designated Senior Indebtedness with respect to which the Payment Default has occurred and is continuing.

During the continuance of any default other than a Payment Default (a " *Non-Payment Default* ") with respect to any Designated Senior Indebtedness pursuant to which the maturity thereof may be accelerated without further notice (except such notice as may be required to effect such acceleration) or the expiration of any applicable grace periods, the Issuer is not permitted to pay the Senior Subordinated Notes (except in the form of Permitted Junior Securities) for a period (a " *Payment Blockage Period* ") commencing upon the receipt by the Trustee (with a copy to the Issuer) of written notice (a " *Blockage Notice* ") of such default from the Representative of such Designated Senior Indebtedness specifying an election to effect a Payment Blockage Period and ending 179 days thereafter. The Payment Blockage Period will end earlier if such Payment Blockage Period is terminated:

- (1) by written notice to the Trustee and the Issuer from the Person or Persons who gave such Blockage Notice;
- (2) because the default giving rise to such Blockage Notice is cured, waived or otherwise no longer continuing; or
- (3) because such Designated Senior Indebtedness has been discharged or repaid in full in cash.

Notwithstanding the provisions described above, unless the holders of such Designated Senior Indebtedness or the Representative of such Designated Senior Indebtedness have accelerated the maturity of such Designated Senior Indebtedness, the Issuer and related Guarantors are permitted to resume paying the Senior Subordinated Notes after the end of such Payment Blockage Period. The Senior Subordinated Notes shall not be subject to more than one Payment Blockage Period in any consecutive 360-day period irrespective of the number of defaults with respect to Designated Senior Indebtedness during such period; *provided* that if any Payment Blockage Notice is delivered to the Trustee by or on behalf of the holders of Designated Senior Indebtedness of the Issuer (other than the holders of Indebtedness under the Senior Credit Facilities), a Representative of holders of Indebtedness under the Senior Credit Facilities may give another Payment Blockage Notice within such period. However, in no event may the total number of days during which any Payment Blockage Period or Periods on the Senior Subordinated Notes is in effect exceed 179 days in the aggregate during any consecutive 360-day period, and there must be at least 181 days during any consecutive 360-day period during which no Payment Blockage Period is in effect. Notwithstanding the foregoing, however, no Default that existed or was continuing on the date of delivery of any Blockage Notice to the Trustee will be, or be made, the basis for a subsequent Blockage Notice unless such default has been cured or waived for a period of not less than 90 consecutive days (it being acknowledged that any subsequent action, or any breach of any financial covenants during the period after the date of delivery of such initial Blockage Notice, that, in either case, would give rise to a Non-Payment Default pursuant to any provisions under which a Non-Payment Default previously existed or was continuing shall constitute a new Non-Payment Default for this purpose).

Upon any payment or distribution of the assets of the Issuer upon a total or partial liquidation or dissolution or reorganization of or similar proceeding relating to the Issuer or its property:

- (1) the holders of Senior Indebtedness of the Issuer will be entitled to receive payment in full in cash of such Senior Indebtedness before the Holders are entitled to receive any payment;
- (2) until the Senior Indebtedness of the Issuer is paid in full in cash, any payment or distribution to which Holders would be entitled but for the subordination provisions of the Senior Subordinated Indenture will be made to holders of such Senior Indebtedness as their interests may appear, except that Holders may receive Permitted Junior Securities; and
- (3) if a distribution is made to Holders that, due to the subordination provisions, should not have been made to them, such Holders are required to hold it in trust for the holders of Senior Indebtedness of the Issuer and pay it over to them as their interests may appear.

The subordination and payment blockage provisions described above will not prevent a Default from occurring under the Senior Subordinated Indenture upon the failure of the Issuer to pay principal, premium, if any, or interest with respect to the Senior Subordinated Notes when due by their terms. If payment of the Senior Subordinated Notes is accelerated because of an Event of Default, the Issuer or the Trustee must promptly notify the holders of Designated Senior Indebtedness or the Representative of such Designated Senior Indebtedness of the acceleration. So long as there shall remain outstanding Senior Indebtedness under the Senior Credit Facilities, a Blockage Notice with respect to the Senior Credit Facilities may only be given by the respective administrative agents thereunder unless otherwise agreed to in writing by the respective requisite lenders named therein. If any Designated Senior Indebtedness is outstanding, neither the Issuer nor any Guarantor may pay the Senior Subordinated Notes until five Business Days after the Representatives of all the issues of Designated Senior Indebtedness receive notice of such acceleration and, thereafter, may pay the Senior Subordinated Notes only if the Senior Subordinated Indenture otherwise permits payment at that time.

A Guarantor's obligations under its Guarantee are senior subordinated obligations. As such, the rights of Holders to receive payment by a Guarantor pursuant to its Guarantee will be subordinated in right of payment to the rights of holders of Senior Indebtedness of such Guarantor. The terms of the subordination and payment blockage provisions described above with respect to the Issuer's obligations under the Senior Subordinated Notes apply equally to a Guarantor and the obligations of such Guarantor under its Guarantee.

A Holder by its acceptance of Senior Subordinated Notes agrees to be bound by these subordination provisions and authorizes and expressly directs the Trustee under the Senior Subordinated Indenture, on its behalf, to take such action as may be necessary or appropriate to effectuate the subordination provided for in the Senior Subordinated Indenture and appoints the Trustee under the Senior Subordinated Indenture its attorney-in-fact for such purpose.

By reason of the subordination provisions contained in the Senior Subordinated Indenture, in the event of a liquidation or insolvency proceeding, creditors of the Issuer or a Guarantor who are holders of Senior Indebtedness of the Issuer or such Guarantor, as the case may be, may recover more, ratably, than the Holders, and creditors of the Issuer or a Guarantor who are not holders of Senior Indebtedness may recover less, ratably, than holders of Senior Indebtedness of the Issuer or such Guarantor and may recover more, ratably, than the Holders. See "Risk Factors—Risks Related to the Notes—Your right to receive payments on the senior subordinated notes will be junior to our existing and future senior indebtedness, including borrowings under our new senior secured credit facilities and the senior notes."

The terms of the subordination provisions described above will not apply to payments from money or the proceeds of Government Securities deposited in trust or with the Trustee, as applicable, for the payment of principal of and interest on the Senior Subordinated Notes pursuant to the provisions described under "Legal Defeasance and Covenant Defeasance" or "Satisfaction and Discharge," if the subordination provisions described in this section were not violated at the time the applicable amounts were deposited in trust or with the Trustee, as applicable, pursuant to such sections.

Paying Agent and Registrar for the Senior Subordinated Notes

The Issuer maintains one or more paying agents and a registrar for the Senior Subordinated Notes with offices in the Borough of Manhattan, City of New York. The initial paying agent and the initial registrar for the Senior Subordinated Notes is the Trustee.

The registrar will maintain a register reflecting ownership of the Senior Subordinated Notes outstanding from time to time and will make payments on and facilitate transfer of Senior Subordinated Notes on behalf of the Issuer.

The Issuer may change the paying agents or the registrars without prior notice to the Holders. The Issuer or any of its Subsidiaries may act as a paying agent or registrar.

Transfer and Exchange

A Holder may transfer or exchange Senior Subordinated Notes in accordance with the Senior Subordinated Indenture. The registrar and the Trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of Senior Subordinated Notes. Holders will be required to pay all taxes due on transfer. The Issuer will not be required to transfer or exchange any Senior Subordinated Note selected for redemption. Also, the Issuer will not be required to transfer or exchange any Senior Subordinated Note for a period of 15 days before a selection of Senior Subordinated Notes to be redeemed.

Principal, Maturity and Interest

The Issuer issued \$725,000,000 in aggregate principal amount of Senior Subordinated Notes. The Senior Subordinated Notes will mature on July 15, 2017. Subject to compliance with the covenant described below under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," the Issuer may issue additional Senior Subordinated Notes from time to time after this offering under the Senior Subordinated Indenture (any such Senior Subordinated Notes, "*Additional Senior Subordinated Notes*"). In addition, in connection with the payment of PIK Interest or Partial PIK Interest in respect of the Senior Subordinated Notes, the Issuer is entitled to, without the consent of the Holders, increase the outstanding principal amount of the Senior Subordinated Notes or issue additional Senior Subordinated Notes (the "*PIK Notes*") under the Senior Subordinated Indenture on the same terms and conditions as the Senior Subordinated Notes (in each case, the "*PIK Payment*"). The Senior Subordinated Notes, the PIK Notes and any Additional Senior Subordinated Notes subsequently issued under the Senior Subordinated Indenture, are treated as a single class for all purposes under the Senior Subordinated Indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context requires otherwise, references to "Senior Subordinated Notes" for all purposes of the Senior Subordinated Indenture and this "Description of Senior Subordinated Notes" include any PIK Notes and Additional Senior Subordinated Notes that are actually issued, and references to "principal amount" of the Senior Subordinated Notes includes any increase in the principal amount of the outstanding Senior Notes as a result of a PIK Payment.

Interest on the Senior Subordinated Notes is payable semi-annually in arrears on January 15 and July 15, commencing on January 15, 2008, to the Holders of record on the immediately preceding January 1 and July 1. Interest on the Senior Subordinated Notes accrues from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest on the Senior Subordinated Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months. For any interest payment period after the initial interest payment period and prior to July 15, 2011,

The Issuer may, at its option, elect to pay interest on the Senior Subordinated Notes:

- entirely in cash ("*Cash Interest*");
- entirely by increasing the principal amount of the outstanding Senior Subordinated Notes or by issuing PIK Notes ("*PIK Interest*"); or
- on 50% of the outstanding principal amount of the Senior Subordinated Notes in cash and on 50% of the principal amount by increasing the principal amount of the outstanding Senior Subordinated Notes or by issuing PIK Notes ("*Partial PIK Interest*").

The Issuer must elect the form of interest payment with respect to each interest period by delivering a notice to the Trustee at least 30 days prior to the beginning of each interest period. The Trustee shall promptly deliver a corresponding notice to the Holders. In the absence of such an election for any interest period, interest on the Senior Subordinated Notes shall be payable according to the election for the previous interest period. Interest for the first interest period commencing on the Issue Date shall be payable entirely in cash. After July 15, 2011, the Issuer will make all interest payments on the Senior Subordinated Notes entirely in cash. Notwithstanding anything to the contrary, the payment of accrued interest in connection with any redemption of Senior Subordinated Notes as described under "—Optional Redemption" or "Repurchase at the Option of Holders" shall be made solely in cash.

Cash Interest on the Senior Subordinated Notes will accrue at a rate of 11.875% per annum and be payable in cash. PIK Interest on the Senior Subordinated Notes will accrue at a rate of 12.625% per annum and be payable (x) with respect to Senior Subordinated Notes represented by one or more global notes registered in the name of, or held by, The Depository Trust Company ("DTC") or its nominee on the relevant record date, by increasing the principal amount of the outstanding global Senior Subordinated Note by an amount equal to the amount of PIK Interest for the applicable interest period (rounded up to the nearest \$1,000) and (y) with respect to Senior Subordinated Notes represented by certificated notes, by issuing PIK Notes in certificated form in an aggregate principal amount equal to the amount of PIK Interest for the applicable period (rounded up to the nearest whole dollar), and the Trustee will, at the request of the Issuer, authenticate and deliver such PIK Notes in certificated form for original issuance to the Holders on the relevant record date, as shown by the records of the register of Holders. In the event that the Issuer elects to pay Partial PIK Interest for any interest period, each Holder will be entitled to receive Cash Interest in respect of 50% of the principal amount of the Senior Subordinated Notes held by such Holder on the relevant record date and PIK Interest in respect of 50% of the principal amount of the Senior Subordinated Notes held by such Holder on the relevant record date. Following an increase in the principal amount of the outstanding global Senior Subordinated Notes as a result of a PIK Payment, such global Senior Subordinated Notes will bear interest on such increased principal amount from and after the date of such PIK Payment. Any PIK Notes issued in certificated form will be dated as of the applicable interest payment date and will bear interest from and after such date. All Senior Subordinated Notes issued pursuant to a PIK Payment will mature on July 15, 2017 and will be governed by, and subject to the terms, provisions and conditions of, the Senior Subordinated Indenture and shall have the same rights and benefits as the Senior Subordinated Notes issued on the Issue Date. Any certificated PIK Notes will be issued with the description "PIK" on the face of such PIK Note.

If the Senior Subordinated Notes would otherwise constitute "applicable high yield discount obligations" within the meaning of Section 163(i)(1) of the Code, at the end of each accrual period ending after the fifth anniversary of the Senior Subordinated Notes' issuance (the "*AHYDO redemption date*"), the Issuer will be required to redeem for cash a portion of each Senior Subordinated Note then outstanding equal to the "Mandatory Principal Redemption Amount" (such redemption, a "*Mandatory Principal Redemption*"). The redemption price for the portion of each Senior Subordinated Note redeemed pursuant to a Mandatory Principal Redemption will be 100% of the principal amount of such portion plus any accrued interest thereon on the date of redemption. The "Mandatory Principal Redemption Amount" means, as of each AHYDO redemption date, the excess, if any, of (a) the aggregate amount of accrued and unpaid interest and all accrued and unpaid "original issue discount" (as defined in Section 1273(a)(1) of the Code) with respect to the Senior Subordinated Notes, over (b) an amount equal to the product of (i) the "issue price" (as defined in Sections 1273(b) and 1274(a) of the Code) of the Senior Subordinated Notes multiplied by (ii) the "yield to maturity" (as defined in the Treasury Regulation Section 1.1272-1(b)(1)(i)) of the Senior Subordinated Notes. No partial redemption or repurchase of the senior Senior Subordinated Notes prior to any AHYDO redemption date pursuant to any other provision of the Senior Subordinated Indenture will alter the Issuer's

obligation to make any Mandatory Principal Redemption with respect to any Senior Subordinated Notes that remain outstanding on the AHYDO redemption date.

Special Interest

Special Interest may accrue on the Senior Subordinated Notes in certain circumstances pursuant to the Registration Rights Agreement. Any Special Interest on the Senior Subordinated Notes will be payable in the same form elected by the Issuer for payment of interest for the applicable interest payment period. All references in the Senior Subordinated Indenture, in any context, to any interest or other amount payable on or with respect to the Senior Subordinated Notes shall be deemed to include any Special Interest pursuant to the Registration Rights Agreement. Principal of, premium, if any, and interest on the Senior Subordinated Notes will be payable at the office or agency of the Issuer maintained for such purpose within the City and State of New York or, at the option of the Issuer, payment of interest may be made by check mailed to the Holders at their respective addresses set forth in the register of Holders; *provided* that all payments of principal, premium, if any, and interest with respect to the Senior Subordinated Notes represented by one or more global notes registered in the name of or held by DTC or its nominee will be made by wire transfer of immediately available funds to the accounts specified by the Holder or Holders thereof. Until otherwise designated by the Issuer, the Issuer's office or agency in New York will be the office of the Trustee maintained for such purpose.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

Except as set forth in the last paragraph under "Principal, Maturity and Interest," the Issuer will not be required to make any mandatory redemption or sinking fund payments with respect to the Senior Subordinated Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Senior Subordinated Notes as described under the caption "Repurchase at the Option of Holders." The Issuer may from time to time acquire any Senior Subordinated Notes by means other than a redemption, whether by tender offer, in open market purchases, through negotiated transactions or otherwise.

Optional Redemption

Except as set forth below, the Issuer will not be entitled to redeem Senior Subordinated Notes at its option prior to July 15, 2012.

At any time prior to July 15, 2012, the Issuer may redeem all or a part of the Senior Subordinated Notes, upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to the registered address of each Holder or otherwise in accordance with the procedures of DTC, at a redemption price equal to 100% of the principal amount of the Senior Subordinated Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest and Special Interest, if any, to the date of redemption (the "*Redemption Date*"), subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date.

On and after July 15, 2012, the Issuer may redeem the Senior Subordinated Notes, in whole or in part, upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to the registered address of each Holder or otherwise in accordance with the procedures of DTC, at the redemption prices (expressed as percentages of principal amount of the Senior Subordinated Notes to be redeemed) set forth below, plus accrued and unpaid interest thereon and Special Interest, if any, to the applicable Redemption Date, subject to the right of Holders of record on the relevant record date

to receive interest due on the relevant interest payment date, if redeemed during the twelve-month period beginning on July 15 of each of the years indicated below:

Year	Percentage
2012	105.938%
2013	103.958%
2014	101.979%
2015 and thereafter	100.000%

In addition, until July 15, 2010, the Issuer may, at its option, on one or more occasions redeem up to 35% of the aggregate principal amount of Senior Subordinated Notes at a redemption price equal to 111.875% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon and Special Interest, if any, to the applicable Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, with the net cash proceeds of one or more Equity Offerings; *provided* that at least 50% of the sum of the original aggregate principal amount of Senior Subordinated Notes issued under the Senior Subordinated Indenture and the original principal amount of any Additional Senior Subordinated Notes issued under the Senior Subordinated Indenture after the Issue Date remains outstanding immediately after the occurrence of each such redemption; *provided further* that each such redemption occurs within 90 days of the date of closing of each such Equity Offering.

Notice of redemption may be given prior to the redemption thereof, and any such redemption or notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of an Equity Offering or other corporate transaction.

If the Issuer redeems less than all of the outstanding Senior Subordinated Notes, the Trustee shall select the Senior Subordinated Notes to be redeemed in the manner described under "Repurchase at the Option of Holders—Selection and Notice."

Repurchase at the Option of Holders

Change of Control

The Senior Subordinated Notes provide that if a Change of Control occurs, unless the Issuer has previously or concurrently mailed a redemption notice with respect to all the outstanding Senior Subordinated Notes as described under "Optional Redemption," the Issuer will make an offer to purchase all of the Senior Subordinated Notes pursuant to the offer described below (the "*Change of Control Offer*") at a price in cash (the "*Change of Control Payment*") equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Special Interest, if any, to the date of purchase, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will send notice of such Change of Control Offer by first-class mail, with a copy to the Trustee, to each Holder to the address of such Holder appearing in the security register or otherwise in accordance with the procedures of DTC, with the following information:

(1) that a Change of Control Offer is being made pursuant to the covenant entitled "Change of Control" and that all Senior Subordinated Notes properly tendered pursuant to such Change of Control Offer will be accepted for payment by the Issuer;

(2) the purchase price and the purchase date, which will be no earlier than 30 days nor later than 60 days from the date such notice is mailed (the "*Change of Control Payment Date*");

(3) that any Senior Subordinated Note not properly tendered will remain outstanding and continue to accrue interest;

(4) that unless the Issuer defaults in the payment of the Change of Control Payment, all Senior Subordinated Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(5) that Holders electing to have any Senior Subordinated Notes purchased pursuant to a Change of Control Offer will be required to surrender such Senior Subordinated Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of such Senior Subordinated Notes completed, to the paying agent and at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their tendered Senior Subordinated Notes and their election to require the Issuer to purchase such Senior Subordinated Notes; *provided* that the paying agent receives, not later than the close of business on the 30th day following the date of the Change of Control notice, a telegram, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Senior Subordinated Notes tendered for purchase, and a statement that such Holder is withdrawing its tendered Senior Subordinated Notes and its election to have such Senior Subordinated Notes purchased;

(7) that if the Issuer is redeeming less than all of the Senior Subordinated Notes, the Holders of the remaining Senior Subordinated Notes will be issued new Senior Subordinated Notes that will be equal in principal amount to the unpurchased portion of the Senior Subordinated Notes surrendered. The unpurchased portion of the Senior Subordinated Notes must be equal to \$2,000 or an integral multiple of \$1,000 in excess thereof; and

(8) the other instructions, as determined by us, consistent with the covenant described hereunder, that a Holder must follow.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent they are applicable in connection with the repurchase of Senior Subordinated Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Senior Subordinated Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Senior Subordinated Indenture by virtue thereof.

On the Change of Control Payment Date, the Issuer will, to the extent permitted by law,

- (1) accept for payment all Senior Subordinated Notes issued by it or portions thereof properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the paying agent an amount equal to the aggregate Change of Control Payment in respect of all Senior Subordinated Notes or portions thereof so tendered; and
- (3) deliver, or cause to be delivered, to the Trustee for cancellation the Senior Subordinated Notes so accepted together with an Officer's Certificate to the Trustee stating that such Senior Subordinated Notes or portions thereof have been tendered to and purchased by the Issuer.

The paying agent will promptly mail to each Holder the Change of Control Payment for such Senior Subordinated Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Senior Subordinated Note equal in principal amount to any unpurchased portion of the Senior Subordinated Notes surrendered, if any; *provided* that each such new Senior Subordinated Note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof.

The Senior Credit Facilities and Senior Notes will limit, and future credit agreements or other agreements relating to the Senior Indebtedness to which the Issuer becomes a party may prohibit or limit, the Issuer from purchasing any Senior Subordinated Notes as a result of a Change of Control. In the event a Change of Control occurs at a time when the Issuer is prohibited from purchasing the Senior Subordinated Notes, the Issuer could seek the consent of its lenders and the holders of the Senior Notes to permit the purchase of the Senior Subordinated Notes or could attempt to refinance the borrowings and Senior Notes that contain such prohibition. In such case, the Issuer's failure to purchase tendered Senior Subordinated Notes would constitute an Event of Default under the Senior Subordinated Indenture. If, as a result thereof, a default occurs with respect to any Senior Indebtedness, the subordination provisions in the Senior Subordinated Indenture would restrict payments to the Holders under certain circumstances. The Senior Credit Facilities will, and future credit agreements or other agreements relating to Senior Indebtedness to which the Issuer becomes a party may, provide that certain change of control events with respect to the Issuer would constitute a default thereunder (including a Change of Control under the Senior Subordinated Indenture). If we experience a change of control that triggers a default under our Senior Credit Facilities, we could seek a waiver of such default or seek to refinance our Senior Credit Facilities. In the event we do not obtain such a waiver or refinance the Senior Credit Facilities, such default could result in amounts outstanding under our Senior Credit Facilities being declared due and payable and could cause a Receivables Facility to be wound down.

Our ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by our then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases.

The Change of Control purchase feature of the Senior Subordinated Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between the Initial Purchasers and us. After the Issue Date, we have no present intention to engage in a transaction involving a Change of Control, although it is possible that we could decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Senior Subordinated Indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to incur additional Indebtedness are contained in the covenants described under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "Certain Covenants—Liens." Such restrictions in the Senior Subordinated Indenture can be waived only with the consent of the Holders of a majority in principal amount of the Senior Subordinated Notes then outstanding. Except for the limitations contained in such covenants, however, the Senior Subordinated Indenture will not contain any covenants or provisions that may afford Holders protection in the event of a highly leveraged transaction.

The Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Senior Subordinated Indenture applicable to a Change of Control Offer made by us and purchases all Senior Subordinated Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of "Change of Control" includes a disposition of all or substantially all of the assets of the Issuer to any Person. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law.

Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Senior Subordinated Notes as described above.

The provisions under the Senior Subordinated Indenture relating to the Issuer's obligation to make an offer to repurchase the Senior Subordinated Notes as a result of a Change of Control may be waived or modified with the written consent of the Holders of a majority in principal amount of the Senior Subordinated Notes.

Asset Sales

The Senior Subordinated Indenture provides that the Issuer will not, and will not permit any of its Restricted Subsidiaries to consummate, directly or indirectly, an Asset Sale, unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value (as determined in good faith by the Issuer) of the assets sold or otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration therefor received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; *provided* that the amount of:

(a) any liabilities (as shown on the Issuer's or such Restricted Subsidiary's most recent balance sheet or in the footnotes thereto) of the Issuer or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the Senior Subordinated Notes, that are assumed by the transferee of any such assets and for which the Issuer and all of its Restricted Subsidiaries have been validly released by all creditors in writing,

(b) any securities received by the Issuer or such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of such Asset Sale, and

(c) any Designated Non-cash Consideration received by the Issuer or such Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed 5.0% of Total Assets at the time of the receipt of such Designated Non-cash Consideration, with the fair market value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value,

shall be deemed to be cash for purposes of this provision and for no other purpose.

Within 360 days after the receipt of any Net Proceeds of any Asset Sale, the Issuer or such Restricted Subsidiary, at its option, may apply the Net Proceeds from such Asset Sale,

(1) to permanently reduce:

(a) Obligations under any Senior Indebtedness, the Senior Subordinated Notes or any other Senior Subordinated Indebtedness, in each case, of the Issuer or any Guarantor (other than Obligations owed to the Issuer or a Restricted Subsidiary) and, in the case of Obligations under revolving credit facilities or other similar Indebtedness, to correspondingly permanently reduce commitments with respect thereto; *provided* that if the Issuer or any Restricted Subsidiary shall so reduce Obligations under any Senior Subordinated Indebtedness, the Issuer or such Guarantor will, equally and ratably, reduce Obligations under the Senior Subordinated Notes by, at its option, (A) redeeming Senior Subordinated Notes, (B) making an offer (in accordance with the

procedures set forth below for an Asset Sale Offer) to all Holders to purchase their Senior Subordinated Notes at 100% of the principal amount thereof, *plus* the amount of accrued and unpaid interest and Special Interest, if any, on the principal amount of Senior Subordinated Notes to be repurchased or (C) purchasing Senior Subordinated Notes through open market purchases (to the extent such purchases are at a price equal to or higher than 100% of the principal amount thereof) in a manner that complies with the Senior Subordinated Indenture and applicable securities law; or

(b) Indebtedness of a Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to the Issuer or another Restricted Subsidiary;

(2) to make (a) an Investment in any one or more businesses, *provided* that such Investment in any business is in the form of the acquisition of Capital Stock and results in the Issuer or another of its Restricted Subsidiaries, as the case may be, owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary, (b) capital expenditures or (c) acquisitions of other assets, in each of (a), (b) and (c), used or useful in a Similar Business; or

(3) to make an Investment in (a) any one or more businesses, *provided* that such Investment in any business is in the form of the acquisition of Capital Stock and results in the Issuer or another of its Restricted Subsidiaries, as the case may be, owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary, (b) properties or (c) acquisitions of other assets that, in each of (a), (b) and (c), replace the businesses, properties and/or assets that are the subject of such Asset Sale;

provided that, in the case of clauses (2) and (3) above, a binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment so long as the Issuer, or such other Restricted Subsidiary enters into such commitment with the good faith expectation that such Net Proceeds will be applied to satisfy such commitment within 180 days of such commitment (an " *Acceptable Commitment* ") and, in the event any *Acceptable Commitment* is later cancelled or terminated for any reason before the Net Proceeds are applied in connection therewith, the Issuer or such Restricted Subsidiary enters into another *Acceptable Commitment* (a " *Second Commitment* ") within 180 days of such cancellation or termination; *provided*, *further*, that if any *Second Commitment* is later cancelled or terminated for any reason before such Net Proceeds are applied, then such Net Proceeds shall constitute Excess Proceeds.

Any Net Proceeds from Asset Sales that are not invested or applied as provided and within the time period set forth in the first sentence of the preceding paragraph will be deemed to constitute " *Excess Proceeds* ." When the aggregate amount of Excess Proceeds exceeds \$75.0 million, the Issuer shall make an offer to all Holders and, if required or permitted by the terms of any Senior Subordinated Indebtedness, to the holders of such Senior Subordinated Indebtedness (an " *Asset Sale Offer* "), to purchase the maximum aggregate principal amount of the Senior Subordinated Notes and such Senior Indebtedness that is a minimum of \$2,000 or an integral multiple of \$1,000 in excess thereof that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Special Interest, if any, to the date fixed for the closing of such offer, in accordance with the procedures set forth in the Senior Subordinated Indenture. The Issuer will commence an Asset Sale Offer with respect to Excess Proceeds within ten Business Days after the date that Excess Proceeds exceed \$75.0 million by mailing the notice required pursuant to the terms of the Senior Subordinated Indenture, with a copy to the Trustee.

To the extent that the aggregate amount of Senior Subordinated Notes and such Senior Subordinated Indebtedness tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Senior Subordinated Indenture. If the aggregate principal amount of Senior Subordinated Notes or such Senior Subordinated Indebtedness surrendered by such holders thereof

exceeds the amount of Excess Proceeds, the Trustee shall select the Senior Subordinated Notes and such other Senior Subordinated Indebtedness to be purchased on a *pro rata* basis based on the accreted value or principal amount of the Senior Subordinated Notes or such Senior Subordinated Indebtedness tendered. Upon completion of any such Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero. Additionally, the Issuer may, at its option, make an Asset Sale Offer using proceeds from any Asset Sale at any time after consummation of such Asset Sale; *provided* that such Asset Sale Offer shall be in an aggregate amount of not less than \$75.0 million. Upon consummation of such Asset Sale Offer, any Net Proceeds not required to be used to purchase Senior Subordinated Notes shall not be deemed Excess Proceeds.

Pending the final application of any Net Proceeds pursuant to this covenant, the holder of such Net Proceeds may apply such Net Proceeds temporarily to reduce Indebtedness outstanding under a revolving credit facility or otherwise invest such Net Proceeds in any manner not prohibited by the Senior Subordinated Indenture.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of the Senior Subordinated Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Senior Subordinated Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Senior Subordinated Indenture by virtue thereof.

The Senior Credit Facilities and the Senior Notes will prohibit or limit (subject to limited exceptions), and future credit agreements or other agreements to which the Issuer becomes a party may limit or prohibit, the Issuer from purchasing any Senior Subordinated Notes as a result of an Asset Sale Offer. In the event the Issuer is required to make an Asset Sale Offer at a time when the Issuer is prohibited from purchasing the Senior Subordinated Notes, the Issuer could seek the consent of its lenders to permit the purchase of the Senior Subordinated Notes or could attempt to refinance the borrowings and Senior Notes that contain such prohibition. If the Issuer does not obtain such consent or repay such borrowings or Senior Notes, the Issuer will remain prohibited from purchasing the Senior Subordinated Notes. In such case, the Issuer's failure to purchase tendered Senior Subordinated Notes would constitute an Event of Default under the Senior Subordinated Indenture.

The provisions under the Senior Subordinated Indenture relative to the Issuer's obligation to make an offer to repurchase the Senior Subordinated Notes as a result of an Asset Sale may be waived or modified with the written consent of the Holders of a majority in principal amount of the Senior Subordinated Notes.

Selection and Notice

If the Issuer is redeeming less than all of the Senior Subordinated Notes issued at any time, the Trustee will select the Senior Subordinated Notes to be redeemed (a) if the Senior Subordinated Notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Senior Subordinated Notes are listed, (b) on a *pro rata* basis to the extent practicable or (c) by lot or such other similar method in accordance with the procedures of DTC.

Notices of purchase or redemption shall be mailed by first-class mail, postage prepaid, at least 30 but not more than 60 days before the purchase or Redemption Date to each Holder at such Holder's registered address or otherwise in accordance with the procedures of DTC, except that redemption notices may be mailed more than 60 days prior to a Redemption Date if the notice is issued in connection with a defeasance of the Senior Subordinated Notes or a satisfaction and discharge of the Senior Subordinated Indenture. If any Senior Subordinated Note is to be purchased or redeemed in

part only, any notice of purchase or redemption that relates to such Senior Subordinated Note shall state the portion of the principal amount thereof that has been or is to be purchased or redeemed.

The Issuer will issue a new Senior Subordinated Note in a principal amount equal to the unredeemed portion of the original Senior Subordinated Note in the name of the Holder upon cancellation of the original Senior Subordinated Note. Senior Subordinated Notes called for redemption become due on the date fixed for redemption. On and after the Redemption Date, interest ceases to accrue on Senior Subordinated Notes or portions thereof called for redemption.

Certain Covenants

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(I) declare or pay any dividend or make any payment or distribution on account of the Issuer's, or any of its Restricted Subsidiaries' Equity Interests, including any dividend or distribution payable in connection with any merger or consolidation other than:

(a) dividends or distributions by the Issuer payable solely in Equity Interests (other than Disqualified Stock) of the Issuer; or

(b) dividends or distributions by a Restricted Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly-Owned Subsidiary, the Issuer or a Restricted Subsidiary receives at least its *pro rata* share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities;

(II) purchase, redeem, defease or otherwise acquire or retire for value any Equity Interests of the Issuer or any direct or indirect parent of the Issuer, including in connection with any merger or consolidation;

(III) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value in each case, prior to any scheduled repayment, sinking fund payment or maturity, any Subordinated Indebtedness, other than:

(a) Indebtedness permitted under clauses (8) and (9) of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; or

(b) the purchase, repurchase or other acquisition of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase or acquisition; or

(IV) make any Restricted Investment

(all such payments and other actions set forth in clauses (I) through (IV) above (other than any exception thereto) being collectively referred to as " *Restricted Payments* "), unless, at the time of such Restricted Payment:

(1) no Default shall have occurred and be continuing or would occur as a consequence thereof;

(2) immediately after giving effect to such transaction on a *pro forma* basis, the Issuer could incur \$1.00 of additional Indebtedness under the provisions of the first paragraph of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries after the Issue Date (including Restricted Payments permitted by clauses (1), (2) (with respect to the payment of dividends on Refunding Capital Stock (as defined below) pursuant to clause (b) thereof only), (6)(c), (9) and (14) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph), is less than the sum of (without duplication):

(a) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) beginning May 4, 2007, to the end of the Issuer's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment, or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit; *plus*

(b) 100% of the aggregate net cash proceeds and the fair market value, as determined in good faith by the Issuer, of marketable securities or other property received by the Issuer since immediately after the Issue Date from the issue or sale of:

(i) (A) Equity Interests of the Issuer, including Treasury Capital Stock (as defined below), but excluding cash proceeds and the fair market value, as determined in good faith by the Issuer, of marketable securities or other property received from the sale of:

(x) Equity Interests to members of management, directors or consultants of the Issuer, any direct or indirect parent company of the Issuer and the Issuer's Subsidiaries after the Issue Date to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph; and

(y) Designated Preferred Stock; and

(B) to the extent such net cash proceeds are actually contributed to the Issuer, Equity Interests of the Issuer's direct or indirect parent companies (excluding contributions of the proceeds from the sale of Designated Preferred Stock of such companies or contributions to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph); or

(ii) debt securities of the Issuer that have been converted into or exchanged for such Equity Interests of the Issuer;

provided, however, that this clause (b) shall not include the proceeds from (V) Refunding Capital Stock (as defined below), (W) Equity Interests of the Issuer or convertible debt securities of the Issuer sold to a Restricted Subsidiary, as the case may be, (X) Disqualified Stock or debt securities that have been converted into Disqualified Stock, (Y) Excluded Contributions or (Z) transactions whose proceeds were used to incur Indebtedness, Disqualified Stock or Preferred Stock pursuant to clause (13)(a) of the second paragraph of "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock", solely to the extent of such usage; *plus*

(c) 100% of the aggregate amount of cash and the fair market value, as determined in good faith by the Issuer, of marketable securities or other property contributed to the capital of the Issuer following the Issue Date (other than net cash proceeds to the extent such net cash proceeds (i) have been used to incur Indebtedness, Disqualified Stock or Preferred Stock pursuant to clause (13)(a) of the second paragraph of "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock", (ii) are contributed by a Restricted Subsidiary or (iii) constitute Excluded Contributions; *plus*

(d) to the extent not already included in Consolidated Net Income, 100% of the aggregate amount received in cash and the fair market value, as determined in good faith by the Issuer, of marketable securities or other property received by means of:

(i) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of Restricted Investments made by the Issuer or its Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Issuer or its Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees, which constitute Restricted Investments by the Issuer or its Restricted Subsidiaries, in each case after the Issue Date; or

(ii) the sale (other than to the Issuer or a Restricted Subsidiary) of the stock of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary (other than in each case to the extent the Investment in such Unrestricted Subsidiary was made by the Issuer or a Restricted Subsidiary pursuant to clause (7) of the next succeeding paragraph or to the extent such Investment constituted a Permitted Investment) or a dividend from an Unrestricted Subsidiary after the Issue Date; *plus*

(e) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary after the Issue Date, the fair market value of the Investment in such Unrestricted Subsidiary, as determined by the Issuer in good faith (or if such fair market value exceeds \$75.0 million, in writing by an Independent Financial Advisor), at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary other than to the extent the Investment in such Unrestricted Subsidiary was made by the Issuer or a Restricted Subsidiary pursuant to clause (7) of the next succeeding paragraph or to the extent such Investment constituted a Permitted Investment.

The foregoing provisions will not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at the date of declaration such payment would have complied with the provisions of the Senior Subordinated Indenture;

(2) (a) the redemption, repurchase, retirement or other acquisition of any Equity Interests (" *Treasury Capital Stock* ") or Subordinated Indebtedness of the Issuer or any Equity Interests of any direct or indirect parent company of the Issuer, in exchange for, or out of the proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary) of, Equity Interests of the Issuer or any direct or indirect parent company of the Issuer to the extent contributed to the Issuer (in each case, other than any Disqualified Stock) (" *Refunding Capital Stock* ") and (b) if immediately prior to the retirement of Treasury Capital Stock, the declaration and payment of dividends thereon was permitted under clause (6) of this paragraph, the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Equity Interests of any direct or indirect parent company of the Issuer) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Treasury Capital Stock immediately prior to such retirement;

(3) the redemption, repurchase or other acquisition or retirement of Subordinated Indebtedness of the Issuer or a Guarantor made in exchange for, or out of the proceeds of the substantially concurrent sale of, new Indebtedness of the Issuer or a Guarantor, as the case may be, which is incurred in compliance with "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" so long as:

(a) the principal amount (or accreted value) of such new Indebtedness does not exceed the principal amount of (or accreted value, if applicable), plus any accrued and unpaid interest on, the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired for value, plus the amount of any reasonable premium (including reasonable tender premiums), defeasance costs and

any reasonable fees and expenses incurred in connection with the issuance of such new Indebtedness;

(b) such new Indebtedness is subordinated to the Senior Subordinated Notes or the applicable Guarantee at least to the same extent as such Subordinated Indebtedness so purchased, exchanged, redeemed, repurchased, acquired or retired for value;

(c) such new Indebtedness has a final scheduled maturity date equal to or later than the final scheduled maturity date of the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired; and

(d) such new Indebtedness has a Weighted Average Life to Maturity equal to or greater than the remaining Weighted Average Life to Maturity of the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired;

(4) a Restricted Payment to pay for the repurchase, retirement or other acquisition or retirement for value of Equity Interests (other than Disqualified Stock) of the Issuer or any of its direct or indirect parent companies held by any future, present or former employee, director or consultant of the Issuer, any of its Subsidiaries or any of its direct or indirect parent companies pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement, including any Equity Interests rolled over by management of the Company or any of its direct or indirect parent companies in connection with the Transactions; *provided, however*, that the aggregate Restricted Payments made under this clause (4) do not exceed in any calendar year \$12.5 million (which shall increase to \$25.0 million subsequent to the consummation of an underwritten public Equity Offering by the Issuer or any direct or indirect parent entity of the Issuer) (with unused amounts in any calendar year being carried over to succeeding calendar years subject to a maximum (without giving effect to the following proviso) of \$50.0 million in any calendar year (which shall increase to \$100.0 million subsequent to the consummation of an underwritten public Equity Offering by the Issuer or any direct or indirect parent corporation of the Issuer)); *provided further* that such amount in any calendar year may be increased by an amount not to exceed:

(a) the cash proceeds from the sale of Equity Interests (other than Disqualified Stock) of the Issuer and, to the extent contributed to the Issuer, Equity Interests of any of the Issuer's direct or indirect parent companies, in each case to members of management, directors or consultants of the Issuer, any of its Subsidiaries or any of its direct or indirect parent companies that occurs after the Issue Date to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the payment of Restricted Payments by virtue of clause (3) of the preceding paragraph; *plus*

(b) the cash proceeds of key man life insurance policies received by the Issuer or its Restricted Subsidiaries after the Issue Date; *less*

(c) the amount of any Restricted Payments previously made with the cash proceeds described in clauses (a) and (b) of this clause (4);

and *provided, further*, that cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary from members of management of the Issuer, any of the Issuer's direct or indirect parent companies or any of the Issuer's Restricted Subsidiaries in connection with a repurchase of Equity Interests of the Issuer or any of its direct or indirect parent companies will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Senior Subordinated Indenture;

(5) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Issuer or any of its Restricted Subsidiaries or any class or series of Preferred Stock of any Restricted Subsidiary issued in accordance with the covenant described under "— Limitation on

Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" to the extent such dividends are included in the definition of "Fixed Charges";

(6) (a) the declaration and payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued by the Issuer after the Issue Date;

(b) the declaration and payment of dividends to a direct or indirect parent company of the Issuer, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of such parent company issued after the Issue Date; *provided* that the amount of dividends paid pursuant to this clause (b) shall not exceed the aggregate amount of cash actually contributed to the Issuer from the sale of such Designated Preferred Stock; or

(c) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to clause (2) of this paragraph;

provided, however, in the case of each of (a), (b) and (c) of this clause (6), that for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock or the declaration of such dividends on Refunding Capital Stock that is Preferred Stock, after giving effect to such issuance or declaration on a *pro forma* basis, the Issuer and its Restricted Subsidiaries on a consolidated basis would have had a Fixed Charge Coverage Ratio of at least 2.00 to 1.00;

(7) Investments in Unrestricted Subsidiaries having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (7) that are at the time outstanding, without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash or marketable securities, not to exceed \$50.0 million at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(8) repurchases of Equity Interests deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants;

(9) the declaration and payment of dividends on the Issuer's common stock (or the payment of dividends to any direct or indirect parent entity to fund a payment of dividends on such entity's common stock), following consummation of the first public offering of the Issuer's common stock or the common stock of any of its direct or indirect parent companies after the Issue Date, of up to 6% per annum of the net cash proceeds received by or contributed to the Issuer in or from any such public offering, other than public offerings with respect to the Issuer's common stock registered on Form S-8 and other than any public sale constituting an Excluded Contribution;

(10) Restricted Payments that are made with Excluded Contributions;

(11) other Restricted Payments in an aggregate amount taken together with all other Restricted Payments made pursuant to this clause (11) not to exceed \$100.0 million at the time made;

(12) distributions or payments of Receivables Fees;

(13) any Restricted Payment made as part of the Transactions and the fees and expenses related thereto or used to fund amounts owed to Affiliates (including dividends to any direct or indirect parent of the Issuer to permit payment by such parent of such amount), in each case to the extent permitted by the covenant described under "—Transactions with Affiliates";

(14) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness in accordance with the provisions similar to those described under the captions "Repurchase at the Option of Holders—Change of Control" and "Repurchase at the Option of

Holders—Asset Sales"; *provided* that all Senior Subordinated Notes tendered by Holders in connection with a Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed or acquired for value;

(15) the declaration and payment of dividends by the Issuer to, or the making of loans to, any direct or indirect parent in amounts required for any direct or indirect parent companies to pay, in each case without duplication,

(a) franchise and excise taxes and other fees, taxes and expenses required to maintain their corporate existence;

(b) foreign, federal, state and local income taxes, to the extent such income taxes are attributable to the income of the Issuer and its Restricted Subsidiaries and, to the extent of the amount actually received from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries; *provided* that in each case the amount of such payments in any fiscal year does not exceed the amount that the Issuer and its Restricted Subsidiaries would be required to pay in respect of foreign, federal, state and local taxes for such fiscal year were the Issuer, its Restricted Subsidiaries and its Unrestricted Subsidiaries (to the extent described above) to pay such taxes separately from any such parent entity;

(c) customary salary, bonus and other benefits payable to officers and employees of any direct or indirect parent company of the Issuer to the extent such salaries, bonuses and other benefits are attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries;

(d) general corporate operating and overhead costs and expenses of any direct or indirect parent company of the Issuer to the extent such costs and expenses are attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries; and

(e) fees and expenses other than to Affiliates of the Issuer related to any unsuccessful equity or debt offering of such parent entity;

provided, however, that at the time of, and after giving effect to, any Restricted Payment permitted under clause (11), no Default shall have occurred and be continuing or would occur as a consequence thereof.

As of the Issue Date, all of the Issuer's Subsidiaries will be Restricted Subsidiaries. The Issuer will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the last sentence of the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by the Issuer and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments in an amount determined as set forth in the last sentence of the definition of "Investment." Such designation will be permitted only if a Restricted Payment in such amount would be permitted at such time, whether pursuant to the first paragraph of this covenant or under clause (7), (10) or (11) of the second paragraph of this covenant, or pursuant to the definition of "Permitted Investments," and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants set forth in the Senior Subordinated Indenture.

Notwithstanding the foregoing provisions of this covenant, the Issuer will not, and will not permit any of its Restricted Subsidiaries to, pay any cash dividend or make any cash distribution on or in respect of the Issuer's Capital Stock or purchase for cash or otherwise acquire for cash any Capital Stock of the Issuer or any direct or indirect parent of the Issuer, for the purpose of paying any cash dividend or making any cash distribution to, or acquiring Capital Stock of any direct or indirect parent of the Issuer for cash from, the Investors, or Guarantee any Indebtedness of any Affiliate of the Issuer

for the purpose of paying such dividend, making such distribution or so acquiring such Capital Stock to or from the Investors, in each case by means of utilization of the cumulative Restricted Payment credit provided by the first paragraph of this covenant, or the exceptions provided by clauses (1), (7) or (11) of the second paragraph of this covenant or clauses (8) or (13) of the definition of "Permitted Investments", unless at the time and after giving effect to such payment, the Consolidated Leverage Ratio of the Issuer would be equal to or less than 6.00:1.00.

Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise (collectively, "incur" and collectively, an "incurrence") with respect to any Indebtedness (including Acquired Indebtedness), and the Issuer will not issue any shares of Disqualified Stock and will not permit any Restricted Subsidiary to issue any shares of Disqualified Stock or Preferred Stock; *provided, however*, that the Issuer may incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock, and any of its Restricted Subsidiaries may incur Indebtedness (including Acquired Indebtedness), issue shares of Disqualified Stock and issue shares of Preferred Stock, if the Fixed Charge Coverage Ratio on a consolidated basis for the Issuer and its Restricted Subsidiaries' most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or Preferred Stock is issued would have been at least 2.00 to 1.00, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period; *provided, further*, that Restricted Subsidiaries that are not Guarantors may not incur Indebtedness or Disqualified Stock or Preferred Stock if, after giving *pro forma* effect to such incurrence or issuance (including a *pro forma* application of the net proceeds therefrom), more than an aggregate of \$250.0 million of Indebtedness or Disqualified Stock or Preferred Stock of Restricted Subsidiaries that are not Guarantors would be outstanding pursuant to this paragraph and clauses (13)(b), (15) and (20) below at such time.

The foregoing limitations will not apply to:

(1) the incurrence of Indebtedness under (x) Credit Facilities (other than the ABL Facility) by the Issuer or any of its Restricted Subsidiaries and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof), up to an aggregate principal amount of \$2,625.0 million outstanding at any one time and (y) the ABL Facility by the Issuer or any of its Restricted Subsidiaries and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof), up to an aggregate principal amount equal to the ABL Facility Cap;

(2) the incurrence by the Issuer and any Guarantor of Indebtedness represented by the Senior Subordinated Notes issued on the Issue Date (including any PIK Notes and any Guarantee) and the Senior Subordinated Exchange Notes and related guarantees of the Senior Subordinated Exchange Notes to be issued in exchange for the Senior Subordinated Notes and the Guarantees pursuant to the Registration Rights Agreement (other than any Additional Senior Subordinated Notes and related guarantees);

(3) the incurrence by the Issuer and any Guarantor of Indebtedness represented by the Senior Notes and related guarantees, as well as any exchange notes and exchange guarantees to be issued in exchange for the Senior Notes and related guarantees pursuant a registration rights agreement;

(4) Indebtedness of the Issuer and its Restricted Subsidiaries in existence on the Issue Date (other than Indebtedness described in clauses (1), (2) and (3) of this paragraph);

(5) Indebtedness consisting of Capitalized Lease Obligations and Purchase Money Obligations in a principal amount not to exceed \$250.0 million (excluding the principal amount of any Capitalized Lease Obligations or Purchase Money Obligations relating to the purchase, lease or improvement of the Company's distribution centers located in Fulton, Missouri, Indianola, Mississippi and Ardmore, Oklahoma) in the aggregate at any one time outstanding together with all other Indebtedness issued under this clause (5); so long as such Indebtedness exists at the date of such purchase, lease or improvement, or is created within 270 days thereafter;

(6) Indebtedness incurred by the Issuer or any of its Restricted Subsidiaries constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business, including letters of credit in respect of workers' compensation or employee health claims, or other Indebtedness with respect to reimbursement-type obligations regarding workers' compensation, or employee health claims; *provided*, *however*, that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence;

(7) Indebtedness arising from agreements of the Issuer or its Restricted Subsidiaries providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; *provided*, *however*, that such Indebtedness is not reflected on the balance sheet of the Issuer, or any of its Restricted Subsidiaries (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (7));

(8) Indebtedness of the Issuer to a Restricted Subsidiary; *provided* that any such Indebtedness owing to a Restricted Subsidiary that is not a Guarantor is expressly subordinated in right of payment to the Senior Subordinated Notes; *provided*, *further*, that any subsequent issuance or transfer of any Capital Stock or any other event which results in any Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary) shall be deemed, in each case, to be an incurrence of such Indebtedness not permitted by this clause (8);

(9) Indebtedness of a Restricted Subsidiary to the Issuer or another Restricted Subsidiary; *provided* that if a Guarantor issues such Indebtedness to a Restricted Subsidiary that is not a Guarantor (other than to any Restricted Subsidiary engaged in the insurance business in order to provide insurance to the Issuer and its Subsidiaries), such Indebtedness is expressly subordinated in right of payment to the Guarantee of the Senior Subordinated Notes of such Guarantor; *provided*, *further*, that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary) shall be deemed, in each case, to be an incurrence of such Indebtedness not permitted by this clause (9);

(10) shares of Preferred Stock of a Restricted Subsidiary issued to the Issuer or another Restricted Subsidiary; *provided* that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of Preferred Stock (except to the Issuer or another of its Restricted Subsidiaries) shall be deemed in each case to be an issuance of such shares of Preferred Stock not permitted by this clause (10);

(11) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes) for the purpose of limiting interest rate risk with respect to any Indebtedness permitted to be incurred pursuant to "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," or exchange rate risk or commodity pricing risk;

(12) obligations in respect of performance, bid, appeal and surety bonds and completion guarantees provided by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(13) (a) Indebtedness or Disqualified Stock of the Issuer and Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary equal to 100.0% of the net cash proceeds received by the Issuer since immediately after the Issue Date from the issue or sale of Equity Interests of the Issuer or cash contributed to the capital of the Issuer (in each case, other than Excluded Contributions or proceeds of Disqualified Stock or sales of Equity Interests to the Issuer or any of its Subsidiaries) as determined in accordance with clauses (3)(b) and (3)(c) of the first paragraph of "—Limitation on Restricted Payments" to the extent such net cash proceeds or cash have not been applied pursuant to such clauses to make Restricted Payments or to make other Investments, payments or exchanges pursuant to the second paragraph of "—Limitation on Restricted Payments" or to make Permitted Investments (other than Permitted Investments specified in clauses (1) and (3) of the definition thereof) and (b) Indebtedness or Disqualified Stock of Issuer and Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary not otherwise permitted hereunder in an aggregate principal amount or liquidation preference, which when aggregated with the principal amount and liquidation preference of all other Indebtedness, Disqualified Stock and Preferred Stock then outstanding and incurred pursuant to this clause (13)(b), does not at any one time outstanding exceed \$250.0 million; *provided, however* that on a *pro forma basis*, together with any amounts incurred and outstanding by Restricted Subsidiaries that are not Guarantors pursuant to the second proviso to the first paragraph of this covenant and clauses (15) and (20), no more than \$250.0 million of Indebtedness, Disqualified Stock or Preferred Stock at any one time outstanding and incurred pursuant to this clause (13)(b) shall be incurred by Restricted Subsidiaries that are not Guarantors (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to this clause (13)(b) shall cease to be deemed incurred or outstanding for purposes of this clause (13)(b) but shall be deemed incurred for the purposes of the first paragraph of this covenant from and after the first date on which the Issuer or such Restricted Subsidiary could have incurred such Indebtedness, Disqualified Stock or Preferred Stock under the first paragraph of this covenant without reliance on this clause (13)(b));

(14) the incurrence or issuance by the Issuer or any Restricted Subsidiary of Indebtedness, Disqualified Stock or Preferred Stock which serves to refund or refinance any Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary incurred as permitted under the first paragraph of this covenant and clauses (2), (3), (4), (5) and (13)(a) above, this clause (14) and clause (15) below or any Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary issued to so refund or refinance such Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary including additional Indebtedness, Disqualified Stock or Preferred Stock incurred to pay premiums (including reasonable tender premiums), defeasance costs and fees in connection therewith (the "*Refinancing Indebtedness*") prior to its respective maturity; *provided, however*, that such Refinancing Indebtedness:

(a) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being refunded or refinanced,

(b) to the extent such Refinancing Indebtedness refinances (i) Indebtedness subordinated or *pari passu* to the Senior Subordinated Notes or any Guarantee thereof, such Refinancing Indebtedness is subordinated or *pari passu* to the Senior Subordinated Notes or the Guarantee at least to the same extent as the Indebtedness being refinanced or refunded or (ii) Disqualified

Stock or Preferred Stock, such Refinancing Indebtedness must be Disqualified Stock or Preferred Stock, respectively, and

(c) shall not include Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or a Guarantor;

and *provided further* that subclause (a) of this clause (14) will not apply to any refunding or refinancing of any Indebtedness outstanding under a Credit Facility;

(15) Indebtedness, Disqualified Stock or Preferred Stock of (x) the Issuer or a Restricted Subsidiary incurred to finance an acquisition of any Person or assets or (y) Persons that are acquired by the Issuer or any Restricted Subsidiary or merged into the Issuer or a Restricted Subsidiary in accordance with the terms of the Senior Subordinated Indenture; *provided* that after giving effect to such acquisition or merger, either:

(a) the Issuer would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence of this covenant, or

(b) the Fixed Charge Coverage Ratio of the Issuer and the Restricted Subsidiaries is greater than immediately prior to such acquisition or merger;

provided, however that on a *pro forma* basis, together with amounts incurred and outstanding pursuant to the second proviso to the first paragraph of this covenant and clauses (13)(b) and (20), no more than \$250.0 million of Indebtedness, Disqualified Stock or Preferred Stock at any one time outstanding and incurred by Restricted Subsidiaries that are not Guarantors pursuant to this clause (15) shall be incurred and outstanding;

(16) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within two Business Days of its incurrence;

(17) Indebtedness of the Issuer or any of its Restricted Subsidiaries supported by a letter of credit issued pursuant to any Credit Facilities, in a principal amount not in excess of the stated amount of such letter of credit;

(18) (a) any guarantee by the Issuer or a Restricted Subsidiary of Indebtedness or other Obligations of any Restricted Subsidiary, so long as the incurrence of such Indebtedness incurred by such Restricted Subsidiary is permitted under the terms of the Senior Subordinated Indenture, or (b) any guarantee by a Restricted Subsidiary of Indebtedness of the Issuer permitted to be incurred under the terms of the Senior Subordinated Indenture; *provided* that such guarantee is incurred in accordance with the covenant described below under "—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries";

(19) Indebtedness of Foreign Subsidiaries of the Issuer in an amount not to exceed at any one time outstanding and together with any other Indebtedness incurred under this clause (19) 5.0% of the Total Assets of the Foreign Subsidiaries (it being understood that any Indebtedness incurred pursuant to this clause (19) shall cease to be deemed incurred or outstanding for purposes of this clause (19) but shall be deemed incurred for the purposes of the first paragraph of this covenant from and after the first date on which the Issuer or such Restricted Subsidiaries could have incurred such Indebtedness under the first paragraph of this covenant without reliance on this clause (19));

(20) Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary incurred to finance or assumed in connection with an acquisition in a principal amount not to exceed \$100.0 million in the aggregate at any one time outstanding together with all other Indebtedness, Disqualified Stock and/or Preferred Stock issued under this clause (20) (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to this clause (20) shall cease to

be deemed incurred or outstanding for purposes of this clause (20) but shall be deemed incurred for the purposes of the first paragraph of this covenant from and after the first date on which such Restricted Subsidiary could have incurred such Indebtedness, Disqualified Stock or Preferred Stock under the first paragraph of this covenant without reliance on this clause (20)); *provided, however*, that, on a *pro forma* basis, together with amounts incurred and outstanding by Restricted Subsidiaries that are not Guarantors pursuant to the second proviso to the first paragraph of this covenant and clauses (13)(b) and (15), no more than \$250.0 million of Indebtedness would be incurred and outstanding by Restricted Subsidiaries that are not Guarantors;

(21) Indebtedness of the Issuer or any of its Restricted Subsidiaries consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case, incurred in the ordinary course of business; and

(22) Indebtedness consisting of Indebtedness issued by the Issuer or any of its Restricted Subsidiaries to current or former officers, directors and employees thereof, their respective estates, spouses or former spouses, in each case to finance the purchase or redemption of Equity Interests of the Issuer or any direct or indirect parent company of the Issuer to the extent described in clause (4) of the second paragraph under the caption "—Limitation on Restricted Payments."

For purposes of determining compliance with this covenant:

(1) in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of permitted Indebtedness, Disqualified Stock or Preferred Stock described in clauses (1) through (22) above or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuer, in its sole discretion, will classify or reclassify such item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) and will only be required to include the amount and type of such Indebtedness, Disqualified Stock or Preferred Stock in one of the above clauses; *provided* that all Indebtedness outstanding under the Credit Facilities on the Issue Date will be treated as incurred on the Issue Date under clause (1) of the preceding paragraph; and

(2) at the time of incurrence, the Issuer will be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs above.

Accrual of interest, the accretion of accreted value and the payment of interest in the form of additional Indebtedness, Disqualified Stock or Preferred Stock will not be deemed to be an incurrence of Indebtedness, Disqualified Stock or Preferred Stock for purposes of this covenant.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced.

The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Layering

The Issuer will not, and will not permit any Guarantor to, directly or indirectly, incur any Indebtedness (including Acquired Indebtedness) that is subordinate in right of payment to any Senior Indebtedness of the Issuer or such Guarantor, as the case may be, unless such Indebtedness is either:

- (1) equal in right of payment with the Senior Subordinated Notes or such Guarantor's Guarantee of the Senior Subordinated Notes, as the case may be; or
- (2) expressly subordinated in right of payment to the Senior Subordinated Notes or such Guarantor's Guarantee of the Senior Subordinated Notes, as the case may be, *provided* that this covenant shall not apply to Indebtedness incurred under clause (1) of the second paragraph under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified and Preferred Stock."

The Senior Subordinated Indenture will not treat (1) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because it is unsecured or (2) Senior Indebtedness as subordinated or junior to any other Senior Indebtedness merely because it has a junior priority with respect to the same collateral.

Liens

The Issuer will not, and will not permit any Guarantor to, directly or indirectly, create, incur, assume or suffer to exist any Lien (except Permitted Liens) that secures obligations under any Senior Subordinated Indebtedness or Subordinated Indebtedness or any related Guarantee, on any asset or property of the Issuer or any Guarantor now owned or hereafter acquired, or any income or profits therefrom, or assign or convey any right to receive income therefrom, unless:

- (1) in the case of Liens securing Subordinated Indebtedness, the Senior Subordinated Notes and related Guarantees are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens; or
- (2) in all other cases, the Senior Subordinated Notes or the Guarantees are equally and ratably secured or are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens.

Any Lien which is granted to secure the Senior Subordinated Notes under this covenant shall be discharged at the same time as the discharge of the Lien (other than through the exercise of remedies with respect thereto) that gave rise to the obligation to so secure the Senior Subordinated Notes.

Merger, Consolidation or Sale of All or Substantially All Assets

The Issuer may not consolidate or merge with or into or wind up into (whether or not the Issuer is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

- (1) the Issuer is the surviving corporation or the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation organized or existing under the laws of the jurisdiction of organization of the Issuer or the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such Person, as the case may be, being herein called the "*Successor Company*");
- (2) the Successor Company, if other than the Issuer, expressly assumes all the obligations of the Issuer under the Senior Subordinated Notes and the Senior Subordinated Indenture pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;

(3) immediately after such transaction, no Default exists;

(4) immediately after giving *pro forma* effect to such transaction and any related financing transactions, as if such transactions had occurred at the beginning of the applicable four-quarter period,

(a) the Successor Company would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," or

(b) the Fixed Charge Coverage Ratio for the Successor Company, the Issuer and its Restricted Subsidiaries would be greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such transaction;

(5) each Guarantor, unless it is the other party to the transactions described above, in which case clause (b) of the second succeeding paragraph shall apply, shall have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations under the Senior Subordinated Indenture, the Senior Subordinated Notes and the Registration Rights Agreement; and

(6) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Senior Subordinated Indenture.

The Successor Company will succeed to, and be substituted for the Issuer, as the case may be, under the Senior Subordinated Indenture, the Guarantees and the Senior Subordinated Notes, as applicable. Notwithstanding the foregoing clauses (3) and (4),

(1) any Restricted Subsidiary may consolidate with or merge into or transfer all or part of its properties and assets to the Issuer, and

(2) the Issuer may merge with an Affiliate of the Issuer, as the case may be, solely for the purpose of reincorporating the Issuer in a State of the United States or any state thereof, the District of Columbia or any territory thereof so long as the amount of Indebtedness of the Issuer and its Restricted Subsidiaries is not increased thereby.

Subject to certain limitations described in the Senior Subordinated Indenture governing release of a Guarantee upon the sale, disposition or transfer of a Guarantor, no Guarantor will, and the Issuer will not permit any Guarantor to, consolidate or merge with or into or wind up into (whether or not the Issuer or Guarantor is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(1) (a) such Guarantor is the surviving corporation or the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership, limited partnership, limited liability corporation or trust organized or existing under the laws of the jurisdiction of organization of such Guarantor, as the case may be, or the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such Guarantor or such Person, as the case may be, being herein called the "*Successor Person*");

(b) the Successor Person, if other than such Guarantor, expressly assumes all the obligations of such Guarantor under the Senior Subordinated Indenture and such Guarantor's related Guarantee pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;

(c) immediately after such transaction, no Default exists; and

(d) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Senior Subordinated Indenture; or

(2) the transaction is made in compliance with the covenant described under "Repurchase at the Option of Holders—Asset Sales."

Subject to certain limitations described in the Senior Subordinated Indenture, the Successor Person will succeed to, and be substituted for, such Guarantor under the Senior Subordinated Indenture and such Guarantor's Guarantee. Notwithstanding the foregoing, any Guarantor may (i) merge into or transfer all or part of its properties and assets to another Guarantor or the Issuer, (ii) merge with an Affiliate of the Issuer solely for the purpose of reincorporating the Guarantor in the United States, any state thereof, the District of Columbia or any territory thereof or (iii) convert into a corporation, partnership, limited partnership, limited liability corporation or trust organized or existing under the laws of the jurisdiction of organization of such Guarantor.

Transactions with Affiliates

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each of the foregoing, an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of \$15.0 million, unless:

(1) such Affiliate Transaction is on terms that are not materially less favorable to the Issuer or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's-length basis; and

(2) the Issuer delivers to the Trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of \$25.0 million, a resolution adopted by the majority of the board of directors of the Issuer approving such Affiliate Transaction and set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with clause (1) above.

The foregoing provisions will not apply to the following:

(1) transactions between or among the Issuer or any of its Restricted Subsidiaries;

(2) Restricted Payments permitted by the provisions of the Senior Subordinated Indenture described above under the covenant "—Limitation on Restricted Payments" and the definition of "Permitted Investments";

(3) the payment of management, consulting, monitoring and advisory fees and related expenses to the Investors pursuant to the Sponsor Management Agreement (plus any unpaid management, consulting, monitoring and advisory fees and related expenses accrued in any prior year) and the termination fees pursuant to the Sponsor Management Agreement, in each case as in effect on the Issue Date, or any amendment thereto (so long as any such amendment is not disadvantageous in the good faith judgment of the board of directors of the Issuer to the Holders when taken as a whole as compared to the Sponsor Management Agreement in effect on the Issue Date);

(4) the payment of reasonable and customary fees paid to, and indemnities provided for the benefit of, officers, directors, employees or consultants of Issuer, any of its direct or indirect parent companies or any of its Restricted Subsidiaries;

(5) transactions in which the Issuer or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is

fair to the Issuer or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Issuer or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's-length basis;

(6) any agreement as in effect as of the Issue Date, or any amendment thereto (so long as any such amendment is not disadvantageous to the Holders when taken as a whole as compared to the applicable agreement as in effect on the Issue Date in the reasonable determination of the Issuer);

(7) the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under the terms of, any stockholders agreement (including any registration rights agreement or purchase agreement related thereto) to which it is a party as of the Issue Date and any similar agreements which it may enter into thereafter; *provided, however*, that the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of obligations under any future amendment to any such existing agreement or under any similar agreement entered into after the Issue Date shall only be permitted by this clause (7) to the extent that the terms of any such amendment or new agreement are not otherwise disadvantageous to the Holders when taken as a whole in the reasonable determination of the Issuer;

(8) the Transactions and the payment of all fees and expenses related to the Transactions, in each case as disclosed in the offering documentation relating to the outstanding notes;

(9) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Senior Subordinated Indenture which are fair to the Issuer and its Restricted Subsidiaries, in the reasonable determination of the board of directors of the Issuer or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

(10) the issuance of Equity Interests (other than Disqualified Stock) of the Issuer to any Permitted Holder or to any director, officer, employee or consultant;

(11) sales of accounts receivable, or participations therein, in connection with the ABL Facility and any Receivables Facility;

(12) payments by the Issuer or any of its Restricted Subsidiaries to any of the Investors made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with acquisitions or divestitures, which payments are approved by a majority of the board of directors of the Issuer in good faith;

(13) payments or loans (or cancellation of loans) to employees or consultants of the Issuer, any of its direct or indirect parent companies or any of its Restricted Subsidiaries and employment agreements, stock option plans and other similar arrangements with such employees or consultants which, in each case, are approved by the Issuer in good faith;

(14) investments by the Investors in securities of the Issuer or any of its Restricted Subsidiaries so long as (i) the investment is being offered generally to other investors on the same or more favorable terms and (ii) the investment constitutes less than 5.0% of the proposed or outstanding issue amount of such class of securities;

(15) payments to or from, and transactions with, any joint ventures in the ordinary course of business; and

(16) payments by the Issuer (and any direct or indirect parent thereof) and its Subsidiaries pursuant to tax sharing agreements among the Issuer (and any such parent) and its Subsidiaries on customary terms to the extent attributable to the ownership or operation of the Issuer and its Subsidiaries; *provided* that in each case the amount of such payments in any fiscal year does not exceed

the amount that the Issuer, its Restricted Subsidiaries and its Unrestricted Subsidiaries (to the extent of amounts received from Unrestricted Subsidiaries) would be required to pay in respect of foreign, federal, state and local taxes for such fiscal year were the Issuer and its Restricted Subsidiaries (to the extent described above) to pay such taxes separately from any such parent entity.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Issuer will not, and will not permit any of its Restricted Subsidiaries that are not Guarantors to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any such Restricted Subsidiary to:

(1) (a) pay dividends or make any other distributions to the Issuer or any of its Restricted Subsidiaries on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or

(b) pay any Indebtedness owed to the Issuer or any of its Restricted Subsidiaries;

(2) make loans or advances to the Issuer or any of its Restricted Subsidiaries; or

(3) sell, lease or transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries,

except (in each case) for such encumbrances or restrictions existing under or by reason of:

(a) contractual encumbrances or restrictions in effect on the Issue Date, including pursuant to the Senior Credit Facilities and the related documentation;

(b) the Senior Indenture, the Senior Notes, the Senior Subordinated Indenture and the Senior Subordinated Notes;

(c) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature discussed in clause (3) above on the property so acquired;

(d) applicable law or any applicable rule, regulation or order;

(e) any agreement or other instrument of a Person acquired by the Issuer or any Restricted Subsidiary in existence at the time of such acquisition (but not created in connection therewith or in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired;

(f) contracts for the sale of assets, including customary restrictions with respect to a Subsidiary of the Issuer pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Subsidiary;

(g) Secured Indebtedness that limits the right of the debtor to dispose of the assets securing such Indebtedness that is otherwise permitted to be incurred pursuant to the covenants described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "—Liens";

(h) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(i) other Indebtedness, Disqualified Stock or Preferred Stock of Foreign Subsidiaries permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(j) customary provisions in joint venture agreements and other agreements or arrangements relating solely to such joint venture;

(k) customary provisions contained in leases or licenses of intellectual property and other agreements, in each case entered into in the ordinary course of business;

(l) any encumbrances or restrictions of the type referred to in clauses (1), (2) and (3) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (a) through (k) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Issuer, no more restrictive with respect to such encumbrance and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing; and

(m) restrictions created in connection with any Receivables Facility that, in the good faith determination of the Issuer, are necessary or advisable to effect the transactions contemplated under such Receivables Facility.

Limitation on Guarantees of Indebtedness by Restricted Subsidiaries

The Issuer will not permit any of its Wholly-Owned Subsidiaries that are Restricted Subsidiaries (and non-Wholly-Owned Subsidiaries if such non-Wholly-Owned Subsidiaries guarantee other capital markets debt securities of the Issuer or any Guarantor), other than a Guarantor, a Foreign Subsidiary or a Receivables Subsidiary, to guarantee the payment of any Indebtedness of the Issuer or any other Guarantor unless:

(1) such Restricted Subsidiary within 30 days executes and delivers a supplemental indenture to the Senior Subordinated Indenture providing for a Guarantee by such Restricted Subsidiary, except that with respect to a guarantee of Indebtedness of the Issuer or any Guarantor:

(a) if the Senior Subordinated Notes or such Guarantor's Guarantee are subordinated in right of payment to such Indebtedness, the Guarantee under the supplemental indenture shall be subordinated to such Restricted Subsidiary's guarantee with respect to such Indebtedness substantially to the same extent as the Senior Subordinated Notes are subordinated to such Indebtedness; and

(b) if such Indebtedness is by its express terms subordinated in right of payment to the Senior Subordinated Notes or such Guarantor's Guarantee, any such guarantee by such Restricted Subsidiary with respect to such Indebtedness shall be subordinated in right of payment to such Guarantee substantially to the same extent as such Indebtedness is subordinated to the Senior Subordinated Notes; and

(2) such Restricted Subsidiary waives, and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Issuer or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Guarantee;

provided that this covenant shall not be applicable to (i) any guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary and (ii) guarantees of any Receivables Facility by any Receivables Subsidiary.

Reports and Other Information

Notwithstanding that the Issuer may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the SEC, the Senior Subordinated Indenture will require the Issuer to file with the SEC (and make available to the Trustee and Holders (without exhibits), without cost to any Holder, within 15 days after it files with the SEC) from and after the Issue Date,

(1) within 90 days (or any other time period then in effect under the rules and regulations of the Exchange Act with respect to the filing of a Form 10-K by a non-accelerated filer) after the end of each fiscal year, annual reports on Form 10-K, or any successor or comparable form, containing the information required to be contained therein, or required in such successor or comparable form;

(2) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, reports on Form 10-Q containing all information that would be required to be contained in Form 10-Q, or any successor or comparable form;

(3) promptly from time to time after the occurrence of an event required to be therein reported, such other reports on Form 8-K, or any successor or comparable form; and

(4) any other information, documents and other reports which the Issuer would be required to file with the SEC if it were subject to Section 13 or 15(d) of the Exchange Act;

in each case in a manner that complies in all material respects with the requirements specified in such form; *provided* that the Issuer shall not be so obligated to file such reports with the SEC if the SEC does not permit such filing, in which event the Issuer will make available such information to prospective purchasers of Senior Subordinated Notes, in addition to providing such information to the Trustee and the Holders, in each case within 15 days after the time the Issuer would be required to file such information with the SEC if it were subject to Section 13 or 15 (d) of the Exchange Act. In addition, to the extent not satisfied by the foregoing, the Issuer will agree that, for so long as any Senior Subordinated Notes are outstanding, it will furnish to Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

In the event that any direct or indirect parent company of the Issuer becomes a Guarantor of the Senior Subordinated Notes, the Senior Subordinated Indenture will permit the Issuer to satisfy its obligations in this covenant with respect to financial information relating to the Issuer by furnishing financial information relating to such parent; *provided* that the same is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such parent, on the one hand, and the information relating to the Issuer and its Restricted Subsidiaries on a standalone basis, on the other hand.

Notwithstanding the foregoing, such requirements shall be deemed satisfied prior to the commencement of the exchange offer or the effectiveness of the shelf registration statement described in the Registration Rights Agreement (1) by the filing with the SEC of the exchange offer registration statement or shelf registration statement (or any other similar registration statement), and any amendments thereto, with such financial information that satisfies Regulation S-X, subject to exceptions consistent with the presentation of financial information in the offering documentation relating to the outstanding notes, to the extent filed within the times specified above, or (2) by posting reports that would be required to be filed substantially in the form required by the SEC on the Issuer's website (or that of any of its parent companies) or providing such reports to the Trustee within 15 days after the time the Issuer would be required to file such information with the SEC if it were subject to Section 13 or 15(d) of the Exchange Act, the financial information (including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" section) that would be required to be

included in such reports, subject to exceptions consistent with the presentation of financial information in the offering documentation relating to the outstanding notes, to the extent filed within the times specified above. Notwithstanding anything herein to the contrary, the Issuer will not be deemed to have failed to comply with any of its agreements set forth under this covenant for purposes of clause (3) under "Events of Default and Remedies" until 120 days after the date any report is required to be filed with the SEC (or posted on the Issuer's website or provided to the Trustee) pursuant to this covenant.

Events of Default and Remedies

The Senior Subordinated Indenture provides that each of the following is an " *Event of Default* ":

- (1) default in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on the Senior Subordinated Notes, whether or not such payment is prohibited by the subordination provisions of the Senior Subordinated Indenture;
- (2) default for 30 days or more in the payment when due of interest or Special Interest on or with respect to the Senior Notes, whether or not such payment is prohibited by the subordination provisions of the Senior Subordinated Indenture;
- (3) failure by the Issuer or any Guarantor for 60 days after receipt of written notice given by the Trustee or the Holders of not less 30% in principal amount of the Senior Subordinated Notes then outstanding under the Senior Subordinated Indenture to comply with any of its obligations, covenants or agreements (other than a default referred to in clauses (1) and (2) above) contained in the Senior Subordinated Indenture or the Senior Subordinated Notes;
- (4) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries or the payment of which is guaranteed by the Issuer or any of its Restricted Subsidiaries, other than Indebtedness owed to the Issuer or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists or is created after the issuance of the Senior Subordinated Notes, if both:
 - (a) such default either results from the failure to pay any principal of such Indebtedness at its stated final maturity (after giving effect to any applicable grace periods) or relates to an obligation other than the obligation to pay principal of any such Indebtedness at its stated final maturity and results in the holder or holders of such Indebtedness causing such Indebtedness to become due prior to its stated maturity; and
 - (b) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at stated final maturity (after giving effect to any applicable grace periods), or the maturity of which has been so accelerated, aggregate \$50.0 million or more at any one time outstanding;
- (5) failure by the Issuer or any Significant Subsidiary (or group of Subsidiaries that together would constitute a Significant Subsidiary) to pay final judgments aggregating in excess of \$50.0 million, which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days after such judgment becomes final, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;
- (6) certain events of bankruptcy or insolvency with respect to the Issuer or any Significant Subsidiary (or group of Subsidiaries that together would constitute a Significant Subsidiary); or
- (7) the Guarantee of any Significant Subsidiary (or group of Subsidiaries that together would constitute a Significant Subsidiary) shall for any reason cease to be in full force and effect or be declared null and void or any responsible officer (or the responsible officers of any group of

Subsidiaries that together would constitute a Significant Subsidiary) of any Guarantor that is a Significant Subsidiary, as the case may be, denies that it has any further liability under its Guarantee or gives notice to such effect, other than by reason of the termination of the Senior Subordinated Indenture or the release of any such Guarantee in accordance with the Senior Subordinated Indenture.

If any Event of Default (other than of a type specified in clause (6) above) occurs and is continuing under the Senior Subordinated Indenture, the Trustee or the Holders of at least 30% in principal amount of the Senior Subordinated Notes then outstanding under the Senior Subordinated Indenture may declare the principal, premium, if any, interest and any other monetary obligations on all the Senior Subordinated Notes then outstanding under the Senior Subordinated Indenture to be due and payable immediately.

Upon the effectiveness of such declaration, such principal premium, if any, and interest will be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising under clause (6) of the first paragraph of this section, all outstanding Senior Subordinated Notes will become due and payable without further action or notice. The Senior Subordinated Indenture provides that the Trustee may withhold from the Holders notice of any continuing Default, except a Default relating to the payment of principal, premium, if any, or interest, if it determines that withholding notice is in their interest. In addition, the Trustee shall have no obligation to accelerate the Senior Subordinated Notes if in the best judgment of the Trustee acceleration is not in the best interest of the Holders.

The Senior Subordinated Indenture provides that the Holders of a majority in aggregate principal amount of the Senior Subordinated Notes then outstanding under the Senior Subordinated Indenture by notice to the Trustee may on behalf of the Holders of all of the Senior Subordinated Notes waive any existing Default and its consequences under the Senior Subordinated Indenture except a continuing Default in the payment of interest on, premium, if any, or the principal of any Senior Subordinated Note held by a non-consenting Holder. In the event of any Event of Default specified in clause (4) above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the Senior Subordinated Notes) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 20 days after such Event of Default arose:

- (1) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged;
- (2) the Holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or
- (3) the default that is the basis for such Event of Default has been cured.

Subject to the provisions of the Senior Subordinated Indenture relating to the duties of the Trustee thereunder, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Senior Subordinated Indenture at the request or direction of any of the Holders unless the Holders have offered to the Trustee reasonable indemnity or security against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest when due, no Holder may pursue any remedy with respect to the Senior Subordinated Indenture or the Senior Subordinated Notes unless:

- (1) such Holder has previously given the Trustee notice that an Event of Default is continuing;
- (2) Holders of at least 30% in principal amount of the then outstanding Senior Subordinated Notes have requested the Trustee to pursue the remedy;
- (3) Holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and

(5) Holders of a majority in principal amount of the then outstanding Senior Subordinated Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

Subject to certain restrictions, under the Senior Subordinated Indenture the Holders of a majority in principal amount of the total outstanding Senior Subordinated Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Senior Subordinated Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability.

The Senior Subordinated Indenture provides that the Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Senior Subordinated Indenture, and the Issuer is required, within five Business Days, upon becoming aware of any Default, to deliver to the Trustee a statement specifying such Default.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor or any of their parent companies (other than the Issuer and the Guarantors) shall have any liability for any obligations of the Issuer or the Guarantors under the Senior Subordinated Notes, the Guarantees or the Senior Subordinated Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting the Senior Subordinated Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Senior Subordinated Notes. Such waiver may not be effective to waive liabilities under the federal securities laws, and it is the view of the SEC that such a waiver is against public policy.

Legal Defeasance and Covenant Defeasance

The obligations of the Issuer and the Guarantors under the Senior Subordinated Indenture will terminate (other than certain obligations) and will be released upon payment in full of all of the Senior Subordinated Notes issued under the Senior Subordinated Indenture. The Issuer may, at its option and at any time, elect to have all of its obligations discharged with respect to the Senior Subordinated Notes issued under the Senior Subordinated Indenture and have the Issuer's and each Guarantor's obligation discharged with respect to its Guarantee (" *Legal Defeasance* ") and cure all then existing Events of Default except for:

(1) the rights of Holders issued under the Senior Subordinated Indenture to receive payments in respect of the principal of, premium, if any, and interest on the Senior Subordinated Notes when such payments are due solely out of the trust created pursuant to the Senior Subordinated Indenture;

(2) the Issuer's obligations with respect to Senior Subordinated Notes concerning issuing temporary notes, registration of such Senior Subordinated Notes, mutilated, destroyed, lost or stolen Senior Subordinated Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Senior Subordinated Indenture.

In addition, the Issuer may, at its option and at any time, elect to have its obligations and those of each Guarantor released with respect to certain covenants that are described in the Senior

Subordinated Indenture (" *Covenant Defeasance* ") and thereafter any omission to comply with such obligations shall not constitute a Default with respect to the Senior Subordinated Notes. In the event Covenant Defeasance occurs, certain events (not including bankruptcy, receivership, rehabilitation and insolvency events pertaining to the Issuer) described under "Events of Default and Remedies" will no longer constitute an Event of Default with respect to the Senior Subordinated Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the Senior Subordinated Notes:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest due on the Senior Subordinated Notes issued under the Senior Subordinated Indenture on the stated maturity date or on the redemption date, as the case may be, of such principal, premium, if any, or interest on such Senior Subordinated Notes, and the Issuer must specify whether such Senior Subordinated Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions,

(a) the Issuer has received from, or there has been published by, the United States Internal Revenue Service a ruling, or

(b) since the original issuance of the Senior Subordinated Notes, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, subject to customary assumptions and exclusions, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes, as applicable, as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions, the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to such tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith) shall have occurred and be continuing on the date of such deposit;

(5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under the Senior Credit Facilities, the Senior Indenture, the Senior Notes or any other material agreement or instrument (other than the Senior Subordinated Indenture) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith);

(6) the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect that, as of the date of such opinion and subject to customary assumptions and exclusions following the deposit, the trust funds will not be subject to the effect of Section 547 of Title 11 of the United States Code;

(7) the Issuer shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or any Guarantor or others; and

(8) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions) each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Senior Subordinated Indenture will be discharged and will cease to be of further effect as to all Senior Subordinated Notes issued thereunder, when either:

(1) all Senior Subordinated Notes theretofore authenticated and delivered, except lost, stolen or destroyed Senior Subordinated Notes which have been replaced or paid and Senior Subordinated Notes for whose payment money has theretofore been deposited in trust, have been delivered to the Trustee for cancellation; or

(2) (a) all Senior Subordinated Notes not theretofore delivered to the Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise, will become due and payable within one year or may be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer, and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest to pay and discharge the entire indebtedness on the Senior Subordinated Notes not theretofore delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(b) no Default (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith) with respect to the Senior Subordinated Indenture or the Senior Subordinated Notes shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit, and such deposit will not result in a breach or violation of, or constitute a default under, the Senior Credit Facilities, the Senior Indenture, the Senior Notes or any other material agreement or instrument (other than the Senior Subordinated Indenture) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith);

(c) the Issuer has paid or caused to be paid all sums payable by it under the Senior Subordinated Indenture; and

(d) the Issuer has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Senior Subordinated Notes at maturity or the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Senior Subordinated Indenture, any Guarantee, and the Senior Subordinated Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Senior Subordinated Notes then outstanding, including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Senior Subordinated Notes, and any existing Default or compliance with any provision of the Senior Subordinated Indenture, the Senior Subordinated Notes issued thereunder, any Guarantee may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Senior Subordinated Notes, other than Senior Subordinated Notes beneficially owned by the Issuer or its Affiliates (including consents obtained in connection with a purchase of or tender offer or exchange offer for the Senior Subordinated Notes).

The Senior Subordinated Indenture provides that, without the consent of each affected Holder, an amendment or waiver may not, with respect to any Senior Subordinated Notes held by a non-consenting Holder:

- (1) reduce the principal amount of such Senior Subordinated Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed final maturity of any such Senior Subordinated Note or alter or waive the provisions with respect to the redemption of such Senior Subordinated Notes (other than provisions relating to the covenants described above under the caption "Repurchase at the Option of Holders");
- (3) reduce the rate of or change the time for payment of interest on any Senior Subordinated Note;
- (4) waive a Default in the payment of principal of or premium, if any, or interest on the Senior Subordinated Notes, except a rescission of acceleration of the Senior Subordinated Notes by the Holders of at least a majority in aggregate principal amount of the Senior Subordinated Notes and a waiver of the payment default that resulted from such acceleration, or in respect of a covenant or provision contained in the Senior Subordinated Indenture or any Guarantee which cannot be amended or modified without the consent of all Holders;
- (5) make any Senior Subordinated Note payable in money other than that stated therein;
- (6) make any change in the provisions of the Senior Subordinated Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of or premium, if any, or interest on the Senior Subordinated Notes;
- (7) make any change in these amendment and waiver provisions;
- (8) impair the right of any Holder to receive payment of principal of, or interest on such Holder's Senior Subordinated Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Senior Subordinated Notes;
- (9) make any change to or modify the ranking of the Senior Subordinated Notes that would adversely affect the Holders; or
- (10) except as expressly permitted by the Senior Subordinated Indenture, modify the Guarantees of any Significant Subsidiary in any manner adverse to the Holders.

In addition, any amendment to, or waiver of, the provisions of the Senior Subordinated Indenture relating to subordination that adversely affects the rights of the Holders will require the consent of the Holders of at least 75% in aggregate principal amount of Senior Subordinated Notes then outstanding.

Notwithstanding the foregoing, the Issuer, any Guarantor (with respect to a Guarantee or the Senior Subordinated Indenture to which it is a party) and the Trustee may amend or supplement the Senior Subordinated Indenture, any Guarantee or Notes without the consent of any Holder;

- (1) to cure any ambiguity, omission, mistake, defect or inconsistency;
- (2) to provide for uncertificated Senior Subordinated Notes of such series in addition to or in place of certificated Senior Subordinated Notes;
- (3) to comply with the covenant relating to mergers, consolidations and sales of assets;
- (4) to provide for the assumption of the Issuer's or any Guarantor's obligations to the Holders;
- (5) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under the Senior Subordinated Indenture of any such Holder;
- (6) to add covenants for the benefit of the Holders or to surrender any right or power conferred upon the Issuer or any Guarantor;
- (7) to comply with requirements of the SEC in order to effect or maintain the qualification of the Senior Subordinated Indenture under the Trust Indenture Act;
- (8) to evidence and provide for the acceptance and appointment under the Senior Subordinated Indenture of a successor Trustee thereunder pursuant to the requirements thereof;
- (9) to provide for the issuance of Senior Subordinated Exchange Notes or private exchange notes, which are identical to Senior Subordinated Exchange Notes except that they are not freely transferable;
- (10) to add a Guarantor under the Senior Subordinated Indenture;
- (11) to conform the text of the Senior Subordinated Indenture, Guarantees or the Senior Subordinated Notes to any provision of this "Description of Senior Subordinated Notes" to the extent that such provision in this "Description of Senior Subordinated Notes" was intended to be a verbatim recitation of a provision of the Senior Subordinated Indenture, Guarantee or Senior Subordinated Notes; or
- (12) to make any amendment to the provisions of the Senior Subordinated Indenture relating to the transfer and legending of Senior Subordinated Notes as permitted by the Senior Subordinated Indenture, including, without limitation, to facilitate the issuance and administration of the Senior Subordinated Notes; *provided, however*, that (i) compliance with the Senior Subordinated Indenture as so amended would not result in Senior Subordinated Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of Holders to transfer Senior Subordinated Notes.
- (13) in the event that PIK Notes are issued in certificated form, to make appropriate amendments to the Senior Subordinated Indenture to reflect an appropriate minimum denomination of certified PIK Notes and establish minimum redemption amounts for certified PIK Notes.

The consent of the Holders will not be necessary under the Senior Subordinated Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

Notices

Notices given by publication will be deemed given on the first date on which publication is made and notices given by first-class mail, postage prepaid, will be deemed given five calendar days after mailing.

Concerning the Trustee

The Senior Subordinated Indenture contains certain limitations on the rights of the Trustee thereunder, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee is permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign.

The Senior Subordinated Indenture provides that the Holders of a majority in principal amount of the outstanding Senior Subordinated Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Senior Subordinated Indenture provides that in case an Event of Default shall occur (which shall not be cured), the Trustee is required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Senior Subordinated Indenture at the request of any Holder of the Senior Subordinated Notes, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

Governing Law

The Senior Subordinated Indenture, the Senior Subordinated Notes and any Guarantee are governed by and construed in accordance with the laws of the State of New York.

Certain Definitions

Set forth below are certain defined terms used in the Senior Subordinated Indenture. For purposes of the Senior Subordinated Indenture, unless otherwise specifically indicated, the term "consolidated" with respect to any Person refers to such Person on a consolidated basis in accordance with GAAP, but excluding from such consolidation any Unrestricted Subsidiary as if such Unrestricted Subsidiary were not an Affiliate of such Person.

" *ABL Facility* " means the Asset-Based Revolving Credit Agreement to be entered into as of the Issue Date by and among the Issuer, the lenders party thereto in their capacities as lenders thereunder and The CIT Group/Business Credit Inc., as Administrative Agent, including any guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements, refundings or refinancings thereof and any indentures, notes, debentures or credit facilities or commercial paper facilities with banks or other institutional lenders or investors that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or alters the maturity thereof (*provided* that such increase in borrowings is permitted under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" above).

" *ABL Facility Cap* " means an amount equal to the greater of (x) \$1,125.0 million and (y) the sum of (i) 85% of the net orderly liquidation value as determined in good faith by the Issuer of inventory of the Issuer and each Guarantor and (ii) 90% of all credit card receivables of the Issuer and each Guarantor determined in accordance with GAAP.

" *ABL Obligations* " means Obligations under the ABL Facility.

" *ABL Secured Parties* " means each of (i) the ABL Collateral Agent on behalf of itself and the lenders under the ABL Facility and lenders or their affiliates counterparty to related Hedging Obligations and (ii) each other holder of ABL Obligations.

" *Acquired Indebtedness* " means, with respect to any specified Person,

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Restricted Subsidiary of such specified Person, and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

" *Affiliate* " of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

" *Applicable Premium* " means, with respect to any Senior Subordinated Note on any Redemption Date, the greater of:

(1) 1.0% of the principal amount of such Senior Subordinated Note; and

(2) the excess, if any, of (a) the present value at such Redemption Date of (i) the redemption price of such Senior Subordinated Note at July 15, 2012 (such redemption price being set forth in the tables appearing above under the caption "Optional Redemption"), plus (ii) all required interest payments calculated based on the Cash Interest rate payable on the Senior Subordinated Notes due on such Senior Subordinated Note through July 15, 2012 (excluding accrued but unpaid interest to the Redemption Date), computed using a discount rate equal to the Treasury Rate as of such Redemption Date plus 50 basis points; over (b) the principal amount of such Senior Subordinated Note.

" *Asset Sale* " means:

(1) the sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including by way of a Sale and Lease-Back Transaction) of the Issuer or any of its Restricted Subsidiaries (each referred to in this definition as a " *disposition* "); or

(2) the issuance or sale of Equity Interests of any Restricted Subsidiary, whether in a single transaction or a series of related transactions (other than Preferred Stock of Restricted Subsidiaries issued in compliance with the covenant described under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock");

in each case, other than:

(a) any disposition of Cash Equivalents or Investment Grade Securities or obsolete or worn out equipment in the ordinary course of business or any disposition of inventory or goods (or other assets) held for sale in the ordinary course of business;

(b) the disposition of all or substantially all of the assets of the Issuer in a manner permitted pursuant to the provisions described above under "Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets" or any disposition that constitutes a Change of Control pursuant to the Senior Subordinated Indenture;

(c) the making of any Restricted Payment or Permitted Investment that is permitted to be made, and is made, under the covenant described above under "Certain Covenants—Limitation on Restricted Payments";

(d) any disposition of assets or issuance or sale of Equity Interests of any Restricted Subsidiary in any transaction or series of related transactions with an aggregate fair market value of less than \$25.0 million;

(e) any disposition of property or assets or issuance of securities by a Restricted Subsidiary of the Issuer to the Issuer or by the Issuer or a Restricted Subsidiary of the Issuer to another Restricted Subsidiary of the Issuer;

(f) to the extent allowable under Section 1031 of the Code or any comparable or successor provision, any exchange of like property (excluding any boot thereon) for use in a Similar Business;

(g) the lease, assignment or sub-lease of any real or personal property in the ordinary course of business;

(h) any issuance or sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(i) foreclosures on assets;

(j) sales of accounts receivable, or participations therein, in connection with the ABL Facility or any Receivables Facility;

(k) any financing transaction with respect to property built or acquired by the Issuer or any Restricted Subsidiary after the Issue Date, including Sale and Lease-Back Transactions and asset securitizations permitted by the Senior Subordinated Indenture;

(l) dispositions in the ordinary course of business by any Restricted Subsidiary engaged in the insurance business in order to provide insurance to the Issuer and its Subsidiaries;

(m) the unwinding of any Hedging Obligations; and

(n) sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding arrangements.

" *Asset Sale Offer* " has the meaning set forth in the fourth paragraph under "Repurchase at the Option of Holders—Asset Sales."

" *Bankruptcy Code* " means Title 11 of the United States Code, as amended.

" *Bankruptcy Law* " means the Bankruptcy Code and any similar federal, state or foreign law for the relief of debtors.

" *Business Day* " means each day which is not a Legal Holiday.

" *Capital Stock* " means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

" *Capitalized Lease Obligation* " means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP.

" *Capitalized Software Expenditures* " means, for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) by a Person and its Restricted Subsidiaries during such period in respect of purchased software or internally developed software and software enhancements that, in conformity with GAAP, are or are required to be reflected as capitalized costs on the consolidated balance sheet of a Person and its Restricted Subsidiaries.

" *Cash Equivalents* " means:

- (1) United States dollars;
- (2) euro or any national currency of any participating member state of the EMU or such local currencies held by the Issuer and its Restricted Subsidiaries from time to time in the ordinary course of business;
- (3) securities issued or directly and fully and unconditionally guaranteed or insured by the U.S. government (or any agency or instrumentality thereof the securities of which are unconditionally guaranteed as a full faith and credit obligation of the U.S. government) with maturities of 24 months or less from the date of acquisition;
- (4) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case with any commercial bank having capital and surplus of not less than \$500.0 million in the case of U.S. banks and \$100.0 million (or the U.S. dollar equivalent as of the date of determination) in the case of non-U.S. banks;
- (5) repurchase obligations for underlying securities of the types described in clauses (3) and (4) entered into with any financial institution meeting the qualifications specified in clause (4) above;
- (6) commercial paper rated at least P-1 by Moody's or at least A-1 by S&P and in each case maturing within 24 months after the date of creation thereof;
- (7) marketable short-term money market and similar securities having a rating of at least P-2 or A-2 from either Moody's or S&P, respectively (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another Rating Agency) and in each case maturing within 24 months after the date of creation thereof;
- (8) investment funds investing 95% of their assets in securities of the types described in clauses (1) through (7) above;
- (9) readily marketable direct obligations issued by any state, commonwealth or territory of the United States or any political subdivision or taxing authority thereof having an Investment Grade Rating from either Moody's or S&P with maturities of 24 months or less from the date of acquisition;
- (10) Indebtedness or Preferred Stock issued by Persons with a rating of "A" or higher from S&P or "A2" or higher from Moody's with maturities of 24 months or less from the date of acquisition; and
- (11) Investments with average maturities of 24 months or less from the date of acquisition in money market funds rated AAA- (or the equivalent thereof) or better by S&P or Aaa3 (or the equivalent thereof) or better by Moody's.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clauses (1) and (2) above; *provided* that such amounts are converted into

any currency listed in clauses (1) and (2) as promptly as practicable and in any event within ten Business Days following the receipt of such amounts.

" *Cash Interest* " has the meaning set forth under "Principal, Maturity and Interest."

" *Change of Control* " means the occurrence of any of the following:

(1) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to any Person other than a Permitted Holder; or

(2) the Issuer becomes aware (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) of the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act or any successor provision), other than the Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) of 50% or more of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent companies holding directly or indirectly 100% of the total voting power of the Voting Stock of the Issuer.

" *Code* " means the Internal Revenue Code of 1986, as amended, or any successor thereto.

" *Consolidated Depreciation and Amortization Expense* " means with respect to any Person for any period, the total amount of depreciation and amortization expense, including the amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses and Capitalized Software Expenditures, of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

" *Consolidated Interest Expense* " means, with respect to any Person for any period, without duplication, the sum of:

(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income (including (a) amortization of original issue discount resulting from the issuance of Indebtedness at less than par, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers' acceptances, (c) non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments pursuant to GAAP), (d) the interest component of Capitalized Lease Obligations, and (e) net payments, if any, pursuant to interest rate Hedging Obligations with respect to Indebtedness, and excluding (u) accretion or accrual of discounted liabilities not constituting Indebtedness, (v) any expense resulting from the discounting any Indebtedness in connection with the application of recapitalization accounting or, if applicable, purchase accounting, (w) any Special Interest and any comparable "additional interest" with respect to other securities, (x) amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses, (y) any expensing of bridge, commitment and other financing fees and (z) commissions, discounts, yield and other fees and charges (including any interest expense) related to any Receivables Facility); plus

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued; less

(3) interest income for such period.

For purposes of this definition, interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP.

" *Consolidated Leverage Ratio* " as of any date of determination, means the ratio of (1) Consolidated Total Indebtedness of the Issuer and its Restricted Subsidiaries as of the end of the most recent fiscal period for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur to (2) the Issuer's EBITDA for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur, in each case with such pro forma adjustments to Consolidated Total Indebtedness and EBITDA as are appropriate and consistent with the pro forma adjustment provisions set forth in the definition of "Fixed Charge Coverage Ratio."

" *Consolidated Net Income* " means, with respect to any Person for any period, the aggregate of the Net Income of such Person for such period, on a consolidated basis, and otherwise determined in accordance with GAAP; *provided* , *however* , that, without duplication,

(1) any after-tax effect of extraordinary, non-recurring or unusual gains or losses (less all fees and expenses relating thereto) or expenses (including relating to the Transactions to the extent incurred on or prior to May 1, 2008), severance, relocation costs, consolidation and closing costs, integration and facilities opening costs, business optimization costs, transition costs, restructuring costs, signing, retention or completion bonuses, and curtailments or modifications to pension and post-retirement employee benefit plans shall be excluded,

(2) the cumulative effect of a change in accounting principles during such period shall be excluded,

(3) any after-tax effect of income (loss) from disposed, abandoned or discontinued operations and any net after-tax gains or losses on disposal of disposed, abandoned, transferred, closed or discontinued operations shall be excluded,

(4) any after-tax effect of gains or losses (less all fees and expenses relating thereto) attributable to asset dispositions or abandonments other than in the ordinary course of business, as determined in good faith by the Issuer, shall be excluded,

(5) the Net Income for such period of any Person that is an Unrestricted Subsidiary shall be excluded, and, solely for the purpose of determining the amount available for Restricted Payments under clause 3(a) of the first paragraph of "Certain Covenants—Limitation on Restricted Payments," the Net Income for such period of any Person that is not a Subsidiary or that is accounted for by the equity method of accounting shall be excluded; *provided* that Consolidated Net Income of the Issuer shall be increased by the amount of dividends or distributions or other payments that are actually paid in cash (or to the extent converted into cash) to the Issuer or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein,

(6) solely for the purpose of determining the amount available for Restricted Payments under clause (3)(a) of the first paragraph of "Certain Covenants—Limitation on Restricted Payments," the Net Income for such period of any Restricted Subsidiary (other than any Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its Net Income is not at the date of determination wholly permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule, or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restriction with respect to the payment of dividends or similar distributions has been legally waived; *provided* that Consolidated Net Income of the Issuer will be increased by the amount of dividends or

other distributions or other payments actually paid in cash (or to the extent converted into cash) or Cash Equivalents to the Issuer or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein,

(7) effects of adjustments (including the effects of such adjustments pushed down to the Issuer and its Restricted Subsidiaries) in the property, equipment, inventory, software and other intangible assets, deferred revenue and debt line items in such Person's consolidated financial statements pursuant to GAAP resulting from the application of recapitalization accounting or, if applicable, purchase accounting in relation to the Transactions or any consummated acquisition or the amortization or write-off of any amounts thereof, net of taxes, shall be excluded,

(8) any after-tax effect of income (loss) from the early extinguishment of Indebtedness or Hedging Obligations or other derivative instruments shall be excluded,

(9) any impairment charge or asset write-off, including, without limitation, impairment charges or asset write-offs related to intangible assets, long-lived assets or investments in debt and equity securities, in each case, pursuant to GAAP and the amortization of intangibles arising pursuant to GAAP shall be excluded,

(10) any non-cash compensation expense recorded from grants of stock appreciation or similar rights, stock options, restricted stock or other rights, and any cash charges associated with the rollover, acceleration or payout of Equity Interests by management of the Company or any of its direct or indirect parent companies in connection with the Transactions, shall be excluded,

(11) any fees and expenses incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, Asset Sale, issuance or repayment of Indebtedness, issuance of Equity Interests, refinancing transaction or amendment or modification of any debt instrument (in each case, including any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed) and any charges or non-recurring merger costs incurred during such period as a result of any such transaction shall be excluded,

(12) accruals and reserves that are established or adjusted within twelve months after the Issue Date that are so required to be established as a result of the Transactions in accordance with GAAP, or changes as a result of adoption or modification of accounting policies, shall be excluded, and

(13) to the extent covered by insurance and actually reimbursed, or, so long as the Issuer has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) not denied by the applicable carrier in writing within 180 days and (b) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption shall be excluded.

Notwithstanding the foregoing, for the purpose of the covenant described under "Certain Covenants—Limitation on Restricted Payments" only (other than clause (3)(d) thereof), there shall be excluded from Consolidated Net Income any income arising from any sale or other disposition of Restricted Investments made by the Issuer and its Restricted Subsidiaries, any repurchases and redemptions of Restricted Investments from the Issuer and its Restricted Subsidiaries, any repayments of loans and advances which constitute Restricted Investments by the Issuer or any of its Restricted Subsidiaries, any sale of the stock of an Unrestricted Subsidiary or any distribution or dividend from an Unrestricted Subsidiary, in each case only to the extent such amounts increase the amount of Restricted Payments permitted under such covenant pursuant to clause (3)(d) thereof.

" *Contingent Obligations* " means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness (" *primary obligations* ") of any other Person (the " *primary obligor* ") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent,

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor,

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation, or

(b) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

" *Credit Facilities* " means, with respect to the Issuer or any of its Restricted Subsidiaries, one or more debt facilities, including the Senior Credit Facilities, or other financing arrangements (including, without limitation, commercial paper facilities or indentures) providing for revolving credit loans, term loans, letters of credit or other long-term indebtedness, including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof and any indentures, notes, debentures or credit facilities or commercial paper facilities that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount permitted to be borrowed thereunder or alters the maturity thereof (*provided* that such increase in borrowings is permitted under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock") or adds Restricted Subsidiaries as additional borrowers or guarantors thereunder and whether by the same or any other agent, lender or group of lenders.

" *Default* " means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

" *Designated Non-cash Consideration* " means the fair market value of non-cash consideration received by the Issuer or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, executed by the principal financial officer of the Issuer, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of or collection on such Designated Non-cash Consideration.

" *Designated Preferred Stock* " means Preferred Stock of the Issuer or any parent corporation thereof (in each case other than Disqualified Stock) that is issued for cash (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officer's Certificate executed by the principal financial officer of the Issuer or the applicable parent corporation thereof, as the case may be, on the issuance date thereof, the cash proceeds of which are excluded from the calculation set forth in clause (3) of the first paragraph under "Certain Covenants—Limitation on Restricted Payments."

" *Designated Senior Indebtedness* " means:

(1) any Indebtedness outstanding under the Senior Credit Facilities;

(2) any Indebtedness outstanding under the Senior Indenture; and

(3) any other Senior Indebtedness permitted under the Senior Subordinated Indenture that, at the date of determination, has an aggregate principal amount outstanding of at least \$35.0 million and is specifically designated by the issuer thereof as "Designated Senior Indebtedness" for purposes of the Senior Subordinated Indenture.

" *Disqualified Stock* " means, with respect to any Person, any Capital Stock of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is puttable or exchangeable, or upon the happening of any event, matures or is mandatorily redeemable (other than solely as a result of a change of control or asset sale) pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof (other than solely as a result of a change of control or asset sale), in whole or in part, in each case prior to the date 91 days after the earlier of the maturity date of the Senior Subordinated Notes or the date the Senior Subordinated Notes are no longer outstanding; *provided, however*, that if such Capital Stock is issued to any plan for the benefit of employees of the Issuer or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

" *EBITDA* " means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period

(1) increased (without duplication) by:

(a) provision for taxes based on income or profits or capital gains, including, without limitation, foreign, federal, state, franchise and similar taxes and foreign withholding taxes (including penalties and interest related to such taxes or arising from tax examinations) of such Person paid or accrued during such period deducted (and not added back) in computing Consolidated Net Income in such period; *plus*

(b) Fixed Charges of such Person for such period (including (x) net losses on Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate risk and (y) costs of surety bonds in connection with financing activities, in each case, to the extent included in Fixed Charges), together with items excluded from the definition of "Consolidated Interest Expense" pursuant to clauses (1)(u), (v), (w), (x), (y) and (z) of the definition thereof, and, in each such case, to the extent the same were deducted (and not added back) in calculating such Consolidated Net Income in such period; *plus*

(c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent the same was deducted (and not added back) in computing Consolidated Net Income in such period; *plus*

(d) any expenses or charges (other than depreciation or amortization expense) related to any Equity Offering, Permitted Investment, acquisition, disposition, recapitalization or the incurrence of Indebtedness permitted to be incurred by the Senior Subordinated Indenture (including a refinancing thereof) (whether or not successful), including (i) such fees, expenses or charges related to the offering of the Senior Subordinated Notes and any Credit Facilities and (ii) any amendment or other modification of the Senior Subordinated Notes, and, in each case, deducted (and not added back) in computing Consolidated Net Income in such period; *plus*

(e) the amount of any restructuring charge or reserve deducted (and not added back) in such period in computing Consolidated Net Income, including any one-time costs incurred in connection with acquisitions after the Issue Date and costs related to the closure and/or consolidation of facilities; *plus*

(f) any other non-cash charges, including any write-offs or write-downs, reducing Consolidated Net Income for such period (*provided* that if any such non-cash charges represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period); *plus*

(g) the amount of any minority interest expense consisting of income attributable to minority equity interests of third parties deducted (and not added back) in such period in calculating Consolidated Net Income in such period; *plus*

(h) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Investors to the extent otherwise permitted under "Certain Covenants—Transactions with Affiliates"; *plus*

(i) the amount of net cost savings projected by the Issuer in good faith to be realized as a result of specified actions taken or to be taken (calculated on a *pro forma* basis as though such cost savings had been realized on the first day of such period), net of the amount of actual benefits realized during such period from such actions; *provided* that (w) such cost savings are reasonably identifiable and factually supportable, (x) such actions have been taken or are to be taken within 12 months after the date of determination to take such action, (y) no cost savings shall be added pursuant to this clause (i) to the extent duplicative of any expenses or charges relating to such cost savings that are included in clause (e) above with respect to such period and (z) the aggregate amount of cost savings added pursuant to this clause (i) shall not exceed \$25.0 million for any four consecutive quarter period (which adjustments may be incremental to *pro forma* adjustments made pursuant to the second paragraph of the definition of "Fixed Charge Coverage Ratio"); *plus*

(j) the amount of loss on sales of receivables and related assets to the Receivables Subsidiary in connection with a Receivables Facility; *plus*

(k) an amount equal to the impact on cost of goods sold and operating profit of incremental markdowns taken as a result of Project Alpha as described in the offering documentation relating to the outstanding notes; *provided* that this clause (k) shall not apply to any quarterly period beginning after February 1, 2008; *plus*

(l) any expenses associated with Project Alpha inventory and real estate initiatives as described in the offering documentation relating to the outstanding notes; *provided* that this clause (l) shall not apply to any quarterly period beginning after February 1, 2008; *plus*

(m) any costs or expense incurred by the Issuer or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Issuer or net cash proceeds of an issuance of Equity Interests of the Issuer (other than Disqualified Stock) solely to the extent that such net cash proceeds are excluded from the calculation set forth in clause (3) of the first paragraph under "Certain Covenants—Limitation on Restricted Payments";

(2) decreased by (without duplication) non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced EBITDA in any prior period; and

(3) increased or decreased by (without duplication):

(a) any net gain or loss resulting in such period from Hedging Obligations and the application of Statement of Financial Accounting Standards No. 133; *plus* or *minus*, as applicable, and

(b) any net gain or loss resulting in such period from currency translation gains or losses related to currency remeasurements of Indebtedness (including any net loss or gain resulting from Hedging Obligations for currency exchange risk).

" *EMU* " means the economic and monetary union as contemplated in the Treaty on European Union.

" *Equity Interests* " means Capital Stock and all warrants, options or other rights to acquire Capital Stock, but excluding any debt security that is convertible into, or exchangeable for, Capital Stock.

" *Equity Offering* " means any public or private sale of common stock or Preferred Stock of the Issuer or any of its direct or indirect parent companies (excluding Disqualified Stock), other than:

- (1) public offerings with respect to the Issuer's or any direct or indirect parent company's common stock registered on Form S-8;
- (2) issuances to any Subsidiary of the Issuer; and
- (3) any such public or private sale that constitutes an Excluded Contribution.

" *euro* " means the single currency of participating member states of the EMU.

" *Event of Default* " has the meaning set forth under "Events of Default and Remedies."

" *Excess Proceeds* " has the meaning set forth in the fourth paragraph under "Repurchase at the Option of Holders—Asset Sales."

" *Exchange Act* " means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

" *Excluded Contribution* " means net cash proceeds, marketable securities or Qualified Proceeds received by the Issuer after the Issue Date from

- (1) contributions to its common equity capital, and
- (2) the sale (other than to a Subsidiary of the Issuer or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Issuer) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock) of the Issuer,

in each case designated as Excluded Contributions pursuant to an Officer's Certificate executed by the principal financial officer of the Issuer on the date such capital contributions are made or the date such Equity Interests are sold, as the case may be, which are excluded from the calculation set forth in clause (3) of the first paragraph under "Certain Covenants—Limitation on Restricted Payments."

" *Fixed Charge Coverage Ratio* " means, with respect to any Person for any period, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Issuer or any Restricted Subsidiary incurs, assumes, guarantees, redeems, retires or extinguishes any Indebtedness (other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the " *Fixed Charge Coverage Ratio Calculation Date* "), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such incurrence, assumption, guarantee, redemption, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred on the first day of the applicable four-quarter period.

For purposes of making the computation referred to above, Investments, acquisitions, dispositions, mergers, consolidations and disposed operations (as determined in accordance with GAAP) that have

been made by the Issuer or any of its Restricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a *pro forma* basis assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and disposed operations (and the change in any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If, since the beginning of such period, any Person that subsequently became a Restricted Subsidiary or was merged with or into the Issuer or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed operation had occurred on the first day of the applicable four-quarter period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or accounting officer of the Issuer. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate or other rate shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuer may designate.

" *Fixed Charges* " means, with respect to any Person for any period, the sum of:

- (1) Consolidated Interest Expense of such Person for such period;
- (2) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock during such period; and
- (3) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock during such period.

" *Foreign Subsidiary* " means, with respect to any Person, any Restricted Subsidiary of such Person that is not organized or existing under the laws of the United States, any state thereof or the District of Columbia and any Restricted Subsidiary of such Foreign Subsidiary.

" *GAAP* " means generally accepted accounting principles in the United States which are in effect on the Issue Date.

" *General Credit Facility* " means the credit agreement to be entered into as of the Issue Date by and among the Issuer, the lenders party thereto in their capacities as lenders thereunder and Citicorp North America, Inc., as Administrative Agent, including any guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements, refundings or refinancings thereof and any indentures, notes, debentures or credit facilities or commercial paper facilities with banks or other institutional lenders or investors that replace, refund or refinance any part of the loans, notes, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or alters the maturity thereof (*provided that*

such increase in borrowings is permitted under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" above).

" *Government Securities* " means securities that are:

(1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged; or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America,

which, in either case, are not callable or redeemable at the option of the issuers thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

" *guarantee* " means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other obligations.

" *Guarantee* " means the guarantee by any Guarantor of the Issuer's Obligations under the Senior Subordinated Indenture.

" *Guarantor* " means each Restricted Subsidiary that Guarantees the Senior Subordinated Notes in accordance with the terms of the Senior Subordinated Indenture.

" *Hedging Obligations* " means, with respect to any Person, the obligations of such Person under any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, commodity swap agreement, commodity cap agreement, commodity collar agreement, foreign exchange contract, currency swap agreement or similar agreement providing for the transfer or mitigation of interest rate or currency risks either generally or under specific contingencies.

" *Holder* " means the Person in whose name a Senior Subordinated Note is registered on the registrar's books.

" *Indebtedness* " means, with respect to any Person, without duplication:

(1) any indebtedness (including principal and premium) of such Person, whether or not contingent:

(a) in respect of borrowed money;

(b) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers' acceptances (or, without duplication, reimbursement agreements in respect thereof);

(c) representing the balance deferred and unpaid of the purchase price of any property (including Capitalized Lease Obligations), except (i) any such balance that constitutes a trade payable or similar obligation to a trade creditor, in each case accrued in the ordinary course of business and (ii) any earn-out obligations until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP; or

(d) representing any Hedging Obligations;

if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP;

(2) to the extent not otherwise included, any obligation by such Person to be liable for, or to pay, as obligor, guarantor or otherwise on, the obligations of the type referred to in clause (1) of a third Person (whether or not such items would appear upon the balance sheet of the such obligor or guarantor), other than by endorsement of negotiable instruments for collection in the ordinary course of business; and

(3) to the extent not otherwise included, the obligations of the type referred to in clause (1) of a third Person secured by a Lien on any asset owned by such first Person, whether or not such Indebtedness is assumed by such first Person;

provided, however, that notwithstanding the foregoing, Indebtedness shall be deemed not to include (a) Contingent Obligations incurred in the ordinary course of business or (b) obligations under or in respect of Receivables Facilities.

" *Independent Financial Advisor* " means an accounting, appraisal, investment banking firm or consultant to Persons engaged in Similar Businesses of nationally recognized standing that is, in the good faith judgment of the Issuer, qualified to perform the task for which it has been engaged.

" *Initial Purchasers* " means Goldman, Sachs & Co., Citigroup Global Markets Inc., Lehman Brothers Inc. and Wachovia Capital Markets, LLC.

" *insolvency or liquidation proceeding* " means:

(1) any case commenced by or against the Issuer or any Guarantor under any Bankruptcy Law for the relief of debtors, any other proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of the Issuer or any Guarantor, any receivership or assignment for the benefit of creditors relating to the Issuer or any Guarantor or any similar case or proceeding relative to the Issuer or any Guarantor or its creditors, as such, in each case whether or not voluntary;

(2) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to the Issuer or any Guarantor, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency; or

(3) any other proceeding of any type or nature in which substantially all claims of creditors of the Issuer or any Guarantor are determined and any payment or distribution is or may be made on account of such claims.

" *Investment Grade Rating* " means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, or an equivalent rating by any other Rating Agency.

" *Investment Grade Securities* " means:

(1) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) debt securities or debt instruments with an Investment Grade Rating, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

(3) investments in any fund that invests exclusively in investments of the type described in clauses (1) and (2) which fund may also hold immaterial amounts of cash pending investment or distribution; and

(4) corresponding instruments in countries other than the United States customarily utilized for high quality investments.

" *Investments* " means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees), advances or capital contributions (excluding accounts receivable, trade credit, advances to customers, commissions, travel and similar advances to officers and employees, in each case made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet (excluding the footnotes) of the Issuer in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under "Certain Covenants—Limitation on Restricted Payments":

(1) "Investments" shall include the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets of a Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

(a) the Issuer's "Investment" in such Subsidiary at the time of such redesignation; *less*

(b) the portion (proportionate to the Issuer equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Issuer.

" *Investors* " means Kohlberg Kravis Roberts & Co. L.P. GS Capital Partners VI Fund, L.P. and funds managed by Citigroup Private Equity LP, and each of their respective Affiliates but not including, however, any portfolio companies of any of the foregoing.

" *Issue Date* " means July 6, 2007.

" *Issuer* " has the meaning set forth in the first paragraph under "General"; *provided* that when used in the context of determining the fair market value of an asset or liability under the Senior Subordinated Indenture other than in calculating the ABL Facility Cap, "Issuer" shall be deemed to mean the board of directors of the Issuer when the fair market value is equal to or in excess of \$50.0 million (unless otherwise expressly stated).

" *Legal Holiday* " means a Saturday, a Sunday or a day on which commercial banking institutions are not required to be open in the State of New York.

" *Lien* " means, with respect to any asset, any mortgage, lien (statutory or otherwise), pledge, hypothecation, charge, security interest, preference, priority or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction; *provided* that in no event shall an operating lease be deemed to constitute a Lien.

" *Moody's* " means Moody's Investors Service, Inc. and any successor to its rating agency business.

" *Net Income* " means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends.

" *Net Proceeds* " means the aggregate cash proceeds received by the Issuer or any of its Restricted Subsidiaries in respect of any Asset Sale, including any cash received upon the sale or other disposition of any Designated Non-cash Consideration received in any Asset Sale, net of the direct costs relating to such Asset Sale and the sale or disposition of such Designated Non-cash Consideration, including legal,

accounting and investment banking fees, and brokerage and sales commissions, any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), amounts required to be applied to the repayment of principal, premium, if any, and interest on Senior Indebtedness required (other than required by clause (1) of the second paragraph of "Repurchase at the Option of Holders—Asset Sales") to be paid as a result of such transaction and any deduction of appropriate amounts to be provided by the Issuer or any of its Restricted Subsidiaries as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Issuer or any of its Restricted Subsidiaries after such sale or other disposition thereof, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

" *Obligations* " means any principal, interest (including any interest accruing subsequent to the filing of a petition in bankruptcy, reorganization or similar proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable state, federal or foreign law), premium, penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and bankers' acceptances), damages and other liabilities, and guarantees of payment of such principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities, payable under the documentation governing any Indebtedness.

" *Officer* " means the Chairman of the Board, the Chief Executive Officer, the President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer or the Secretary of the Issuer.

" *Officer's Certificate* " means a certificate signed on behalf of the Issuer by an Officer of the Issuer, who must be the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Issuer, that meets the requirements set forth in the Senior Subordinated Indenture.

" *Opinion of Counsel* " means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer or the Trustee.

" *Partial PIK Interest* " has the meaning set forth under "Principal, Maturity and Interest."

" *Permitted Asset Swap* " means the concurrent purchase and sale or exchange of Related Business Assets or a combination of Related Business Assets and cash or Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* , that any cash or Cash Equivalents received must be applied in accordance with the covenant described under "Repurchase at the Option of Holders—Asset Sales."

" *Permitted Holders* " means each of the Investors, members of management of the Issuer (or its direct or indirect parent) and any assignees of the equity commitments of the Investors on the Issue Date who are (or will be, pursuant to the agreements described under "Management—Equity Investment by Senior Management Participants" and "—Equity Investment by Other Management Participants") holders of Equity Interests of the Issuer (or any of its direct or indirect parent companies) and any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, such Investors, members of management and assignees of the equity commitments of the Investors, collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent companies.

" *Permitted Investments* " means:

- (1) any Investment in the Issuer or any of its Restricted Subsidiaries;
- (2) any Investment in cash and Cash Equivalents or Investment Grade Securities;
- (3) any Investment by the Issuer or any of its Restricted Subsidiaries in a Person that is engaged in a Similar Business if as a result of such Investment:
 - (a) such Person becomes a Restricted Subsidiary; or
 - (b) such Person, in one transaction or a series of related transactions, is merged or consolidated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary,

and, in each case, any Investment held by such Person; *provided*, that such Investment was not acquired by such Person in contemplation of such acquisition, merger, consolidation or transfer;

- (4) any Investment in securities or other assets not constituting cash, Cash Equivalents or Investment Grade Securities and received in connection with an Asset Sale made pursuant to the provisions described under "Repurchase at the Option of Holders—Asset Sales" or any other disposition of assets not constituting an Asset Sale;
- (5) any Investment existing on the Issue Date;
- (6) any Investment acquired by the Issuer or any of its Restricted Subsidiaries:
 - (a) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable; or
 - (b) as a result of a foreclosure by the Issuer or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;
- (7) Hedging Obligations permitted under clause (11) of the second paragraph of the covenant described in "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";
- (8) any Investment in a Similar Business having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (8) that are at that time outstanding, not to exceed \$50.0 million at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);
- (9) Investments the payment for which consists of Equity Interests (exclusive of Disqualified Stock) of the Issuer or any of its direct or indirect parent companies; *provided, however*, that such Equity Interests will not increase the amount available for Restricted Payments under clause (3) of the first paragraph under the covenant described in "Certain Covenants—Limitations on Restricted Payments";
- (10) guarantees of Indebtedness permitted under the covenant described in "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(11) any transaction to the extent it constitutes an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "Certain Covenants—Transactions with Affiliates" (except transactions described in clauses (2), (5) and (9) of such paragraph);

(12) Investments consisting of purchases and acquisitions of inventory, supplies, material or equipment;

(13) additional Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (13) that are at that time outstanding (without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash or marketable securities), not to exceed \$100.0 million at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(14) Investments relating to a Receivables Subsidiary that, in the good faith determination of the Issuer, are necessary or advisable to effect the ABL Facility or any Receivables Facility, as the case may be;

(15) advances to, or guarantees of Indebtedness of, employees not in excess of \$10.0 million outstanding at any one time, in the aggregate;

(16) loans and advances to officers, directors and employees for business-related travel expenses, moving expenses and other similar expenses, in each case incurred in the ordinary course of business or consistent with past practices or to fund such Person's purchase of Equity Interests of the Issuer or any direct or indirect parent company thereof; and

(17) Investments consisting of purchases and acquisitions of inventory, supplies, material or equipment or the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons.

" *Permitted Junior Securities* " means:

(1) Equity Interests in the Issuer, any Guarantor or any direct or indirect parent of the Issuer; or

(2) unsecured debt securities that are subordinated to all Senior Indebtedness (and any debt securities issued in exchange for Senior Indebtedness) to substantially the same extent as, or to a greater extent than, the Senior Subordinated Notes and the related Guarantees are subordinated to Senior Indebtedness under the Senior Subordinated Indenture;

provided that the term "Permitted Junior Securities" shall not include any securities distributed pursuant to a plan of reorganization if the Indebtedness under the Senior Credit Facilities is treated as part of the same class as the Senior Subordinated Notes for purposes of such plan of reorganization; *provided further* that to the extent that any Senior Indebtedness of the Issuer outstanding on the date of consummation of any such plan of reorganization is not paid in full in cash on such date, the holders of any such Senior Indebtedness not so paid in full in cash have consented to the terms of such plan of reorganization.

" *Permitted Liens* " means, with respect to any Person:

(1) pledges or deposits by such Person under workmen's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or U.S. government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case incurred in the ordinary course of business;

(2) Liens imposed by law, such as carriers', warehousemen's and mechanics' Liens, in each case for sums not yet overdue for a period of more than 30 days or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such Person with

respect to which such Person shall then be proceeding with an appeal or other proceedings for review if adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP;

(3) Liens for taxes, assessments or other governmental charges not yet overdue for a period of more than 30 days or payable or subject to penalties for nonpayment or which are being contested in good faith by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP;

(4) Liens in favor of issuers of performance and surety bonds or bid bonds or with respect to other regulatory requirements or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(5) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or Liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not incurred in connection with Indebtedness and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(6) Liens securing Indebtedness permitted to be incurred pursuant to clauses (1), (5), (13), (14), (19) or (20) of the second paragraph under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; *provided* that (a) Liens securing Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred pursuant to clause (14) relate only to Refinancing Indebtedness that serves to refund or refinance Indebtedness, Disqualified Stock or Preferred Stock incurred under clause (5) or (13) of the second paragraph under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," (b) Liens securing Indebtedness permitted to be incurred pursuant to clause (19) extend only to the assets of Foreign Subsidiaries, (c) Liens securing Indebtedness permitted to be incurred pursuant to clause (20) are solely on acquired property or the assets of the acquired entity, as the case may be and (d) Liens securing Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred pursuant to clause (5) of the second paragraph under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" extend only to the assets so financed, purchased, constructed or improved;

(7) Liens existing on the Issue Date (other than Liens in favor of the lenders under the Senior Credit Facilities);

(8) Liens on property or shares of stock of a Person at the time such Person becomes a Subsidiary; *provided, however*, such Liens are not created or incurred in connection with, or in contemplation of, such other Person becoming such a Subsidiary; *provided, further, however*, that such Liens may not extend to any other property owned by the Issuer or any of its Restricted Subsidiaries;

(9) Liens on property at the time the Issuer or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Issuer or any of its Restricted Subsidiaries; *provided, however*, that such Liens are not created or incurred in connection with, or in contemplation of, such acquisition; *provided, further, however*, that the Liens may not extend to any other property owned by the Issuer or any of its Restricted Subsidiaries;

(10) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary permitted to be incurred in accordance with the covenant described under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(11) Liens securing Hedging Obligations so long as the related Indebtedness is, and is permitted to be under the Senior Subordinated Indenture, secured by a Lien on the same property securing such Hedging Obligations;

(12) Liens on specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(13) leases, subleases, licenses or sublicenses granted to others in the ordinary course of business which do not materially interfere with the ordinary conduct of the business of the Issuer or any of its Restricted Subsidiaries and do not secure any Indebtedness;

(14) Liens arising from Uniform Commercial Code financing statement filings regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(15) Liens in favor of the Issuer or any Guarantor;

(16) Liens on equipment of the Issuer or any of its Restricted Subsidiaries granted in the ordinary course of business;

(17) Liens on accounts receivable and related assets incurred in connection with a Receivables Facility;

(18) Liens to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancing, refunding, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien referred to in the foregoing clauses (6), (7), (8) and (9); *provided, however*, that (a) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements on such property), and (b) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (i) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under clauses (6), (7), (8) and (9) at the time the original Lien became a Permitted Lien under the Senior Subordinated Indenture, and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement;

(19) deposits made in the ordinary course of business to secure liability to insurance carriers;

(20) other Liens securing obligations incurred in the ordinary course of business which obligations do not exceed \$20.0 million at any one time outstanding;

(21) Liens securing judgments for the payment of money not constituting an Event of Default under clause (5) under the caption "Events of Default and Remedies" so long as such Liens are adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(22) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(23) Liens (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code, or any comparable or successor provision, on items in the course of collection, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business, and (iii) in favor of banking institutions arising as a matter of law encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry;

(24) Liens deemed to exist in connection with Investments in repurchase agreements permitted under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; *provided* that such Liens do not extend to any assets other than those that are the subject of such repurchase agreements;

(25) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of the Issuer or any of its Restricted Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Issuer and its

Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(26) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes; and

(27) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale or purchase of goods entered into by the Issuer or any Restricted Subsidiary in the ordinary course of business.

For purposes of this definition, the term "Indebtedness" shall be deemed to include interest on such Indebtedness.

" *Person* " means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

" *PIK Interest* " has the meaning set forth under "Principal, Maturity and Interest."

" *PIK Notes* " has the meaning set forth under "Principal, Maturity and Interest."

" *PIK Payment* " has the meaning set forth under "Principal, Maturity and Interest."

" *Plan of Reorganization* " means any plan of reorganization, plan of liquidation, agreement for composition, or other type of plan of arrangement proposed in or in connection with any insolvency or liquidation proceeding.

" *Preferred Stock* " means any Equity Interest with preferential rights of payment of dividends or upon liquidation, dissolution or winding up.

" *Purchase Money Obligations* " means any Indebtedness incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (other than Capital Stock), and whether acquired through the direct acquisition of such property or assets, or otherwise.

" *Qualified Proceeds* " means the fair value of assets that are used or useful in, or Capital Stock of any Person engaged in, a Similar Business; *provided* that the fair market value of any such assets or Capital Stock shall be determined by the Issuer in good faith.

" *Rating Agencies* " means Moody's and S&P or if Moody's or S&P or both shall not make a rating on the Senior Subordinated Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuer which shall be substituted for Moody's or S&P or both, as the case may be.

" *Receivables Facility* " means any of one or more receivables financing facilities as amended, supplemented, modified, extended, renewed, restated or refunded from time to time, the Obligations of which are non-recourse (except for customary representations, warranties, covenants and indemnities made in connection with such facilities) to the Issuer or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) pursuant to which the Issuer or any of its Restricted Subsidiaries purports to sell its accounts receivable to either (a) a Person that is not a Restricted Subsidiary or (b) a Receivables Subsidiary that in turn funds such purchase by purporting to sell its accounts receivable to a Person that is not a Restricted Subsidiary or by borrowing from such a Person or from another Receivables Subsidiary that in turn funds itself by borrowing from such a Person.

" *Receivables Fees* " means distributions or payments made directly or by means of discounts with respect to any accounts receivable or participation interest therein issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with any Receivables Facility.

" *Receivables Subsidiary* " means any Subsidiary formed for the purpose of facilitating or entering into one or more Receivables Facilities, and in each case engages only in activities reasonably related or incidental thereto.

" *Redemption Date* " has the meaning set forth under "Optional Redemption."

" *Registration Rights Agreement* " means the Registration Rights Agreement related to the Senior Subordinated Notes, dated as of the Issue Date, among the Issuer, the Guarantors and the Initial Purchasers.

" *Related Business Assets* " means assets (other than cash or Cash Equivalents) used or useful in a Similar Business; *provided* that any assets received by the Issuer or a Restricted Subsidiary in exchange for assets transferred by the Issuer or a Restricted Subsidiary will not be deemed to be Related Business Assets if they consist of securities of a Person, unless upon receipt of the securities of such Person, such Person would become a Restricted Subsidiary.

" *Representative* " means, with respect to a person, any trustee, agent or representative (if any) for an issue of Senior Indebtedness of such Person.

" *Restricted Investment* " means an Investment other than a Permitted Investment.

" *Restricted Subsidiary* " means, at any time, any direct or indirect Subsidiary of the Issuer (including any Foreign Subsidiary) that is not then an Unrestricted Subsidiary; *provided, however*, that upon an Unrestricted Subsidiary's ceasing to be an Unrestricted Subsidiary, such Subsidiary shall be included in the definition of "Restricted Subsidiary."

" *S&P* " means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and any successor to its rating agency business.

" *Sale and Lease-Back Transaction* " means any arrangement providing for the leasing by the Issuer or any of its Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a third Person in contemplation of such leasing.

" *SEC* " means the U.S. Securities and Exchange Commission.

" *Secured Indebtedness* " means any Indebtedness of the Issuer or any of its Restricted Subsidiaries secured by a Lien.

" *Securities Act* " means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

" *Senior Credit Facilities* " means the ABL Facility and the General Credit Facility.

" *Senior Indebtedness* " means:

(1) all Indebtedness of the Issuer or any Guarantor outstanding under the Senior Credit Facilities or the Senior Notes and related Guarantees (including interest accruing on or after the filing of any petition in bankruptcy or similar proceeding or for reorganization of the Issuer or any Guarantor (at the rate provided for in the documentation with respect thereto, regardless of whether or not a claim for post-filing interest is allowed in such proceedings)), and any and all other fees, expense reimbursement obligations, indemnification amounts, penalties, and other amounts (whether existing on the Issue Date or thereafter created or incurred) and all obligations of the Issuer or any Guarantor to reimburse any bank or other Person in respect of amounts paid under letters of credit, acceptances or other similar instruments;

(2) all Hedging Obligations (and guarantees thereof) owing to a Lender (as defined in the Senior Credit Facilities) or any Affiliate of such Lender (or any Person that was a Lender or an Affiliate of such Lender at the time the applicable agreement giving rise to such Hedging Obligation was entered into); *provided* that such Hedging Obligations are permitted to be incurred under the terms of the Senior Subordinated Indenture;

(3) any other Indebtedness of the Issuer or any Guarantor permitted to be incurred under the terms of the Senior Subordinated Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the Senior Subordinated Notes or any related Guarantee; and

(4) all Obligations with respect to the items listed in the preceding clauses (1), (2) and (3);

provided, however, that Senior Indebtedness shall not include:

(a) any obligation of such Person to the Issuer or any of its Subsidiaries;

(b) any liability for federal, state, local or other taxes owed or owing by such Person;

(c) any accounts payable or other liability to trade creditors arising in the ordinary course of business;

(d) any Indebtedness or other Obligation of such Person which is subordinate or junior in any respect to any other Indebtedness or other Obligation of such Person; or

(e) that portion of any Indebtedness which at the time of incurrence is incurred in violation of the Senior Subordinated Indenture; *provided that* such Indebtedness shall be deemed not to have been incurred in violation of the Senior Subordinated Indenture for purposes of this clause if such Indebtedness consists of Designated Senior Indebtedness, and the holders of such Indebtedness or their agent or representative (a) had no actual knowledge at the time of incurrence that the incurrence of such Indebtedness violated the Senior Subordinated Indenture and (b) shall have received an Officer's Certificate to the effect that the incurrence of such Indebtedness does not violate the provisions of the Senior Subordinated Indenture.

" *Senior Indenture* " means the Senior Indenture dated as of the Issue Date, among the Issuer, the Guarantors, as guarantors and the Trustee, as trustee, pursuant to which the Senior Notes are issued.

" *Senior Notes* " means the \$1,175,000,000 aggregate principal amount of 10.625% senior notes due 2015 issued by the Issuer under the Senior Indenture on the Issue Date.

" *Senior Subordinated Exchange Notes* " means any notes issued in exchange for the Senior Subordinated Notes pursuant to the Registration Rights Agreement or similar agreement.

" *Senior Subordinated Indebtedness* " means:

(1) with respect to the Issuer, Indebtedness which ranks equal in right of payment to the Senior Subordinated Notes, and

(2) with respect to any Guarantor, Indebtedness which ranks equal in right of payment to the Guarantee of such entity of the Senior Subordinated Notes.

" *Significant Subsidiary* " means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Issue Date.

" *Similar Business* " means any business conducted or proposed to be conducted by the Issuer and its Restricted Subsidiaries on the Issue Date or any business that is similar, reasonably related, incidental or ancillary thereto.

" *Special Interest* " means all additional interest then owing pursuant to the Registration Rights Agreement.

" *Sponsor Management Agreement* " means the management agreement between certain of the management companies associated with the Investors and the Issuer.

" *Subordinated Indebtedness* " means, with respect to the Senior Subordinated Notes,

(1) any Indebtedness of the Issuer which is by its terms subordinated in right of payment to the Senior Subordinated Notes, and

(2) any Indebtedness of any Guarantor which is by its terms subordinated in right of payment to the Guarantee of such entity of the Senior Subordinated Notes.

" *Subsidiary* " means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof or is consolidated under GAAP with such Person at such time; and

(2) any partnership, joint venture, limited liability company or similar entity of which

(x) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership or otherwise, and

(y) such Person or any Restricted Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

" *Total Assets* " means the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis, as shown on the most recent consolidated balance sheet of the Issuer or such other Person as may be expressly stated.

" *Transactions* " means the acquisition of all of the outstanding capital stock of Dollar General Corporation, including the payment of the acquisition consideration in connection therewith, the equity investment by the Investors and members of management, the issuance of the Senior Notes and the Senior Subordinated Notes, the tender offer and consent solicitation for any and all of the outstanding 8⁵/₈ % Notes due 2010 of Dollar General Corporation and the execution of, and borrowings on the Issue Date under, the Senior Credit Facilities and, the pledge and security arrangements in connection with the foregoing, in each case as in effect on the Issue Date, and the related transactions described in this prospectus under the section thereof entitled "The Transactions."

" *Treasury Rate* " means, as of any Redemption Date, the yield to maturity as of such Redemption Date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the Redemption Date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the Redemption Date to July 15, 2012; *provided, however*, that if the period from the Redemption Date to July 15, 2012 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

" *Trust Indenture Act* " means the Trust Indenture Act of 1939, as amended (15 U.S.C §§ 77aaa-777bbb).

" *Unrestricted Subsidiary* " means:

(1) any Subsidiary of the Issuer which at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer, as provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Issuer may designate any Subsidiary of the Issuer (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on, any property of, the Issuer or any Subsidiary of the Issuer (other than solely any Subsidiary of the Subsidiary to be so designated); *provided* that:

(1) any Unrestricted Subsidiary must be an entity of which the Equity Interests entitled to cast at least a majority of the votes that may be cast by all Equity Interests having ordinary voting power for

the election of directors or Persons performing a similar function are owned, directly or indirectly, by the Issuer;

- (2) such designation complies with the covenants described under "Certain Covenants—Limitation on Restricted Payments"; and
- (3) each of:
 - (a) the Subsidiary to be so designated; and
 - (b) its Subsidiaries

has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Issuer or any Restricted Subsidiary.

The Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that, immediately after giving effect to such designation, no Default shall have occurred and be continuing and either:

- (1) the Issuer could incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test described in the first paragraph under "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; or
- (2) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would be greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such designation, in each case on a *pro forma* basis taking into account such designation.

The Issuer shall notify the Trustee of any such designation by promptly filing with the Trustee a copy of the resolution of the board of directors of the Issuer or any committee thereof giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing provisions.

" *Voting Stock* " of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

" *Weighted Average Life to Maturity* " means, when applied to any Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, at any date, the quotient obtained by dividing:

- (1) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or Preferred Stock multiplied by the amount of such payment; by
- (2) the sum of all such payments.

" *Wholly-Owned Subsidiary* " of any Person means a Subsidiary of such Person, 100% of the outstanding Equity Interests of which (other than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

REGISTRATION RIGHTS

We, the guarantors of the notes and the initial purchasers entered into a registration rights agreement on July 6, 2007 pursuant to which we and the guarantors agreed to, at our expense, for the benefit of the holders of each series of notes, (i) file one or more registration statements on an appropriate registration form (each, an "exchange offer registration statement") with respect to a registered offer (each, an "exchange offer") to exchange each series of notes for new notes guaranteed by the guarantors, on a senior basis, with terms substantially identical in all material respects to the senior notes or the senior subordinated notes, as the case may be (the notes so exchanged, the "exchange notes" (except that the exchange notes will not contain terms with respect to transfer restrictions) and (ii) use reasonable best efforts to cause such exchange offer registration statement to be declared effective under the Securities Act. Upon an exchange offer registration statement being declared effective, we will offer the applicable exchange notes (and the related guarantees) in exchange for surrender of the applicable series of notes. We will keep each exchange offer open for not less than 20 business days (or longer if required by applicable law) after the date notice of the applicable exchange offer is mailed to the holders. For each of the notes surrendered to us pursuant to an exchange offer, the holder who surrendered such note will receive a related exchange note having a principal amount equal to that of the surrendered note. Interest on each exchange note will accrue (A) from the later of (i) the last interest payment date on which interest was paid on the note surrendered in exchange therefor or (ii) if the note is surrendered for exchange on a date in a period that includes the record date for an interest payment date to occur on or after the date of such exchange and as to which interest will be paid, the date of such interest payment date or (B) if no interest has been paid on such note, from the original issue date of the notes.

Under existing SEC interpretations contained in several no-action letters to third parties, the exchange notes and the related guarantees will be freely transferable by holders (other than our affiliates) after the applicable exchange offer without further registration under the Securities Act; provided, however, that each holder that wishes to exchange its notes for exchange notes will be required to represent (i) that it will acquire the exchange notes in the ordinary course of its business, (ii) that, at the time of the commencement of the applicable exchange offer, it has no arrangement or understanding with any person to participate in the distribution (within the meaning of Securities Act) of the applicable exchange notes in violation of the Securities Act, (iii) that it is not an "affiliate" (as defined in Rule 405 promulgated under Securities Act) of ours, (iv) if such holder is not a broker-dealer, that it is not engaged in, and does not intend to engage in, the distribution of applicable exchange notes and (v) if such holder is a broker-dealer (a "participating broker-dealer") that will receive exchange notes for its own account in exchange for notes that were acquired as a result of market-making or other trading activities, that it will deliver a prospectus in connection with any resale of such exchange notes. We agreed to make available, during the period required by the Securities Act, a prospectus meeting the requirements of the Securities Act for use by participating broker-dealers and other persons, if any, with similar prospectus delivery requirements for use in connection with any resale of exchange notes.

If (i) because of any change in law or in currently prevailing interpretations of the Staff of the SEC, we are not permitted to effect an exchange offer, (ii) an exchange offer is not consummated within 270 days of the original issue date of the notes, (iii) in certain circumstances, certain holders of unregistered exchange notes so request, or (iv) in the case of any holder that participates in an exchange offer, such holder does not receive exchange notes on the date of the exchange that may be sold without restriction under state and federal securities laws (other than due solely to the status of such holder as an affiliate of ours within the meaning of the Securities Act), then, in each case, we will (x) promptly deliver to the holders and the applicable trustee written notice thereof and (y) at our sole expense, (a) promptly file a shelf registration statement covering resales of the applicable series of notes and (b) use our reasonable best efforts to keep effective such shelf registration statement until

the earliest of (i) two years after the original issue date of the notes, (ii) such time as all of the applicable notes have been sold thereunder or (iii) the date upon which all notes covered by such shelf registration statement become eligible for resale, without regard to volume or other restrictions contained in Rule 144 (the "shelf registration period"). We will, in the event that a shelf registration statement is filed, provide to each holder whose notes are registered under such shelf registration statement copies of the prospectus that is part of such shelf registration statement, notify each such holder when such shelf registration statement has become effective and take certain other actions as are required to permit unrestricted resales of the applicable series of notes. A holder that sells notes pursuant to a shelf registration statement will be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under Securities Act in connection with such sales and will be bound by the provisions of the applicable registration rights agreement that are applicable to such a holder (including certain indemnification rights and obligations).

If (A) we have not exchanged notes for all notes validly tendered in accordance with the terms of an exchange offer on or prior to the 270th day after the original issue date of the notes or (B) if applicable, a shelf registration statement covering resales of the applicable series of notes has been declared effective and such shelf registration statement ceases to be effective at any time during the shelf registration period (subject to certain exceptions), then additional interest shall accrue on the principal amount of the applicable series of notes at a rate of 0.25% per annum (which rate will be increased by an additional 0.25% per annum for each subsequent 90-day period that such additional interest continues to accrue, provided that the rate at which such additional interest accrues may in no event exceed 1.00% per annum) commencing on (x) the 271st day after the original issue date of the notes, in the case of (A) above, or (y) the day such shelf registration statement ceases to be effective, in the case of (B) above; provided, however, that upon the exchange of exchange notes for all notes tendered (in the case of clause (A) above, or upon the effectiveness of a shelf registration statement that had ceased to remain effective (in the case of clause (B) above), additional interest on such notes as a result of such clause (or the relevant sub-clause thereof), as the case may be, shall cease to accrue.

Any amounts of additional interest due will be payable in cash on the same original interest payment dates as interest on the notes is payable.

The exchange notes will be accepted for clearance through The Depository Trust Company.

This summary of the provisions of the registration rights agreement is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which is filed as an exhibit to the registration statement of which this prospectus is a part.

BOOK-ENTRY SETTLEMENT AND CLEARANCE

The global notes

The exchange notes will be represented by global notes in definitive, fully registered form, without interest coupons (collectively, the "global notes").

Upon issuance, the global notes will be deposited with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in each global note will be limited to persons who have accounts with DTC ("DTC participants") or persons who hold interests through DTC participants. We expect that under procedures established by DTC:

- upon deposit of each global note with DTC's custodian, DTC will credit portions of the principal amount of the global note to the accounts of the DTC participants designated by the initial purchasers; and
- ownership of beneficial interests in each global note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global note).

Beneficial interests in the global notes may not be exchanged for notes in physical, certificated form except in the limited circumstances described below.

Book-entry procedures for the global notes

All interests in the global notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither we nor the initial purchasers are responsible for those operations or procedures.

DTC has advised us that it is:

- a limited purpose trust company organized under the laws of the State of New York;
- a "banking organization" within the meaning of the New York State Banking Law;
- a member of the Federal Reserve System;
- a "clearing corporation" within the meaning of the Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC's participants include securities brokers and dealers, including the initial purchasers; banks and trust companies; clearing corporations and other organizations. Indirect access to DTC's system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC's nominee is the registered owner of a global note, that nominee will be considered the sole owner or holder of the notes represented by that global note for all purposes under the applicable indenture. Except as provided below, owners of beneficial interests in a global note:

- will not be entitled to have notes represented by the global note registered in their names;
- will not receive or be entitled to receive physical, certificated notes; and
- will not be considered the owners or holders of the notes under the applicable indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the Trustee under the applicable indenture.

As a result, each investor who owns a beneficial interest in a global note must rely on the procedures of DTC to exercise any rights of a holder of notes under the applicable indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium (if any) and interest with respect to the notes represented by a global note will be made by the Trustee to DTC's nominee as the registered holder of the global note. Neither we nor the Trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a global note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a global note held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depository to take action to effect final settlement by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a global note from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a global note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream have agreed to the above procedures to facilitate transfers of interests in the global notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither we nor the Trustee will have any responsibility for the performance by DTC,

Euroclear or Clearstream or their participants or indirect participants of their obligations under the rules and procedures governing their operations.

Certificated notes

Notes in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related notes only if:

- DTC notifies us at any time that it is unwilling or unable to continue as depository for the global notes and a successor depository is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depository is not appointed within 90 days;
- we, at our option, notify the Trustee that we elect to cause the issuance of certificated notes; or
- certain other events provided in the applicable indenture should occur.

**UNITED STATES FEDERAL INCOME TAX CONSEQUENCES
OF THE EXCHANGE OFFER**

The exchange of outstanding notes for exchange notes in the exchange offer will not constitute a taxable event to holders for United States federal income tax purposes. Consequently, no gain or loss will be recognized by a holder upon receipt of an exchange note, the holding period of the exchange note will include the holding period of the outstanding note exchanged therefor and the basis of the exchange note will be the same as the basis of the outstanding note immediately before the exchange.

In any event, persons considering the exchange of outstanding notes for exchange notes should consult their own tax advisors concerning the United States federal income tax consequences in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction.

CERTAIN ERISA CONSIDERATIONS

The notes may be purchased and held by an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or by an individual retirement account or other plan subject to Section 4975 of the Internal Revenue Code of 1986, as amended ("Code"). A fiduciary of an employee benefit plan subject to ERISA must, however, determine that the purchase and holding of a note is consistent with its fiduciary duties under ERISA. The fiduciary of an ERISA plan, as well as any other prospective investor subject to Section 4975 of the Code or any similar law, must also determine that the purchase and holding of notes does not result in a non-exempt prohibited transaction as defined in Section 406 of ERISA or Section 4975 of the Code or any similar law. Each purchaser and transferee of a note who is subject to Section 406 of ERISA and/or Section 4975 of the Code or any similar law ("Plan Investor") will be deemed to have represented to us, by its acquisition and holding of the note, that its acquisition and holding of the notes does not constitute or give rise to a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any similar law. The sale of any notes to any Plan Investor is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by Plan Investors generally or any particular Plan Investor, or that such an investment is appropriate for Plan Investors generally or any particular Plan Investor.

PLAN OF DISTRIBUTION

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding notes where the outstanding notes were acquired as a result of market-making activities or other trading activities. To the extent any such broker-dealer participates in the exchange offer, we have agreed that for a period of up to 90 days we will use our reasonable best efforts to make this prospectus, as amended or supplemented, available to such broker-dealer for use in connection with any such resale, and will deliver as many additional copies of this prospectus and each amendment or supplement to this prospectus and any documents incorporated by reference in this prospectus as such broker-dealer may reasonably request.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own accounts pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of these methods of resale, at market prices prevailing at the time of resale, at prices related to the prevailing market prices or negotiated prices. Any resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any broker-dealer or the purchasers of any exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of the exchange notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any resale of exchange notes and any commissions or concessions received by these persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

We have agreed to pay all expenses incident to the exchange offer and will indemnify the holders of outstanding notes, including any broker-dealers, against certain liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

The validity of the exchange notes and related guarantees offered hereby will be passed upon by Simpson Thacher & Bartlett LLP, New York, New York with respect to validity under Delaware and California law and Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C. with respect to validity under Tennessee and Kentucky law.

EXPERTS

The consolidated financial statements of Dollar General Corporation at February 2, 2007 and February 3, 2006, and for each of the three years in the period ended February 2, 2007, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form S-4 under the Securities Act with respect to the exchange notes being offered hereby. This prospectus, which forms a part of the registration statement, does not contain all of the information set forth in the registration statement. For further information with respect to us and the exchange notes, refer to the registration statement. Statements contained in this prospectus as to the contents of any contract or other document are not necessarily complete, and each such statement is qualified by the provisions of the contract or other document filed as an exhibit to the registration statement, as applicable. We are not currently subject to the informational requirements of the Exchange Act. As a result of the offering of the exchange notes, we will become subject to those requirements and, accordingly, will file reports and other information with the SEC. You may inspect and copy, at SEC prescribed rates, the registration statement, historical information about Dollar General Corporation and other information at the Public Reference Room of the SEC located at Room 1580, 100 F Street, N.E., Washington D.C. 20549. You can call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room. Such materials may also be accessed electronically by means of the SEC's home page on the Internet (<http://www.sec.gov>).

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Dollar General Corporation
Goodlettsville, Tennessee

We have audited the accompanying consolidated balance sheets of Dollar General Corporation and subsidiaries as of February 2, 2007 and February 3, 2006, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended February 2, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dollar General Corporation and subsidiaries as of February 2, 2007 and February 3, 2006, and the consolidated results of their operations and their cash flows for each of the three years in the period ended February 2, 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in Notes 1 and 10 to the consolidated financial statements, effective February 4, 2006, the Company changed its accounting for stock-based compensation in connection with the adoption of Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment."

/s/ ERNST & YOUNG LLP

Nashville, Tennessee
March 23, 2007
except for Note 16, as to which the date is
December 19, 2007

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	<u>February 2, 2007</u>	<u>February 3, 2006</u>
(In thousands except per share amounts)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 189,288	\$ 200,609
Short-term investments	29,950	8,850
Merchandise inventories	1,432,336	1,474,414
Income taxes receivable	9,833	—
Deferred income taxes	24,321	—
Prepaid expenses and other current assets	57,020	51,339
	<u>1,742,748</u>	<u>1,735,212</u>
Net property and equipment	<u>1,236,874</u>	<u>1,192,172</u>
Other assets, net	<u>60,892</u>	<u>52,891</u>
Total assets	<u>\$ 3,040,514</u>	<u>\$ 2,980,275</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term obligations	\$ 8,080	\$ 8,785
Accounts payable	555,274	508,386
Accrued expenses and other	253,558	242,354
Income taxes payable	15,959	43,706
Deferred income taxes	—	7,267
	<u>832,871</u>	<u>810,498</u>
Long-term obligations	<u>261,958</u>	<u>269,962</u>
Deferred income taxes	<u>41,597</u>	<u>48,454</u>
Other liabilities	<u>158,341</u>	<u>130,566</u>
Commitments and contingencies		
Shareholders' equity:		
Series B junior participating preferred stock, stated value \$0.50 per share; Shares authorized: 10,000; Issued: None	—	—
Common stock, par value \$0.50 per share; Shares authorized: 500,000; Issued: 2006—312,436; 2005—315,679	156,218	157,840
Additional paid-in capital	486,145	462,383
Retained earnings	1,103,951	1,106,165
Accumulated other comprehensive loss	(987)	(794)
Other shareholders' equity	420	(4,799)
	<u>1,745,747</u>	<u>1,720,795</u>
Total liabilities and shareholders' equity	<u>\$ 3,040,514</u>	<u>\$ 2,980,275</u>

The accompanying notes are an integral part of the consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	For the years ended		
	February 2, 2007	February 3, 2006	January 28, 2005
	(52 weeks)	(53 weeks)	(52 weeks)
	(In thousands except per share amounts)		
Net sales	\$ 9,169,822	\$ 8,582,237	\$ 7,660,927
Cost of goods sold	6,801,617	6,117,413	5,397,735
Gross profit	2,368,205	2,464,824	2,263,192
Selling, general and administrative	2,119,929	1,902,957	1,706,216
Operating profit	248,276	561,867	556,976
Interest income	(7,002)	(9,001)	(6,575)
Interest expense	34,915	26,226	28,794
Income before income taxes	220,363	544,642	534,757
Income taxes	82,420	194,487	190,567
Net income	\$ 137,943	\$ 350,155	\$ 344,190
Earnings per share:			
Basic	\$ 0.44	\$ 1.09	\$ 1.04
Diluted	\$ 0.44	\$ 1.08	\$ 1.04
Weighted average shares:			
Basic	312,556	321,835	329,376
Diluted	313,510	324,133	332,068

The accompanying notes are an integral part of the consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Other Shareholders' Equity	Total
(In thousands except per share amounts)							
Balances, January 30, 2004	336,190	\$ 168,095	\$ 376,930	\$ 1,014,788	\$ (1,161)	\$ (4,353)	\$ 1,554,299
Comprehensive income:							
Net income	—	—	—	344,190	—	—	344,190
Reclassification of net loss on derivatives	—	—	—	—	188	—	188
Comprehensive income							344,378
Cash dividends, \$0.16 per common share	—	—	—	(52,682)	—	—	(52,682)
Issuance of common stock under stock incentive plans	2,875	1,437	32,691	—	—	—	34,128
Tax benefit from stock option exercises	—	—	9,657	—	—	—	9,657
Repurchases of common stock	(11,020)	(5,510)	—	(203,785)	—	—	(209,295)
Purchase of common stock by employee deferred compensation trust, net (25 shares)	—	—	(92)	—	—	(377)	(469)
Issuance of restricted stock and restricted stock units, net	128	64	2,398	—	—	(2,462)	—
Amortization of unearned compensation on restricted stock and restricted stock units	—	—	—	—	—	1,779	1,779
Deferred compensation obligation	—	—	—	—	—	2,708	2,708
Other equity transactions	(1)	—	16	(54)	—	—	(38)
Balances, January 28, 2005	328,172	\$ 164,086	\$ 421,600	\$ 1,102,457	\$ (973)	\$ (2,705)	\$ 1,684,465
Comprehensive income:							
Net income	—	—	—	350,155	—	—	350,155
Reclassification of net loss on derivatives	—	—	—	—	179	—	179
Comprehensive income							350,334
Cash dividends, \$0.175 per common share	—	—	—	(56,183)	—	—	(56,183)
Issuance of common stock under stock incentive plans	2,249	1,125	28,280	—	—	—	29,405
Tax benefit from stock option exercises	—	—	6,457	—	—	—	6,457
Repurchases of common stock	(14,977)	(7,489)	—	(290,113)	—	—	(297,602)
Sales of common stock by employee deferred compensation trust, net (42 shares)	—	—	95	—	—	788	883
Issuance of restricted stock and restricted stock units, net	249	125	5,151	—	—	(5,276)	—
Amortization of unearned compensation on restricted stock and restricted stock units	—	—	—	—	—	2,394	2,394
Acceleration of vesting of stock options (see Note 10)	—	—	938	—	—	—	938
Other equity transactions	(14)	(7)	(138)	(151)	—	—	(296)
Balances, February 3, 2006	315,679	\$ 157,840	\$ 462,383	\$ 1,106,165	\$ (794)	\$ (4,799)	\$ 1,720,795
Comprehensive income:							
Net income	—	—	—	137,943	—	—	137,943
Reclassification of net loss on derivatives	—	—	—	—	188	—	188
Comprehensive income							138,131
Cash dividends, \$0.20 per common share	—	—	—	(62,472)	—	—	(62,472)
Issuance of common stock under stock incentive plans	1,573	786	19,108	—	—	—	19,894
Tax benefit from share-based payments	—	—	2,513	—	—	—	2,513
Repurchases of common stock	(4,483)	(2,242)	—	(77,705)	—	—	(79,947)
Purchases of common stock by employee deferred compensation trust, net (3 shares)	—	—	(2)	—	—	40	38
Reversal of unearned compensation upon adoption of SFAS 123(R) (see Note 10)	(364)	(182)	(4,997)	—	—	5,179	—
Share-based compensation expense	—	—	7,578	—	—	—	7,578
Vesting of restricted stock and restricted stock units	149	75	(75)	—	—	—	—
Transition adjustment upon adoption of SFAS 158	—	—	—	—	(381)	—	(381)
Other equity transactions	(118)	(59)	(363)	20	—	—	(402)
Balances, February 2, 2007	312,436	\$ 156,218	\$ 486,145	\$ 1,103,951	\$ (987)	\$ 420	\$ 1,745,747

The accompanying notes are an integral part of the consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	February 2, 2007	February 3, 2006	January 28, 2005
	(52 weeks)	(53 weeks)	(52 weeks)
(In thousands)			
<i>Cash flows from operating activities:</i>			
Net income	\$ 137,943	\$ 350,155	\$ 344,190
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	200,608	186,824	164,478
Deferred income taxes	(38,218)	8,244	25,751
Noncash share-based compensation	7,578	3,332	1,779
Tax benefit from stock option exercises	(2,513)	6,457	9,657
Noncash inventory adjustments and asset impairments	78,115	—	—
Change in operating assets and liabilities:			
Merchandise inventories	(28,057)	(97,877)	(219,396)
Prepaid expenses and other current assets	(5,411)	(10,630)	(3,352)
Accounts payable	53,544	87,230	22,258
Accrued expenses and other liabilities	38,353	40,376	35,048
Income taxes	(35,165)	(26,017)	23,793
Other	(1,420)	7,391	(12,691)
Net cash provided by operating activities	<u>405,357</u>	<u>555,485</u>	<u>391,515</u>
<i>Cash flows from investing activities:</i>			
Purchases of property and equipment	(261,515)	(284,112)	(288,294)
Purchases of short-term investments	(49,675)	(132,775)	(221,700)
Sales of short-term investments	51,525	166,850	247,501
Purchases of long-term investments	(25,756)	(16,995)	—
Insurance proceeds related to property and equipment	1,807	1,210	—
Proceeds from sale of property and equipment	1,650	1,419	3,324
Net cash used in investing activities	<u>(281,964)</u>	<u>(264,403)</u>	<u>(259,169)</u>
<i>Cash flows from financing activities:</i>			
Borrowings under revolving credit facility	2,012,700	232,200	195,000
Repayments of borrowings under revolving credit facility	(2,012,700)	(232,200)	(195,000)
Issuance of long-term obligations	—	14,495	—
Repayments of long-term obligations	(14,118)	(14,310)	(16,417)
Payment of cash dividends	(62,472)	(56,183)	(52,682)
Proceeds from exercise of stock options	19,894	29,405	34,128
Repurchases of common stock	(79,947)	(297,602)	(209,295)
Tax benefit of stock options	2,513	—	—
Other financing activities	(584)	892	(1,149)
Net cash used in financing activities	<u>(134,714)</u>	<u>(323,303)</u>	<u>(245,415)</u>
Net decrease in cash and cash equivalents	(11,321)	(32,221)	(113,069)
Cash and cash equivalents, beginning of year	200,609	232,830	345,899
Cash and cash equivalents, end of year	<u>\$ 189,288</u>	<u>\$ 200,609</u>	<u>\$ 232,830</u>
<i>Supplemental cash flow information:</i>			
Cash paid during year for:			
Interest	\$ 24,180	\$ 25,747	\$ 26,748
Income taxes	\$ 155,825	\$ 205,802	\$ 133,100
<i>Supplemental schedule of noncash investing and financing activities:</i>			
Purchases of property and equipment awaiting processing for payment, included in Accounts payable	\$ 18,094	\$ 24,750	\$ 12,921
Purchases of property and equipment under capital lease obligations	\$ 5,366	\$ 7,197	\$ 5,722
Elimination of financing obligations (See Note 8)	\$ 46,608	\$ —	\$ —
Elimination of promissory notes receivable (See Note 8)	\$ 46,608	\$ —	\$ —

The accompanying notes are an integral part of the consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presentation and accounting policies

Basis of presentation

These notes contain references to the years 2007, 2006, 2005 and 2004, which represent fiscal years ending or ended February 1, 2008, February 2, 2007, February 3, 2006 and January 28, 2005, respectively. Fiscal year 2007 will be, and each of 2006 and 2004 was, a 52-week accounting period while 2005 was a 53-week accounting period. The Company's fiscal year ends on the Friday closest to January 31. The consolidated financial statements include all subsidiaries of the Company, except for its not-for-profit subsidiary the assets and revenues of which are not material. Intercompany transactions have been eliminated.

The Company leases three of its distribution centers ("DCs") from lessors, which meet the definition of a Variable Interest Entity ("VIE") as described by Financial Accounting Standards Board ("FASB") Interpretation 46, "Consolidation of Variable Interest Entities" ("FIN 46"), as revised. One of these DCs has been recorded as a financing obligation whereby the property and equipment, along with the related lease obligations, are reflected in the consolidated balance sheets. The other two DCs, excluding the equipment, have been recorded as operating leases in accordance with Statement of Financial Accounting Standards ("SFAS") 98, "Accounting for Leases." The Company is not the primary beneficiary of these VIEs and, accordingly, has not included these entities in its consolidated financial statements.

Business description

The Company sells general merchandise on a retail basis through 8,229 stores (as of February 2, 2007) located primarily in the southern, southwestern, midwestern and eastern United States. The Company has DCs in Scottsville, Kentucky; Ardmore, Oklahoma; South Boston, Virginia; Indianola, Mississippi; Fulton, Missouri; Alachua, Florida; Zanesville, Ohio; Jonesville, South Carolina and Marion, Indiana.

The Company purchases its merchandise from a wide variety of suppliers. Approximately 11% of the Company's purchases in 2006 were made from The Procter & Gamble Company. The Company's next largest supplier accounted for approximately 5% of the Company's purchases in 2006.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with insignificant interest rate risk and original maturities of three months or less when purchased. Such investments primarily consist of money market funds, certificates of deposit and commercial paper. The carrying amounts of these items are a reasonable estimate of their fair value due to the short maturity of these investments.

Payments due from banks for third-party credit card, debit card and electronic benefit transactions classified as cash and cash equivalents totaled approximately \$11.6 million and \$7.8 million at February 2, 2007 and February 3, 2006, respectively.

The Company's cash management system provides for daily investment of available balances and the funding of outstanding checks when presented for payment. Outstanding but unrepresented checks totaling approximately \$122.3 million and \$124.2 million at February 2, 2007 and February 3, 2006, respectively, have been included in Accounts payable in the consolidated balance sheets. Upon presentation for payment, these checks are funded through available cash balances or the Company's existing credit facility.

The Company has certain cash and cash equivalents balances that, along with certain other assets, are being held as required by certain regulatory requirements and are therefore not available for general corporate purposes, as further described below under "Investments in debt and equity securities."

Investments in debt and equity securities

The Company accounts for its investment in debt and marketable equity securities in accordance with SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities," and accordingly, classifies them as held-to-maturity, available-for-sale, or trading. Debt securities categorized as held-to-maturity are stated at amortized cost. Debt and equity securities categorized as available-for-sale are stated at fair value, with any unrealized gains and losses, net of deferred income taxes, reported as a component of Accumulated other comprehensive loss. Trading securities (primarily mutual funds held pursuant to deferred compensation and supplemental retirement plans, as further discussed in Note 9) are stated at fair value, with changes in fair value recorded in income as a component of Selling, general and administrative ("SG&A") expense.

In general, the Company invests excess cash in shorter-dated, highly liquid investments such as money market funds, certificates of deposit, and commercial paper. Depending on the type of securities purchased (debt versus equity) as well as the Company's intentions with respect to the potential sale of such securities before their stated maturity dates, such securities have been classified as held-to-maturity or available-for-sale. Given the short maturities of such investments (except for those securities described in further detail below), the carrying amounts approximate the fair values of such securities.

The Company may invest in tax-exempt auction rate securities, which are debt instruments having longer-dated (in some cases, many years) legal maturities, but with interest rates that are generally reset every 28-35 days under an auction system. Because auction rate securities are frequently re-priced, they trade in the market like short-term investments. As available-for-sale securities, these investments are carried at fair value, which approximates cost given that the average duration of such securities held by the Company is less than 40 days. Despite the liquid nature of these investments, the Company categorizes them as short-term investments instead of cash and cash equivalents due to the underlying legal maturities of such securities. However, they have been classified as current assets as they are generally available to support the Company's current operations. There were no such investments outstanding as of February 2, 2007 or February 3, 2006.

In 2006 and 2005, the Company's South Carolina-based wholly owned captive insurance subsidiary, Ashley River Insurance Company ("ARIC"), had investments in U.S. Government securities, obligations of Government Sponsored Enterprises, short- and long-term corporate obligations, and asset-backed obligations. These investments are held pursuant to South Carolina regulatory requirements to maintain certain asset balances in relation to ARIC's liability and equity balances and as such, these investments are not available for general corporate purposes. The composition of these required asset balances changes periodically. At February 2, 2007, the total of these balances was \$52.9 million and is reflected in the Company's consolidated balance sheet as follows: cash and cash equivalents of \$3.2 million, short-term investments of \$30.0 million and long-term investments included in other assets of \$19.7 million.

The Company's investment in the secured promissory notes issued by the third-party entity from which the Company formerly leased its DC in South Boston, Virginia, was classified as a held-to-maturity security at February 3, 2006. The Company acquired the entity which held legal title to this DC in June 2006 as discussed in Note 8, thereby effectively eliminating these secured promissory notes and related financing obligations.

Historical cost information pertaining to investments in mutual funds by participants in the Company's supplemental retirement and compensation deferral plans classified as trading securities is not readily available to the Company.

On February 2, 2007 and February 3, 2006, held-to-maturity, available-for-sale and trading securities consisted of the following (in thousands):

February 2, 2007	Cost	Gross Unrealized		Estimated Fair Value
		Gains	Losses	
Held-to-maturity securities				
Bank and corporate debt	\$ 100,386	\$ 2	\$ 80	\$ 100,308
U.S. Government securities	17,026	1	29	16,998
Obligations of Government Sponsored Enterprises	9,192	3	9	9,186
Asset-backed securities	2,833	4	10	2,827
	<u>129,437</u>	<u>10</u>	<u>128</u>	<u>129,319</u>
Available-for-sale securities				
Equity securities	13,512	—	—	13,512
Trading securities				
Equity securities	13,591	—	—	13,591
Total debt and equity securities	<u>\$ 156,540</u>	<u>\$ 10</u>	<u>\$ 128</u>	<u>\$ 156,422</u>
February 3, 2006	Cost	Gross Unrealized		Estimated Fair Value
		Gains	Losses	
Held-to-maturity securities				
Bank and corporate debt	\$ 59,196	\$ —	\$ 55	\$ 59,141
Obligations of Government Sponsored Enterprises	7,590	—	12	7,578
Asset-backed securities	3,847	5	6	3,846
Other debt securities	47,151	2,319	—	49,470
	<u>117,784</u>	<u>2,324</u>	<u>73</u>	<u>120,035</u>
Available-for-sale securities				
Equity securities	16,300	—	—	16,300
Trading securities				
Equity securities	14,873	—	—	14,873
Total debt and equity securities	<u>\$ 148,957</u>	<u>\$ 2,324</u>	<u>\$ 73</u>	<u>\$ 151,208</u>

On February 2, 2007 and February 3, 2006, these investments were included in the following accounts in the consolidated balance sheets (in thousands):

	Held-to-Maturity Securities	Available-for-Sale Securities	Trading Securities
February 2, 2007			
Cash and cash equivalents	\$ 79,764	\$ 13,512	\$ —
Short-term investments	29,950	—	—
Prepaid expenses and other current assets	—	—	1,090
Other assets, net	19,723	—	12,501
	<u>\$ 129,437</u>	<u>\$ 13,512</u>	<u>\$ 13,591</u>
February 3, 2006			
Cash and cash equivalents	\$ 44,870	\$ 16,300	\$ —
Short-term investments	8,850	—	—
Prepaid expenses and other current assets	—	—	3,776
Other assets, net	16,913	—	11,097
Current portion of long-term obligations (see Note 6)	1,108	—	—
Long-term obligations (see Note 6)	46,043	—	—
	<u>\$ 117,784</u>	<u>\$ 16,300</u>	<u>\$ 14,873</u>

The contractual maturities of held-to-maturity and available-for-sale securities as of February 2, 2007 were as follows (in thousands):

	Held-to-Maturity Securities		Available-for-Sale Securities	
	Cost	Fair Value	Cost	Fair Value
Less than one year	\$ 109,304	\$ 109,278	\$ —	\$ —
One to three years	17,300	17,214	—	—
Greater than three years	2,833	2,827	—	—
Equity securities	—	—	13,512	13,512
	<u>\$ 129,437</u>	<u>\$ 129,319</u>	<u>\$ 13,512</u>	<u>\$ 13,512</u>

For the years ended February 2, 2007, February 3, 2006 and January 28, 2005, gross realized gains and losses on the sales of available-for-sale securities were not material. The cost of securities sold is based upon the specific identification method.

Merchandise inventories

Inventories are stated at the lower of cost or market with cost determined using the retail last-in, first-out ("LIFO") method. Under the Company's retail inventory method ("RIM"), the calculation of gross profit and the resulting valuation of inventories at cost are computed by applying a calculated cost-to-retail inventory ratio to the retail value of sales. The excess of current cost over LIFO cost was approximately \$4.3 million at February 2, 2007 and \$5.8 million at February 3, 2006. Current cost is determined using the retail first-in, first-out method. LIFO reserves decreased \$1.5 million, \$0.5 million

and \$0.2 million in 2006, 2005 and 2004, respectively. Costs directly associated with warehousing and distribution are capitalized into inventory.

In 2005, the Company expanded the number of inventory departments it utilizes for its gross profit calculation from 10 to 23. The impact of this change in estimate on the Company's consolidated 2005 results of operations was an estimated reduction of gross profit and a corresponding decrease to inventory, at cost, of \$5.2 million.

Store pre-opening costs

Pre-opening costs related to new store openings and the construction periods are expensed as incurred.

Property and equipment

Property and equipment are recorded at cost. The Company provides for depreciation and amortization on a straight-line basis over the following estimated useful lives:

Land improvements	20
Buildings	39-40
Furniture, fixtures and equipment	3-10

Improvements of leased properties are amortized over the shorter of the life of the applicable lease term or the estimated useful life of the asset.

Impairment of long-lived assets

When indicators of impairment are present, the Company evaluates the carrying value of long-lived assets, other than goodwill, in relation to the operating performance and future cash flows or the appraised values of the underlying assets. In accordance with SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the Company reviews for impairment stores open more than two years for which current cash flows from operations are negative. Impairment results when the carrying value of the assets exceeds the undiscounted future cash flows over the life of the lease. The Company's estimate of undiscounted future cash flows over the lease term is based upon historical operations of the stores and estimates of future store profitability which encompasses many factors that are subject to variability and difficult to predict. If a long-lived asset is found to be impaired, the amount recognized for impairment is equal to the difference between the carrying value and the asset's fair value. The fair value is estimated based primarily upon future cash flows (discounted at the Company's credit adjusted risk-free rate) or other reasonable estimates of fair market value. Assets to be disposed of are adjusted to the fair value less the cost to sell if less than the book value.

The Company recorded impairment charges, included in SG&A expense, of approximately \$9.4 million in 2006, \$0.6 million in 2005 and \$0.2 million in 2004 to reduce the carrying value of certain of its stores' assets as deemed necessary due to negative sales trends and cash flows at these locations. The majority of the 2006 charges were recorded pursuant to certain strategic initiatives discussed in Note 2.

Other assets

Other assets consist primarily of long-term investments, qualifying prepaid expenses, debt issuance costs which are amortized over the life of the related obligations, utility and security deposits, life insurance policies and goodwill.

Vendor rebates

The Company accounts for all cash consideration received from vendors in accordance with the provisions of Emerging Issues Task Force Issue ("EITF") 02-16, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor." Cash consideration received from a vendor is generally presumed to be a rebate or an allowance and is accounted for as a reduction of merchandise purchase costs and recognized in the statement of operations at the time the goods are sold. However, certain specific, incremental and otherwise qualifying SG&A expenses related to the promotion or sale of vendor products may be offset by cash consideration received from vendors, in accordance with arrangements such as cooperative advertising, when earned for dollar amounts up to but not exceeding actual incremental costs. The Company recognizes amounts received for cooperative advertising on performance, "first showing" or distribution, consistent with its policy for advertising expense in accordance with the American Institute of Certified Public Accountants Statement of Position 93-7, "Reporting on Advertising Costs."

Rent expense

Rent expense is recognized over the term of the lease. The Company records minimum rental expense on a straight-line basis over the base, non-cancelable lease term commencing on the date that the Company takes physical possession of the property from the landlord, which normally includes a period prior to the store opening to make necessary leasehold improvements and install store fixtures. When a lease contains a predetermined fixed escalation of the minimum rent, the Company recognizes the related rent expense on a straight-line basis and records the difference between the recognized rental expense and the amounts payable under the lease as deferred rent. The Company also receives tenant allowances, which are recorded as deferred incentive rent and are amortized as a reduction to rent expense over the term of the lease. Any difference between the calculated expense and the amounts actually paid are reflected as a liability, with the current portion in Accrued expenses and other and the long-term portion in Other liabilities in the consolidated balance sheets, and totaled approximately \$30.4 million and \$25.0 million at February 2, 2007 and February 3, 2006, respectively.

The Company recognizes contingent rental expense when the achievement of specified sales targets are considered probable, in accordance with EITF Issue 98-9, "Accounting for Contingent Rent." The amount expensed but not paid as of February 2, 2007 and February 3, 2006 was approximately \$8.6 million and \$9.3 million, respectively, and is included in Accrued expenses and other in the consolidated balance sheets. (See Notes 4 and 8).

For store closures where a lease obligation still exists, the Company records the estimated future liability associated with the rental obligation on the date the store is closed in accordance with SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities." Based on an overall analysis of store performance and expected trends, management periodically evaluates the need to close underperforming stores. Liabilities are established at the point of closure for the present value of any

remaining operating lease obligations, net of estimated sublease income, and at the communication date for severance and other exit costs, as prescribed by SFAS 146. Key assumptions in calculating the liability include the timeframe expected to terminate lease agreements, estimates related to the sublease potential of closed locations, and estimation of other related exit costs. Liabilities are reviewed periodically and adjusted when necessary.

Insurance liabilities

The Company retains a significant portion of risk for its workers' compensation, employee health, general liability, property and automobile claim exposures. Accordingly, provisions are made for the Company's estimates of such risks. Actuaries are utilized to determine the undiscounted future claim costs for the workers' compensation, general liability, and health claim risks. To the extent that subsequent claim costs vary from those estimates, future results of operations will be affected. Ashley River Insurance Company (or ARIC, as defined above), a South Carolina-based wholly owned captive insurance subsidiary of the Company, charges the operating subsidiary companies premiums to insure the retained workers' compensation and non-property general liability exposures. Pursuant to South Carolina insurance regulations, ARIC has cash and cash equivalents and investment balances that are not available for general corporate purposes, as further described above under "Investments in debt and equity securities." ARIC currently insures no unrelated third-party risk. The Greater Cumberland Insurance Company, formerly a Vermont-based wholly owned captive insurance subsidiary of the Company, was liquidated in 2005.

Other liabilities

Other liabilities consist primarily of the noncurrent portion of insurance liabilities of \$107.5 million in 2006 and \$89.3 million in 2005, as well as the noncurrent portion of deferred rent, deferred gains, and liabilities related to the Company's supplemental retirement and compensation deferral plans.

Fair value of financial instruments

The carrying amounts reflected in the consolidated balance sheets for cash, cash equivalents, short-term investments, receivables and payables approximate their respective fair values. At February 2, 2007 and February 3, 2006, the fair value of the Company's debt, excluding capital lease obligations, was approximately \$265.7 million and \$281.0 million, respectively, based upon the estimated market value of the debt at those dates. The February 3, 2006 amount is net of the fair value of a note receivable on the South Boston, Virginia DC of approximately \$49.5 million, as further discussed in Note 8. Such fair value exceeded the carrying values of the debt at February 2, 2007 and February 3, 2006 by approximately \$14.0 million and \$24.2 million, respectively. Fair values are based primarily on quoted prices for those or similar instruments. A discussion of the carrying value and fair value of the Company's derivative financial instruments is included in the section entitled "Derivative financial instruments" below.

Derivative financial instruments

The Company accounts for derivative financial instruments in accordance with the provisions of SFAS 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS 137, 138 and 149 and interpreted by numerous FASB Issues. These statements require the Company to

recognize all derivative instruments on the balance sheet at fair value, and contain accounting rules for hedging instruments, which depend on the nature of the hedge relationship.

The Company has historically used derivative financial instruments primarily to reduce its exposure to adverse fluctuations in interest rates and, to a much lesser extent, other market exposures.

As a matter of policy, the Company does not buy or sell financial instruments, including derivatives, for speculative or trading purposes and all financial instrument transactions must be authorized and executed pursuant to the approval of the Board of Directors. All financial instrument positions taken by the Company are used to reduce risk by hedging an underlying economic exposure and are structured as straightforward instruments with liquid markets. The Company primarily executes derivative transactions with major financial institutions.

The following table summarizes activity in Accumulated other comprehensive loss during 2006 related to derivative transactions used by the Company in prior periods to hedge cash flow exposures relating to certain debt transactions (in thousands):

	Before-Tax Amount	Income Tax	After-Tax Amount
	_____	_____	_____
Accumulated net losses as of February 3, 2006	\$ (1,253)	\$ 459	\$ (794)
Net losses reclassified from Other comprehensive loss into earnings	286	(98)	188
	_____	_____	_____
Accumulated net losses as of February 2, 2007	\$ (967)	\$ 361	\$ (606)
	_____	_____	_____

The Accumulated other comprehensive loss balance at February 2, 2007 includes deferred losses realized in June 2000 on the settlement of an interest rate derivative that was designated and effective as a cash flow hedge of the Company's forecasted issuance of its \$200 million of fixed rate notes in June 2000 (see Note 6). This amount will be reclassified into earnings as an adjustment to the effective interest expense on the fixed rate notes through their maturity date in June 2010. The Company estimates that it will reclassify into earnings during the next twelve months approximately \$0.2 million of the net amount recorded in Accumulated other comprehensive loss as of February 2, 2007.

Share-based payments

The Company has a shareholder-approved stock incentive plan under which stock options, restricted stock, restricted stock units and other equity-based awards may be granted to officers, directors and key employees. Effective February 4, 2006, the Company adopted SFAS 123 (Revised 2004) "Share Based Payment" and began recognizing compensation expense for share-based compensation based on the fair value of the awards on the grant date. SFAS 123(R) requires share-based compensation expense recognized since February 4, 2006 to be based on the following: (a) grant date fair value estimated in accordance with the original provisions of SFAS 123, "Accounting for Stock-Based Compensation," for unvested options granted prior to the adoption date and (b) grant date fair value estimated in accordance with the provisions of SFAS 123(R) for unvested options granted subsequent to the adoption date. The Company adopted SFAS 123(R) under the modified-prospective-transition method and, therefore, results from prior periods have not been restated.

Prior to February 4, 2006, the Company accounted for share-based payments using the intrinsic-value-based recognition method prescribed by Accounting Principles Board Opinion 25, "Accounting for

Stock Issued to Employees" ("APB 25"), and had provided pro forma disclosures as permitted under SFAS 123. Because stock options were granted at an exercise price equal to the market price of the underlying common stock on the date of grant, compensation cost related to stock options was generally not required to be recorded as a reduction to net income prior to adopting SFAS 123(R).

Under SFAS 123(R), forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. This estimate is adjusted periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimate. The forfeiture rate is the estimated percentage of options granted that are expected to be forfeited or canceled before becoming fully vested. The Company bases this estimate on historical experience. An increase in the forfeiture rate will decrease compensation expense. Under SFAS 123, the Company elected to account for forfeitures when awards were actually forfeited.

SFAS 123(R) also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required prior to the adoption of SFAS 123(R).

The fair value of each option grant is separately estimated. The fair value of each option grant is amortized into compensation expense on a straight-line basis between the grant date for the award and each vesting date. The Company has estimated the fair value of all stock option awards as of the date of the grant by applying the Black-Scholes-Merton option pricing valuation model. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense.

The Company also accounts for nonvested restricted stock and restricted stock unit awards in accordance with the provisions of SFAS 123 (R). The Company calculates compensation expense as the difference between the market price of the underlying stock on the date of grant and the purchase price, if any, and recognizes such amount on a straight-line basis over the period in which the recipient earns the nonvested restricted stock and restricted stock unit award. Under the provisions of SFAS 123(R), unearned compensation is not recorded within shareholders' equity.

The Company has elected to determine its excess tax benefit pool upon adoption of SFAS 123(R) in accordance with the provisions of FASB Staff Position ("FSP") 123(R)-3, "Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards." Under the provisions of this FSP, the cumulative benefit of stock option exercises included in additional paid-in capital for the periods after the effective date of SFAS 123 is reduced by the cumulative income tax effect of the pro forma stock option expense previously disclosed in accordance with the requirements of SFAS 123. (The provision of this FSP applied only to options that were fully vested before the date of adoption of SFAS 123(R). The amount of any excess tax benefit for options that are either granted after the adoption of SFAS 123(R) or are partially vested on the date of adoption were computed in accordance with the provisions of SFAS 123(R).) The amount of any excess deferred tax asset over the actual income tax benefit realized for options that are exercised after the adoption of SFAS 123(R) will be absorbed by the excess tax benefit pool. Income tax expense will be increased should the Company's excess tax benefit pool be insufficient to absorb any future deferred tax asset amounts in excess of the actual tax benefit realized. The Company has determined that its excess tax benefit pool was approximately \$68 million as of the adoption of SFAS 123(R) on February 4, 2006.

Revenue and gain recognition

The Company recognizes retail sales in its stores at the time the customer takes possession of merchandise. All sales are net of discounts and estimated returns and are presented net of taxes assessed by governmental authorities that are imposed concurrent with those sales. The liability for retail merchandise returns is based on the Company's prior experience. The Company records gain contingencies when realized.

The Company began gift card sales in the third quarter of 2005. The Company recognizes gift card sales revenue at the time of redemption. The liability for the gift cards is established for the cash value at the time of purchase. The liability for outstanding gift cards was approximately \$0.8 million and \$0.5 million at February 2, 2007 and February 3, 2006, respectively, and is recorded in Accrued expenses and other. Through February 2, 2007, the Company has not recorded any breakage income related to its gift card program. The Company will continue to evaluate its current breakage policy as it continues to gain more sufficient company-specific customer experience.

Advertising costs

Advertising costs are expensed upon performance, "first showing" or distribution, and are reflected net of qualifying cooperative advertising funds provided by vendors in SG&A expenses. Advertising costs were \$45.0 million, \$15.1 million and \$7.9 million in 2006, 2005 and 2004, respectively. These costs primarily include promotional circulars, targeted circulars supporting new stores, in-store signage, and costs associated with the sponsorship of a National Association for Stock Car Auto Racing team. In addition, beginning in the fourth quarter of 2006, the Company also utilized television and radio advertising in conjunction with certain strategic initiatives as further discussed in Note 2. Vendor funding for cooperative advertising offset reported expenses by \$7.9 million, \$0.8 million and \$1.0 million in 2006, 2005 and 2004, respectively.

Capitalized interest

To assure that interest costs properly reflect only that portion relating to current operations, interest on borrowed funds during the construction of property and equipment is capitalized. Interest costs capitalized were approximately \$2.9 million, \$3.3 million and \$3.6 million in 2006, 2005 and 2004, respectively.

Income taxes

The Company reports income taxes in accordance with SFAS 109, "Accounting for Income Taxes". Under SFAS 109, the asset and liability method is used for computing future income tax consequences of events that have been recognized in the Company's consolidated financial statements or income tax returns. Deferred income tax expense or benefit is the net change during the year in the Company's deferred income tax assets and liabilities.

Management estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Accounting pronouncements

In July 2006, the FASB issued Interpretation 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), which will require companies to assess each income tax position taken using a two-step process. 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 interpretation applies to income tax expense as well as any related interest and penalty expense.

FIN 48 requires that changes in tax positions recorded in a company's financial statements prior to the adoption of this interpretation be recorded as an adjustment to the opening balance of retained earnings for the period of adoption. FIN 48 will generally be effective for public companies for the first fiscal year beginning after December 15, 2006. The Company anticipates adopting the provisions of this interpretation during the first quarter of fiscal 2007. No determination has yet been made regarding the materiality of the potential impact of this interpretation on the Company's financial statements.

In September 2006 the FASB issued SFAS 157, "Fair Value Measurements", which provides guidance for using fair value to measure assets and liabilities. The standard also requires expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. The standard applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value in any new circumstances. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company currently expects to adopt SFAS 157 during the 2008 fiscal year. No determination has yet been made regarding the potential impact of this standard on the Company's financial statements.

In September 2006 the FASB issued SFAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," which will require companies to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. This Statement also requires a company to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. A company with publicly traded equity securities is required to initially recognize the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after December 15, 2006, and the Company has complied with these provisions to the extent material. The second phase of SFAS 158 includes a requirement to measure plan assets and benefit obligations as of the date of the Company's fiscal year-end statement of financial position, and is effective for fiscal years ending after December 15, 2008. No final determination has yet been made regarding the timing or expected impact of adoption of the second phase of SFAS 158 on the Company's consolidated financial statements, however,

because the Company currently has one supplemental executive retirement plan with one executive participant, the impact, if any, is expected to be minimal.

Reclassifications

Certain reclassifications of the 2005 and 2004 amounts have been made to conform to the 2006 presentation.

2. Strategic initiatives

In its Quarterly Report on Form 10-Q for the quarterly period ended August 4, 2006, the Company announced it was considering modifying its historical inventory management model and accelerating its recently enhanced real estate strategy. The outcome of these deliberations is set forth below.

Inventory management

In November 2006, the Company's Board of Directors approved management's recommendation to discontinue the Company's historical inventory packaway model by the end of fiscal 2007. With few exceptions, the Company plans to eliminate, through end-of-season and other markdowns, existing seasonal, home products and basic clothing packaway merchandise by the close of fiscal 2007 to allow for increased levels of newer, current-season merchandise. In connection with this strategic change, the Company incurred substantially higher markdowns and writedowns on inventory in the third and fourth quarters of 2006. The Company recorded total markdowns of \$279.1 million at cost taken during 2006, compared with total markdowns of \$106.5 million at cost taken in 2005. Markdowns which were expected to reduce inventory below cost were considered in the Company's lower of cost or market estimate and recorded at such time as the utility of the underlying inventory was deemed to be impaired. During the third quarter of fiscal 2006, the Company recorded a lower of cost or market inventory impairment estimate of \$63.5 million, increasing the balance to \$69.4 million as of November 3, 2006. This estimate was reduced by \$23.7 million during the remainder of 2006, reflecting the Company's estimate of the below-cost markdowns that were taken during that period, resulting in a balance of approximately \$45.6 million as of February 2, 2007. This inventory is expected to be sold during 2007. Markdowns which are not below cost impact the Company's gross profit in the period in which such markdowns are taken. The amount of the below-cost inventory adjustment is based on management's assumptions regarding the timing and adequacy of markdowns and the final adjustment may vary materially from the amount recorded depending on various factors, including timing of the execution of the plan, retail market conditions and the accuracy of assumptions used by management in developing these estimates.

Exit and disposal activities

In November 2006, the Company's Board of Directors approved management's recommendation to close, in addition to those stores that might be closed in the ordinary course of business, approximately 400

stores by the end of fiscal 2007 (approximately 128 of which have been closed as of February 2, 2007), and expects to incur the following pretax costs associated with the closing of these stores (in millions):

(Unaudited)	Estimated Total	Incurred in 2006	Remaining
Lease contract termination costs	\$ 38.1	\$ 5.7	\$ 32.4
One-time employee termination benefits	1.4	0.3	1.1
Other associated store closing costs	9.0	0.2	8.8
Inventory liquidation fees	5.0	1.6	3.4
Asset impairment & accelerated depreciation	9.0	8.3	0.7
Inventory markdowns below cost	10.5	6.7	3.8
Total	\$ 73.0	\$ 22.8	\$ 50.2

Other associated store closing costs as listed in the table above primarily include the removal of any usable assets as well as real estate consulting and other services.

Liability balances related to activities discussed above for stores closed during 2006 are as follows (in millions):

	Balance, February 3, 2006	2006 Initial Expenses	2006 Payments and Other	Balance, February 2, 2007
Lease contract termination costs	\$ —	\$ 5.7	\$ 0.7	\$ 5.0
One-time employee termination benefits	—	0.3	—	0.3
Other associated store closing costs	—	0.2	—	0.2
Inventory liquidation fees	—	1.6	1.3	0.3
Total	\$ —	\$ 7.8	\$ 2.0	\$ 5.8

In addition, non-cash costs and charges of approximately \$15.0 million associated with this decision have been recognized in 2006, comprised of \$8.0 million of property and equipment impairment and \$0.3 million of accelerated depreciation included in SG&A, and \$6.7 million of below-cost inventory adjustments included in cost of goods sold. The Company recorded an estimated below-cost inventory reserve for closing stores of \$7.8 million during the third quarter of 2006, which was reduced by \$4.2 million during the remainder of 2006, reflecting the Company's \$3.1 million estimate of the below-cost markdowns that were taken during that period and a \$1.1 million reduction of the original estimate, resulting in a balance of approximately \$3.6 million for inventory owned as of February 2, 2007.

All expenses associated with exit and disposal activities are included in SG&A expenses with the exception of the below-cost inventory adjustments, which are included in cost of goods sold in the consolidated statement of income for 2006. As noted above, the Company expects to incur additional charges in future periods when the related expenses are incurred. The estimated amount and timing of these future costs and charges are dependent on various factors, including timing of the execution of the plan, the outcome of negotiations with landlords and/or potential sublease tenants, and final inventory levels.

3. Property and equipment

Property and equipment is recorded at cost and summarized as follows (in thousands):

	2006	2005
Land and land improvements	\$ 147,447	\$ 147,039
Buildings	437,368	381,460
Leasehold improvements	212,078	209,701
Furniture, fixtures and equipment	1,617,163	1,437,324
Construction in progress	16,755	46,016
	<u>2,430,811</u>	<u>2,221,540</u>
Less accumulated depreciation and amortization	1,193,937	1,029,368
	<u>1,236,874</u>	<u>1,192,172</u>
Net property and equipment	\$ 1,236,874	\$ 1,192,172

Depreciation expense related to property and equipment was approximately \$199.6 million, \$186.1 million and \$163.1 million in 2006, 2005 and 2004, respectively. Amortization of capital lease assets is included in depreciation expense.

4. Accrued expenses and other

Accrued expenses and other consist of the following (in thousands):

	2006	2005
Compensation and benefits	\$ 41,957	\$ 41,460
Insurance	76,062	65,376
Taxes (other than taxes on income)	50,502	58,967
Other	85,037	76,551
	<u>253,558</u>	<u>242,354</u>

Other accrued expenses primarily include the current portion of liabilities for deferred rent, freight expense, contingent rent expense, interest, electricity, and common area maintenance charges.

5. Income taxes

The provision (benefit) for income taxes consists of the following (in thousands):

	2006	2005	2004
Current:			
Federal	\$ 101,919	\$ 175,344	\$ 155,497
Foreign	1,200	1,205	1,169
State	17,519	9,694	8,150
	120,638	186,243	164,816
Deferred:			
Federal	(34,807)	8,479	21,515
Foreign	13	17	21
State	(3,424)	(252)	4,215
	(38,218)	8,244	25,751
	\$ 82,420	\$ 194,487	\$ 190,567

A reconciliation between actual income taxes and amounts computed by applying the federal statutory rate to income before income taxes is summarized as follows (dollars in thousands):

	2006		2005		2004	
U.S. federal statutory rate on earnings before income taxes	\$ 77,127	35.0%	\$ 190,625	35.0%	\$ 187,165	35.0%
State income taxes, net of federal income tax benefit	5,855	2.7	6,223	1.1	8,168	1.5
Jobs credits, net of federal income taxes	(5,008)	(2.3)	(4,503)	(0.8)	(5,544)	(1.0)
Increase (decrease) in valuation allowances	3,211	1.5	(88)	(0.0)	(106)	(0.0)
Other	1,235	0.5	2,230	0.4	884	0.1
	\$ 82,420	37.4%	\$ 194,487	35.7%	\$ 190,567	35.6%

The 2006 income tax rate was higher than the 2005 rate by 1.7%. Factors contributing to this increase include additional expense of approximately \$0.9 million related to the adoption of a new tax system in the State of Texas which resulted in the elimination of certain deferred tax assets that had been recorded in prior years; an increase of approximately \$0.9 million related to the Company's current year tax liability under the revised State of Texas tax system; a reduction in the contingent income tax reserve due to the resolution of contingent liabilities that is \$2.0 million less than the decrease that occurred in 2005; an increase in the deferred tax valuation allowance, as discussed below, of approximately \$3.2 million; and an increase of \$2.6 million related to a benefit recognized in 2005 related to an internal restructuring. Offsetting these rate increases was a reduction in the income tax rate related to federal income tax credits. Due to the reduction in the Company's 2006 income before tax, a small increase in the amount of federal income tax credits earned yielded a much larger percentage reduction in the income tax rate for 2006 versus 2005.

While the 2005 and 2004 rates were similar overall, the rates contained offsetting differences. Factors causing the 2005 tax rate to increase when compared to the 2004 tax rate include a reduction in

federal jobs credits of approximately \$1.0 million, additional net foreign income tax expense of approximately \$0.8 million and a decrease in the contingent income tax reserve due to resolution of contingent liabilities that was \$3.6 million less than the decrease that occurred in 2004. Factors causing the 2005 tax rate to decrease when compared to the 2004 tax rate include the recognition of state tax credits of approximately \$2.3 million related to the Company's construction of a DC in Indiana and a benefit of approximately \$2.6 million related to an internal restructuring that was completed during 2005.

Deferred taxes reflect the effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows (in thousands):

	2006	2005
Deferred tax assets:		
Deferred compensation expense	\$ 10,090	\$ 15,166
Accrued expenses and other	4,037	3,916
Accrued rent	10,487	7,137
Accrued insurance	9,899	9,240
Deferred gain on sale/leasebacks	2,312	2,465
Inventories	5,874	—
Other	4,609	3,712
State tax net operating loss carryforwards, net of federal tax	4,004	7,416
State tax credit carryforwards, net of federal tax	8,604	4,711
	<u>59,916</u>	<u>53,763</u>
Less valuation allowances	(5,249)	(2,038)
Total deferred tax assets	<u>54,667</u>	<u>51,725</u>
Deferred tax liabilities:		
Property and equipment	(71,465)	(74,609)
Inventories	—	(32,301)
Other	(478)	(536)
Total deferred tax liabilities	<u>(71,943)</u>	<u>(107,446)</u>
Net deferred tax liabilities	<u>\$ (17,276)</u>	<u>\$ (55,721)</u>

Net deferred tax liabilities are reflected separately on the consolidated balance sheets as current and noncurrent deferred income taxes. The following table summarizes net deferred income tax liabilities from the consolidated balance sheets (in thousands):

	2006	2005
Current deferred income tax assets (liabilities), net	\$ 24,321	\$ (7,267)
Noncurrent deferred income tax liabilities, net	(41,597)	(48,454)
Net deferred tax liabilities	<u>\$ (17,276)</u>	<u>\$ (55,721)</u>

State net operating loss carryforwards as of February 2, 2007, totaled approximately \$94 million and will expire beginning in 2017 through 2027. The Company also has state tax credit carryforwards of approximately \$13.2 million that will expire beginning in 2007 through 2021.

The valuation allowance, as of 2006, has been provided for certain state tax credit carryforwards that are principally associated with the Company's distribution centers. The increase in the valuation allowance for 2006 of \$3.2 million is the result of an increase in available state tax credits during 2006 in excess of the amount that the Company believes will be utilized prior to their expiration.

The valuation allowance, as of 2005, had been provided principally for certain state tax credit carryforwards. In 2005, after an internal restructuring, all valuation allowances related to state net operating loss carryforwards were removed resulting in a reduction in the valuation allowance of approximately \$1.1 million. This decrease was offset by additions to the valuation allowance applied to certain state tax credit carryforwards of approximately \$0.9 million due to the same internal restructuring. The remaining change in the valuation allowance, an increase of approximately \$0.1 million, related primarily to changes in state tax credits that were unrelated to the 2005 internal restructuring.

The change in the valuation allowance was an increase of \$3.2 million in 2006 and a decrease of \$0.1 million in both 2005 and 2004. Based upon expected future income and available tax planning strategies, management believes that it is more likely than not that the results of operations will generate sufficient taxable income to realize the deferred tax assets after giving consideration to the valuation allowance.

The Company estimates its contingent income tax liabilities based on its assessment of probable income tax-related exposures and the anticipated settlement of those exposures translating into actual future liabilities. As of February 2, 2007 and February 3, 2006, the Company's accrual for these contingent liabilities, included in Income taxes payable in the consolidated balance sheets, was approximately \$15.2 million and \$13.4 million, respectively, and the related accrued interest included in Accrued expenses and other in the consolidated balance sheets was approximately \$10.2 million and \$6.2 million respectively.

As of February 2, 2007 and February 3, 2006, the Company had additional exposure in the amount of \$4.2 million and \$3.8 million, respectively, related to contingent income tax liabilities that had a reasonable possibility of being recognized as a loss in a future period. These additional amounts relate principally to income tax audits. As the Company does not consider it probable that a loss has yet been incurred related to these items, no portion of these liabilities has been recorded.

6. Current and long-term obligations

Current and long-term obligations consist of the following (in thousands):

	February 2, 2007	February 3, 2006
8 ⁵ / ₈ % Notes due June 15, 2010, net of discount of \$146 and \$189 at February 2, 2007 and February 3, 2006, respectively	\$ 199,832	\$ 199,789
Tax increment financing due February 1, 2035	14,495	14,495
Capital lease obligations (see Note 8)	18,407	22,028
Financing obligations (see Note 8)	37,304	42,435
	270,038	278,747
Less: current portion	(8,080)	(8,785)
Long-term portion	\$ 261,958	\$ 269,962

In June 2006, the Company amended its revolving credit facility to increase the maximum commitment to \$400 million and to extend the expiration date to June 2011. The amended credit facility contains provisions that would allow the maximum commitment to be increased to up to \$500 million upon mutual agreement of the Company and its lenders. The amended credit facility is unsecured. The Company has two interest rate options: base rate (which is usually equal to prime rate) or LIBOR. The Company pays interest on funds borrowed under the LIBOR option at rates that are subject to change based upon the ratio of the Company's debt to EBITDA (as defined in the amended credit facility). Under the amended credit facility, the facility fees can range from 10 to 20 basis points; the all-in drawn margin under the LIBOR option can range from LIBOR plus 55 to 125 basis points; and the all-in drawn margin under the base rate option can range from the base rate plus 10 to 20 basis points.

The amended credit facility contains financial covenants, which include limits on certain debt to cash flow ratios, a fixed charge coverage test, and minimum allowable consolidated net worth (\$1.45 billion at February 2, 2007). In December 2006, the Company amended the revolving credit facility to lower the fixed charge coverage test for future periods through fiscal 2008 to take into account the impact that the initiatives discussed in Note 2 related to merchandising and real estate strategies may have on the ratio in those periods. As of February 2, 2007, the Company was in compliance with all of these covenants. During 2006 and 2005, the Company had peak borrowings of \$253.4 million and \$100.3 million, respectively, under the amended credit facility. As of February 2, 2007, the Company had no outstanding borrowings or letters of credit outstanding under the amended credit facility.

In 2000, the Company issued \$200 million principal amount of 8 ⁵ / 8 % Notes due June 2010 (the "Notes"). The Notes require semi-annual interest payments in June and December of each year through June 15, 2010, at which time the entire balance becomes due and payable. The Notes contain certain restrictive covenants. At February 2, 2007, the Company was in compliance with all such covenants.

In July 2005, as an inducement for the Company to select Marion, Indiana as the site for construction of a new DC, the Economic Development Board of Marion approved a tax increment financing in the amount of \$14.5 million. The principal amounts on this financing are due to be repaid during fiscal years 2015 to 2035. Pursuant to this financing, proceeds from the issuance of certain revenue bonds were loaned to the Company in connection with the construction of this DC. The variable interest rate on this loan is based on the weekly remarketing of the bonds, which are supported by a bank letter of credit, and ranged from 4.60% to 5.43% in 2006 and from 3.52% to 4.60% in 2005.

At February 2, 2007 and February 3, 2006, the Company had commercial letter of credit facilities totaling \$200.0 million and \$195.0 million, respectively, of which \$116.1 million and \$85.1 million, respectively, were outstanding for the funding of imported merchandise purchases. This merchandise is subject to lien until it is paid for by the Company.

7. Earnings per share

The amounts reflected below are in thousands except per share data.

	2006		
	Net Income	Weighted Average Shares	Per Share Amount
Basic earnings per share	\$ 137,943	312,556	\$ 0.44
Effect of dilutive stock options, restricted stock and restricted stock units		954	
Diluted earnings per share	\$ 137,943	313,510	\$ 0.44
	2005		
	Net Income	Weighted Average Shares	Per Share Amount
Basic earnings per share	\$ 350,155	321,835	\$ 1.09
Effect of dilutive stock options, restricted stock and restricted stock units		2,298	
Diluted earnings per share	\$ 350,155	324,133	\$ 1.08

	2004		
	Net Income	Weighted Average Shares	Per Share Amount
Basic earnings per share	\$ 344,190	329,376	\$ 1.04
Effect of dilutive stock options, restricted stock and restricted stock units		2,692	
Diluted earnings per share	\$ 344,190	332,068	\$ 1.04

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

Options to purchase shares of common stock that were outstanding at the end of the respective fiscal year, but were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares, were 15.0 million, 7.9 million and 7.3 million in 2006, 2005 and 2004, respectively.

8. Commitments and contingencies

As of February 2, 2007, the Company was committed under capital and operating lease agreements and financing obligations for most of its retail stores, three of its DCs, and certain of its furniture, fixtures and equipment. The majority of the Company's stores are subject to short-term leases (usually with initial or primary terms of three to five years) with multiple renewal options when available. The Company also has stores subject to build-to-suit arrangements with landlords, which typically carry a primary lease term of between 7 and 10 years with multiple renewal options. Approximately half of the stores have provisions for contingent rentals based upon a percentage of defined sales volume. Certain leases contain restrictive covenants. As of February 2, 2007, the Company is not aware of any material violations of such covenants.

In January 1999 and April 1997, the Company sold its DCs located in Ardmore, Oklahoma and South Boston, Virginia, respectively, for 100% cash consideration. Concurrent with the sale transactions, the Company leased the properties back for periods of 23 and 25 years, respectively. The transactions were recorded as financing obligations rather than sales as a result of, among other things, the lessor's ability to put the properties back to the Company under certain circumstances. The property and equipment, along with the related lease obligations, associated with these transactions were recorded in the consolidated balance sheets.

In May 2003, the Company purchased two secured promissory notes (the "DC Notes") from Principal Life Insurance Company totaling \$49.6 million. The DC Notes represented debt issued by the third party entity ("TPE") from which the Company leased the South Boston DC. The DC Notes were being accounted for as "held to maturity" debt securities in accordance with the provisions of SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities." However, by acquiring the DC Notes, the Company holds the debt instruments pertaining to its lease financing obligation and, because a legal right of offset exists, reflected the acquired DC Notes as a reduction of its outstanding financing obligations in its consolidated balance sheet as of February 3, 2006 in accordance with the provisions of FASB Interpretation 39, "Offsetting of Amounts Related to Certain Contracts — An Interpretation of APB Opinion 10 and FASB Statement 105."

In June 2006, the Company acquired the TPE, which owned legal title to the South Boston DC assets and had issued the related debt in connection with the original financing transaction described above. There was no material gain or loss recognized as a result of this transaction. Based on the Company's ownership of the TPE at February 2, 2007, the financing obligation and DC notes are eliminated in the Company's consolidated financial statements.

Future minimum payments as of February 2, 2007 for capital leases, financing obligations and operating leases are as follows (in thousands):

	Capital Leases	Financing Obligations	Operating Leases
2007	\$ 7,658	\$ 4,435	\$ 304,567
2008	5,440	4,381	254,087
2009	2,082	3,785	206,369
2010	599	3,785	169,454
2011	599	3,785	139,841
Thereafter	7,036	50,188	415,263
Total minimum payments	23,414	70,359	\$ 1,489,581
Less: imputed interest	(5,007)	(33,055)	
Present value of net minimum lease payments	18,407	37,304	
Less: current portion, net	(6,667)	(1,413)	
Long-term portion	\$ 11,740	\$ 35,891	

Capital leases were discounted at an effective interest rate of approximately 6.7% at February 2, 2007. The gross amount of property and equipment recorded under capital leases and financing obligations at February 2, 2007 and February 3, 2006, was \$85.1 million and \$150.2 million, respectively. Accumulated depreciation on property and equipment under capital leases and financing obligations at February 2, 2007 and February 3, 2006, was \$41.0 million and \$70.5 million, respectively.

Rent expense under all operating leases is as follows (in thousands):

	2006	2005	2004
Minimum rentals(a)	\$ 327,911	\$ 295,061	\$ 253,364
Contingent rentals	16,029	17,245	15,417
	\$ 343,940	\$ 312,306	\$ 268,781

(a) Excludes contract termination costs of \$5.7 million recorded in association with the closing of 128 stores in the fourth quarter of 2006

Legal proceedings

On March 14, 2002, a complaint was filed in the United States District Court for the Northern District of Alabama (*Edith Brown, on behalf of herself and others similarly situated v. Dolgencorp, Inc.*,

and Dollar General Corporation , CV02-C-0673-W ("*Brown*"). *Brown* was a collective action against the Company on behalf of current and former salaried store managers claiming that these individuals were entitled to overtime pay and should not have been classified as exempt employees under the Fair Labor Standards Act ("FLSA"). Plaintiffs sought to recover overtime pay, liquidated damages, declaratory relief and attorneys' fees.

On January 12, 2004, the court certified an opt-in class of plaintiffs consisting of all persons employed by the Company as store managers at any time since March 14, 1999, who regularly worked more than 50 hours per week and either: (1) customarily supervised less than two employees at one time; (2) lacked authority to hire or discharge employees without supervisor approval; or (3) sometimes worked in non-managerial positions at stores other than the one he or she managed. The Company's request to appeal the certification decision on a discretionary basis to the 11th U.S. Circuit Court of Appeals was denied.

Notice was sent to prospective class members and the deadline for individuals to opt in to the lawsuit was May 31, 2004. Approximately 5,000 individuals opted in. Following the close of discovery in April 2005, the Company filed several motions, including a motion to decertify the class as a collective action. On March 31, 2006, the court denied the Company's motion to decertify, but granted, either in whole or in part, certain other motions, thereby reducing the number of class members to approximately 2,500. Trial of this matter began on July 31, 2006. During the trial, on August 4, 2006, the court decertified the class. The Company reached a settlement agreement with the twelve named plaintiffs in the case for an amount that was not material to the Company's financial statements, and the matter was dismissed as settled on August 9, 2006.

On October 10, 2005, the Company was served with an additional lawsuit, *Moldoon, et al. v. Dolgenercorp, Inc., et al.* (Western District of Louisiana, Lake Charles Division, CV05-0852, filed May 19, 2005), filed as a putative collective action in which five current or former store managers claim to have been improperly classified as exempt executive employees under the FLSA. Plaintiffs seek injunctive relief, back wages, liquidated damages and attorneys' fees. On April 26, 2006, this action was conditionally transferred to the Northern District of Alabama and consolidated with the *Brown* case. The Company opposed the transfer and consolidation of this matter, and on August 11, 2006, the conditional transfer order was vacated.

On August 7, 2006, a lawsuit entitled *Cynthia Richter, et al. v. Dolgenercorp, Inc., et al.* was filed in the United States District Court for the Northern District of Alabama (Case No. 7:06-cv-01537-LSC) in which the plaintiff alleges that she and other current and former Dollar General store managers were improperly classified as exempt executive employees under the FLSA and seeks to recover overtime pay, liquidated damages, and attorneys' fees and costs. On August 15, 2006, the *Richter* plaintiff filed a motion in which she asked the court to certify a nationwide class of current and former store managers. The Company has opposed the plaintiff's motion. On March 23, 2007, the Court conditionally certified a nationwide class of individuals who worked for Dollar General as Store Managers since August 7, 2003. The Court further ordered the parties to jointly file a proposed Notice to the class and a plan to facilitate the transmission of that Notice within 10 days. The number of persons to whom Notice will be sent has not been determined. Following the close of the discovery period in this case, the Company will have an opportunity to seek decertification of the class, and the Company expects to file such a motion.

The Company believes that its store managers are and have been properly classified as exempt employees under the FLSA and that the actions described above are not appropriate for collective action treatment. The Company intends to vigorously defend these actions. However, at this time, it is not possible to predict whether the courts will permit these actions to proceed collectively, and no assurances can be given that the Company will be successful in its defense on the merits or otherwise. If the Company is not successful in its efforts to defend these actions, the resolution or resolutions could have a material adverse effect on the Company's financial statements as a whole.

On May 18, 2006, the Company was served with a lawsuit entitled *Tammy Brickey, Becky Norman, Rose Rochow, Sandra Cogswell and Melinda Sappington v. Dolgencorp, Inc. and Dollar General Corporation* (Western District of New York, Case 6:06-cv-06084-DGL, originally filed on February 9, 2006 and amended on May 12, 2006 (" *Brickey* ")). The *Brickey* plaintiffs seek to proceed collectively under the FLSA and as a class under New York, Ohio, Maryland and North Carolina wage and hour statutes on behalf of, among others, individuals employed by the Company as assistant store managers who claim to be owed wages (including overtime wages) under those statutes. At this time, it is not possible to predict whether the court will permit this action to proceed collectively or as a class. However, the Company believes that this action is not appropriate for either collective or class treatment, and believes that its wage and hour policies and practices comply with both federal and state law. The Company plans to vigorously defend this action; however, no assurances can be given that the Company will be successful in its defense on the merits or otherwise, and, if it is not, the resolution of this action could have a material adverse effect on the Company's financial statements as a whole.

On March 7, 2006, a complaint was filed in the United States District Court for the Northern District of Alabama (*Janet Calvert v. Dolgencorp, Inc.* , Case No. 2:06-cv-00465-VEH (" *Calvert* ")), in which the plaintiff, a former store manager, alleged that she was paid less than male store managers because of her sex, in violation of the Equal Pay Act ("EPA") and Title VII of the Civil Rights Act of 1964, as amended ("Title VII"). On March 9, 2006, the *Calvert* complaint was amended to include seven additional plaintiffs, who also allege to have been paid less than males because of their sex, and to add allegations of sex discrimination in promotional opportunities and undefined terms and conditions of employment. In addition to allegations of intentional sex discrimination, the amended *Calvert* complaint also alleges that the Company's employment policies and practices have a disparate impact on females. The amended *Calvert* complaint seeks to proceed collectively under the EPA and as a class under Title VII, and requests back wages, injunctive and declaratory relief, liquidated damages and attorney's fees and costs.

At this time, it is not possible to predict whether the court will permit *Calvert* to proceed collectively or as a class. However, the Company believes that the case is not appropriate for class or collective treatment and believes that its policies and practices comply with the EPA and Title VII. The Company intends to vigorously defend the action; however, no assurances can be given that the Company will be successful in its defense on the merits or otherwise. If the Company is not successful in defending the *Calvert* action, its resolution could have a material adverse effect on the Company's financial statements as a whole.

On April 28, 2006, the Company was served with an additional lawsuit, *Linda Beeman, on behalf of herself and all others similarly situated, v. Dolgencorp, Inc. d/b/a Dollar General* , 06-CV-0250 (" *Beeman* "), filed on February 28, 2006 in the United States District Court for the Northern District of New York, in which the plaintiff, a former store manager, raised claims substantially similar to those raised in the

Calvert matter. The *Beeman* plaintiff sought to proceed collectively under the EPA and as a class under Title VII, and requested back wages, injunctive and declaratory relief, liquidated damages and attorney's fees and costs. On November 6, 2006, the parties reached an agreement to settle plaintiff's claims for an amount that was not material to the Company's financial statements, and that matter is now concluded.

On September 8, 2005, the Company received a request for information from the Environmental Protection Agency ("EPA") with respect to Krazy String, a product that was offered for sale in the Company's stores. The EPA asserted that Krazy String contained an aerosol composed of an ozone depleting substance in violation of the Clean Air Act. On July 12, 2006, the Company agreed to an Administrative Compliance Order requiring the destruction of the Krazy String remaining in inventory. On December 21, 2006, the EPA advised the Company that they were considering imposing a penalty in connection with Krazy String, but they did not indicate an estimated amount. On February 5, 2007, the EPA proposed a penalty of approximately \$800,000 which the Company believes is in excess of the amount that is appropriate pursuant to applicable EPA policies. The Company intends to vigorously defend the action; however, no assurances can be given that the Company will be successful in its defense on the merits or otherwise.

Subsequent to the announcement of the Agreement and Plan of Merger among the Company, Buck Holdings LP and Buck Acquisition Corp (each of Buck Holdings LP and Buck Acquisition Corp is an affiliate of Kohlberg Kravis Roberts & Co., L.P. ("KKR")), as more fully described in Note 14, the Company and its directors were named in seven putative class actions alleging claims for breach of fiduciary duty arising out of the proposed sale of the Company to KKR. The cases are captioned *City of Miami General Employees' & Sanitation Employees' Retirement Trust and Louisiana Sheriffs' Pension and Relief Fund v. David A. Perdue, et al* (the "*City of Miami Complaint*"), *Lee S. Grubman v. Dollar General Corporation, et al* (the "*Grubman Complaint*"), *William Hochman, IRA v. Dollar General Corporation, et al* (the "*Hochman Complaint*"), *Helene Hutt v. Dollar General Corporation, et al* (the "*Hutt Complaint*"), *Shalom Rechnieder v. David L. Beré, et al* (the "*Rechnieder Complaint*"), *Catherine Rubbery v. Dollar General Corporation, et al* (the "*Rubbery Complaint*"), and *David B. Shaev, IRA v. David A. Perdue, et al*, Case No. 07-559 (the "*Shaev Complaint*"). The *City of Miami Complaint*, the *Grubman Complaint*, the *Hochman Complaint*, the *Hutt Complaint*, the *Rubbery Complaint*, and the *Shaev Complaint* were each brought in the Chancery Court for Davidson County, Tennessee, and the *Rechnieder Complaint* was brought in the Circuit Court of Davidson County, Tennessee. Each of the complaints allege, among other things, that the \$22 per share price of the proposed transaction is inadequate and that the process leading to the transaction was unfair. The plaintiffs seek, among other things, an injunction enjoining completion of the transaction and, in certain cases, compensatory damages.

The Company believes that each of the foregoing lawsuits is without merit and intends to defend these actions vigorously.

In addition to the matters described above, the Company is involved in other legal actions and claims arising in the ordinary course of business. The Company believes, based upon information currently available, that such other litigation and claims, both individually and in the aggregate, will be resolved without a material effect on the Company's financial statements as a whole. However, litigation involves an element of uncertainty. Future developments could cause these actions or claims to have a material adverse effect on the Company's financial statements as a whole.

9. Benefit plans

The Dollar General Corporation 401(k) Savings and Retirement Plan became effective on January 1, 1998. The 401(k) plan is a safe harbor defined contribution plan and is subject to the Employee Retirement and Income Security Act ("ERISA").

Participants are permitted to contribute between 1% and 25% of their pre-tax annual eligible compensation as defined in the 401(k) plan document, subject to certain limitations under the Internal Revenue Code. Employees who are over age 50 are permitted to contribute additional amounts on a pre-tax basis under the catch-up provision of the 401(k) plan subject to Internal Revenue Code limitations. The Company currently matches employee contributions, including catch-up contributions, at a rate of 100% of employee contributions, up to 5% of annual eligible salary, after an employee has been employed for one year and has completed a minimum of 1,000 hours of service.

A participant's right to claim a distribution of his or her account balance is dependent on ERISA guidelines and Internal Revenue Service regulations. All active employees are fully vested in all contributions to the 401(k) plan. During 2006, 2005 and 2004, the Company expensed approximately \$6.4 million, \$5.8 million, and \$4.9 million, respectively, for matching contributions.

The Company also has a nonqualified supplemental retirement plan and compensation deferral plan (called the Dollar General Corporation CDP/SERP Plan) for a select group of management and highly compensated employees. The supplemental retirement plan is a noncontributory defined contribution plan with annual Company contributions ranging from 2% to 12% of base pay plus bonus depending upon age plus years of service and job grade. Under the compensation deferral plan, participants may defer up to 65% of base pay and up to 100% of bonus pay. An employee may be designated for participation in one or both of the plans, according to the eligibility requirements of the plans. The Company matches base pay deferrals at a rate of 100% of base pay deferral, up to 5% of annual salary, with annual salary offset by the amount of match-eligible salary in the 401(k) plan. All participants are 100% vested in their compensation deferral plan accounts. Supplemental retirement plan accounts vest at the earlier of the participant's attainment of age 50, the participant's being credited with 10 or more "years of service", upon termination of employment due to death or "total and permanent disability", or upon a "change in control," all as defined in the plan. The Company incurred compensation expense for these plans of approximately \$0.8 million in 2006 and \$0.6 million in both 2005 and 2004.

The supplemental retirement plan and compensation deferral plan assets are invested at the option of the participant in either an account that mirrors the performance of a fund or funds selected by the Compensation Committee of the Company's Board of Directors or its delegate (the "Mutual Funds Option"), or in an account which mirrors the performance of the Company's common stock (the "Common Stock Option"). Investments in the Common Stock Option cannot be subsequently diversified and investments in the Mutual Funds Option cannot be subsequently transferred into the Common Stock Option.

A participant's compensation deferral plan and supplemental retirement plan account balances will be paid in accordance with the participant's election by (a) lump sum, (b) monthly installments over a 5, 10 or 15 year period or (c) a combination of lump sum and installments. The vested amount will be payable at the time designated by the plan upon the participant's termination of employment or retirement, except that participants may elect to receive an in-service distribution or an "unforeseeable emergency hardship" distribution of vested amounts credited to the compensation deferral account. Account balances deemed to be invested in the Mutual Funds Option are payable in cash and account

balances deemed to be invested in the Common Stock Option are payable in shares of Dollar General common stock and cash in lieu of fractional shares.

Asset balances in the Mutual Funds Option are stated at fair market value, which is based on quoted market prices. The current portion of these balances are included in Prepaid expenses and other current assets and the long term portion is included in Other assets, net in the consolidated balance sheets. In accordance with EITF 97-14 "Accounting for Deferred Compensation Arrangements Where Amounts Earned Are Held in a Rabbi Trust and Invested," the Company's stock is recorded at historical cost and included in Other shareholders' equity. The deferred compensation liability related to the Company stock for active plan participants is included in shareholders' equity and subsequent changes to the fair value of the obligation are not recognized, in accordance with the provisions of EITF 97-14. The deferred compensation liability related to the Mutual Funds Option is recorded at the fair value of the investments held in the trust. The current portion of these balances is included in Accrued expenses and other and the long term portion is included in Other liabilities in the consolidated balance sheets.

The Company sponsors a supplemental executive retirement plan for the Chief Executive Officer (called the Supplemental Executive Retirement Plan for David A. Perdue) and accounts for the plan in accordance with SFAS 158. The plan has an unfunded liability balance of \$2.9 million as of February 2, 2007, included in Other liabilities in the consolidated balance sheet as of February 2, 2007. This balance includes a \$0.6 million transition adjustment (\$0.4 million net of tax) for net actuarial losses recorded in 2006 as prescribed by SFAS 158, with the net of tax offset to Accumulated other comprehensive income. The Company has not included additional disclosures due to the plan's immateriality to the consolidated financial statements as a whole. Effective January 25, 2006, the Board approved the restatement of the plan to clarify certain provisions, comply with pending federal legislation and establish a grantor trust to hold certain assets in connection with the plan. The grantor trust provides for assets to be placed in the trust upon an actual or potential change in control (as defined in the grantor trust). The assets of the grantor trust are subject to the claims of the Company's creditors.

Non-employee directors may defer all or a part of any fees normally paid by the Company to a voluntary nonqualified compensation deferral plan. The compensation eligible for deferral includes the annual retainer, meeting and other fees, as well as any per diem compensation for special assignments, earned by a director for his or her service to the Company's Board of Directors or one of its committees. The deferred compensation is credited to a liability account, which is then invested at the option of the director, in deemed investments which mirror either the Mutual Funds Option or the Common Stock Option and the deferred compensation will be paid in accordance with the director's election in a lump sum or in monthly installments over a 5, 10 or 15 year period, or a combination of both, at the time designated by the plan upon a director's resignation or termination from the Board. However, a director may request to receive an "unforeseeable emergency hardship" in-service distribution of amounts credited to his account in accordance with the terms of the directors' deferral plan. All deferred compensation will be immediately due and payable upon a "change in control" (as defined in the directors' deferral plan) of the Company. Account balances deemed to be invested in the Mutual Funds Option are payable in cash and account balances deemed to be invested in the Common Stock Option are payable in shares of Dollar General common stock and cash in lieu of fractional shares.

10. Share-based payments

The Company has a shareholder-approved stock incentive plan under which stock options, nonvested shares in the form of restricted stock and restricted stock units (which represent the right to receive one share of common stock for each unit upon vesting), and other equity-based awards may be granted to certain officers, directors and key employees. The plan authorizes the issuance of up to 29.375 million shares of the Company's common stock, up to 4 million of which may be issued in the form of restricted stock or restricted stock units. As of February 2, 2007, there were approximately 6.4 million shares available for future grant, approximately 3.0 million of which may be issued as restricted stock or restricted stock units. The Company believes that stock-based awards assist in retaining employees and better align the interests of its employees with those of its shareholders.

Stock options granted under the plan are non-qualified stock options issued at an exercise price equal to the market price of the Company's common stock on the grant date, vest ratably over a four-year period (subject to earlier vesting in certain circumstances such as a change in control), and expire no more than 10 years following the grant date. The number of options granted is generally based on individual job grade levels, which are determined based upon competitive market data. Dividends are not paid or accrued on stock options.

Unvested options generally are forfeited upon the cessation of employment with the Company. In the event employment terminates for a reason other than cause, death, disability or retirement, any outstanding vested options issued under the plan generally may be exercised for a period of three months. In the event employment terminates due to death, disability or retirement, the option recipient (or the recipient's legal representative or beneficiary) generally may exercise any outstanding vested options issued under the plan for a period of three years. Notwithstanding the foregoing, no option may be exercised beyond its initial 10-year expiration date.

Restricted stock awards and restricted stock unit awards granted under the plan generally vest ratably over three years (subject to earlier vesting in certain circumstances such as a change in control). Unvested restricted stock and restricted stock unit awards generally are forfeited upon the cessation of a grantee's employment with the Company. Recipients of restricted stock are entitled to receive cash dividends and to vote their respective shares, but are generally prohibited from selling or transferring restricted shares prior to vesting. Recipients of restricted stock units are entitled to accrue dividend equivalents on the units but are not entitled to vote, sell or transfer the units or the shares underlying the units prior to both vesting and payout. Dividends or dividend equivalents, as the case may be, are paid or accrued on the grants of restricted stock and restricted stock units at the same rate that dividends are paid to shareholders generally. Dividend equivalents on restricted stock units vest at the same time that the underlying shares vest.

The plan provides for the automatic annual grant of 4,600 restricted stock units to each non-employee director that vest one year after the grant date (subject to earlier vesting upon retirement, change in control or other circumstances set forth in the plan) and generally may not be paid until the individual has ceased to be a member of the Company's Board of Directors.

In the past, the Company had various stock and incentive plans under which stock options were granted. Stock options that were granted under prior plans and were outstanding on February 2, 2007 continue in accordance with the terms of the respective plans.

On February 3, 2006, the vesting of all outstanding options granted prior to August 2, 2005, other than options previously granted to the Company's CEO and options granted in 2005 to the officers of

the Company at the level of Executive Vice President or above, accelerated pursuant to a January 24, 2006 action of the Compensation Committee of the Company's Board of Directors. In addition, pursuant to that Compensation Committee action, the vesting of all outstanding options granted on or after August 2, 2005 but prior to January 24, 2006, other than options granted during that time period to the officers of the Company at the level of Executive Vice President or above, accelerated effective as of the date that is six months after the applicable grant date. Certain options granted on January 24, 2006 to certain newly hired officers below the level of Executive Vice President were granted with a six-month vesting period. The decision to accelerate the vesting of these stock options resulted in compensation expense of \$0.9 million, before income taxes, recognized during the fourth quarter of 2005, and was made primarily to reduce non-cash compensation expense to be recorded in future periods under the provisions of SFAS 123(R). The future expense eliminated as a result of the decision to accelerate the vesting of these options was approximately \$28 million, or \$17 million net of income taxes, over the four-year period during which the stock options would have vested, subject to the impact of additional adjustments related to certain stock option forfeitures. The Company also believed this decision benefited employees.

Effective February 4, 2006, the Company adopted SFAS 123(R) and began recognizing compensation expense for stock options based on the fair value of the awards on the grant date. The Company adopted SFAS 123(R) under the modified-prospective-transition method and, therefore, results from prior periods have not been restated. The following table illustrates the effect on net income and earnings per share as if the Company had applied the fair value recognition provisions of SFAS 123 to options granted under the Company's stock plans for the years ended February 3, 2006 and January 28, 2005. For purposes of this pro forma disclosure, the value of the options is estimated using the Black-Scholes-Merton option pricing model for all option grants. Amounts are in thousands except per share data.

	Year Ended February 3, 2006	Year Ended January 28, 2005
Net income — as reported	\$ 350,155	\$ 344,190
Deduct: Total pro forma stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects per SFAS 123	32,621	10,724
Net income — pro forma	\$ 317,534	\$ 333,466
Earnings per share — as reported		
Basic	\$ 1.09	\$ 1.04
Diluted	\$ 1.08	\$ 1.04
Earnings per share — pro forma		
Basic	\$ 0.99	\$ 1.01
Diluted	\$ 0.98	\$ 1.00

Under SFAS 123(R), forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. Under SFAS 123, the Company elected to account for forfeitures when awards were actually forfeited, at which time all previous pro forma expense (which, after-tax, approximated \$5.5 million and \$8.5 million in the years ended February 3, 2006 and January 28, 2005, respectively) was reversed to reduce pro forma expense for those years.

For the year ended February 2, 2007, the adoption of the fair value method of SFAS 123(R) resulted in additional share-based compensation expense (a component of SG&A expenses) and a corresponding reduction in net income before income taxes in the amount of \$3.6 million, a reduction in net income of \$2.2 million, and a reduction in basic and diluted earnings per share of approximately \$0.01.

SFAS 123(R) also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow, rather than as an operating cash flow as required prior to the adoption of SFAS 123(R). For the year ended February 2, 2007, the \$2.5 million excess tax benefit classified as a financing cash inflow would have been classified as an operating cash inflow if the Company had not adopted SFAS 123(R). The impact of the adoption of SFAS 123(R) on future results will depend on, among other things, levels of share-based payments granted in the future, actual forfeiture rates and the timing of option exercises.

The fair value of each option grant is separately estimated by applying the Black-Scholes-Merton option pricing valuation model. The weighted average for key assumptions used in determining the fair value of options granted in the years ended February 2, 2007, February 3, 2006 and January 28, 2005, and a summary of the methodology applied to develop each assumption, are as follows:

	February 2, 2007	February 3, 2006	January 28, 2005
Expected dividend yield	0.82%	0.85%	0.85%
Expected stock price volatility	28.8%	27.1%	35.5%
Weighted average risk-free interest rate	4.7%	4.2%	3.5%
Expected term of options (years)	5.7	5.0	5.0

Expected dividend yield — This is an estimate of the expected dividend yield on the Company's stock. This estimate is based on historical dividend payment trends. An increase in the dividend yield will decrease compensation expense.

Expected stock price volatility — This is a measure of the amount by which the price of the Company's common stock has fluctuated or is expected to fluctuate. The Company uses actual historical changes in the market price of the Company's common stock and implied volatility based upon traded options, weighted equally, to calculate the volatility assumption, as it is the Company's belief that this methodology provides the best indicator of future volatility. For historical volatility, the Company calculates daily market price changes from the date of grant over a past period representative of the expected life of the options to determine volatility, excluding the period from April 30, 2001 to January 31, 2002 due to a restatement of the Company's financial statements for fiscal years 2001 and prior and the Company's inability, during a substantial portion of this period, to file annual and quarterly reports required by the Securities Exchange Act of 1934. The Company believes that the restatement and related inability to file periodic Exchange Act reports is an event specific to the Company that resulted in higher than normal share price volatility during this period and is not expected to recur during the estimated term of current option grants. An increase in the expected volatility will increase compensation expense.

Weighted average risk-free interest rate — This is the U.S. Treasury rate for the week of the grant having a term approximating the expected life of the option. An increase in the risk-free interest rate will increase compensation expense.

Expected term of options — This is the period of time over which the options granted are expected to remain outstanding. Because the terms of the Company's stock option grants prior to August 2002 were significantly different than grants issued on and after that date and the Company does not currently intend to grant stock options similar to those granted prior to August 2002 in future periods, the Company believes that the historical and post-vesting employee behavior patterns for grants prior to August 2002 are of little or no value in determining future expectations and, therefore, has generally excluded these pre-August 2002 grants from its analysis of expected term. The Company has estimated expected term using a computation based on an assumption that outstanding options will be exercised approximately halfway through their contractual term, taking into consideration such factors as grant date, expiration date, weighted-average time-to-vest, actual exercises and post-vesting cancellations. Options granted have a maximum term of 10 years. An increase in the expected term will increase compensation expense.

The Company issues new shares when options are exercised. A summary of stock option activity during the year ended February 2, 2007 is as follows:

	Options Issued	Weighted Average Exercise Price
Balance, February 3, 2006	20,258,324	\$ 18.19
Granted	2,648,600	17.41
Exercised	(1,573,354)	12.65
Canceled	(1,934,689)	19.68
Balance, February 2, 2007	19,398,881	\$ 18.38

During the years ended February 2, 2007, February 3, 2006 and January 28, 2005, the weighted average grant date fair value of options granted was \$5.86, \$6.33 and \$6.36, respectively; 617,234, 8,281,184 and 1,037,126 options vested, net of forfeitures, respectively; with a total fair value of approximately \$2.5 million, \$56.5 million and \$4.2 million, respectively; and the total intrinsic value of stock options exercised was \$6.8 million, \$16.7 million and \$24.0 million, respectively.

At February 2, 2007, the aggregate intrinsic value of all outstanding options was \$14.6 million with a weighted average remaining contractual term of 5.2 years, of which 16,923,305 of the outstanding options are currently exercisable with an aggregate intrinsic value of \$14.1 million, a weighted average exercise price of \$18.50 and a weighted average remaining contractual term of 4.7 years. At February 2, 2007, the total unrecognized compensation cost related to non-vested stock options was \$11.6 million with an expected weighted average expense recognition period of 3.1 years.

All stock options granted in the years ended February 2, 2007 and February 3, 2006 under the terms of the Company's stock incentive plan were non-qualified stock options issued at a price equal to the fair market value of the Company's common stock on the date of grant, were originally scheduled to vest ratably over a four-year period, and expire 10 years following the date of grant.

A summary of activity related to nonvested restricted stock and restricted stock unit awards during the year ended February 2, 2007 is as follows:

	Nonvested Shares	Weighted Average Grant Date Fair Value
Balance, February 3, 2006	363,687	\$ 19.66
Granted	571,603	15.20
Vested	(149,066)	18.01
Canceled	(37,593)	18.76
Balance, February 2, 2007	748,631	\$ 16.63

The purchase price was set at zero for all nonvested restricted stock and restricted stock unit awards granted in the year ended February 2, 2007. The Company records compensation expense on a straight-line basis over the restriction period based on the market price of the underlying stock on the date of grant. The nonvested restricted stock and restricted stock unit awards granted under the plan to employees during the year ended February 2, 2007 are scheduled to vest and become payable ratably over a three-year period from the respective grant dates, except for a restricted stock unit grant made to the Company's Chairman and Chief Executive Officer in the third quarter of fiscal 2006 which is scheduled to vest ratably over a three-year period from the grant date but which is not payable until after he ceases to be employed by the Company. The nonvested restricted stock unit awards granted under the plan to non-employee directors during the year ended February 2, 2007 are scheduled to vest over a one-year period from the respective grant dates, but become payable only after the recipient ceases to serve as a Board member (or upon a change-in-control as discussed above).

The Company accounts for nonvested restricted stock and restricted stock unit awards in accordance with the provisions of SFAS 123(R). Under the provisions of SFAS 123(R), unearned compensation is not recorded within shareholders' equity, and accordingly, during the year ended February 2, 2007, the Company reversed its unearned compensation balance as of February 3, 2006 of approximately \$5.2 million, with an offset to common stock and additional paid-in capital. The Company recognized compensation expense relating to its nonvested restricted stock and restricted stock unit awards of approximately \$4.0 million, \$2.4 million and \$1.8 million in 2006, 2005 and 2004, respectively. At February 2, 2007, the total compensation cost related to nonvested restricted stock and restricted stock unit awards not yet recognized was approximately \$9.1 million.

There have been no modifications to any of the Company's outstanding share-based payment awards during the year ended February 2, 2007. The Company recognized total compensation expense relating to share-based awards of approximately \$7.6 million, \$3.3 million and \$1.8 million in 2006, 2005 and 2004, respectively.

11. Capital stock

The Company has a Shareholder Rights Plan (the "Plan"), filed with the Securities and Exchange Commission, under which Series B Junior Participating Preferred Stock Purchase Rights (the "Rights") were issued for each outstanding share of common stock. The Rights were attached to all common stock outstanding as of March 10, 2000. On May 8, 2000, we effected a five for four stock split at which time, pursuant to the adjustment provisions contained in the Rights Agreement, each outstanding share of the Company's common stock evidenced the right to receive eight-tenths of a right. Such Rights will be attached to all additional shares of common stock issued prior to the Plan's expiration on February 28, 2010, or such earlier termination, if applicable. The Rights entitle the holders to purchase from the Company one one-hundredth of a share (a "Unit") of Series B Junior Participating Preferred Stock (the "Preferred Stock"), no par value, at a purchase price of \$100 per Unit, subject to adjustment. Initially, the Rights will attach to all certificates representing shares of outstanding common stock, and no separate Rights Certificates will be distributed. The Rights will become exercisable upon the occurrence of a triggering event as defined in the Plan. The triggering events generally include any unsolicited attempt to acquire more than 15 percent of the Company's outstanding common stock. The practical operation of the Plan, if triggered, allows a holder of rights: (a) to acquire \$200 of the Company's common stock in exchange for the \$100 purchase price in the event of an acquisition of the Company in which the Company is the surviving entity; and (b) in the event of an acquisition of the Company in which the Company is not the surviving entity, to acquire \$200 of the surviving entity's securities in exchange for the \$100 purchase price.

On November 29, 2006, the Board of Directors authorized the Company to repurchase up to \$500 million of its outstanding common stock. On September 30, 2005 and November 30, 2004, the Board of Directors authorized the Company to repurchase up to 10 million shares of its outstanding common stock on each date. These authorizations allow or allowed, as applicable, for purchases in the open market or in privately negotiated transactions from time to time, subject to market conditions. The objective of the Company's share repurchase initiative is to enhance shareholder value by purchasing shares at a price that produces a return on investment that is greater than the Company's cost of capital. Additionally, share repurchases generally are undertaken only if such purchases result in an accretive impact on the Company's fully diluted earnings per share calculation. The 2006 authorization expires December 31, 2008 and as of February 2, 2007 no purchases had been made pursuant to this authorization. The 2005 and 2004 authorizations were completed prior to their expiration dates. During 2006, the Company purchased approximately 4.5 million shares pursuant to the 2005 authorization at a total cost of \$79.9 million. During 2005, the Company purchased approximately 5.5 million shares pursuant to the 2005 authorization at a total cost of \$104.7 million and approximately 9.5 million shares pursuant to the 2004 authorization at a total cost of \$192.9 million. During 2004, the Company purchased approximately 0.5 million shares pursuant to the 2004 authorization at a total cost of \$10.9 million and approximately 10.5 million shares pursuant to a 2003 authorization at a total cost of \$198.4 million.

12. Insurance settlement

During 2006 and 2005, the Company received proceeds of \$13.0 million and \$8.0 million, respectively, representing insurance recoveries for destroyed and damaged assets, costs incurred and business interruption coverage related to Hurricane Katrina, which is reflected in results of operations for these years as a reduction of SG&A expenses. The claim was settled in 2006. The business interruption portion of the proceeds was approximately \$5.8 million and was received in 2006.

Insurance recoveries related to fixed assets losses are included in cash flows from investing activities and recoveries related to inventory losses and business interruption are included in cash flows from operating activities.

13. Segment reporting

The Company manages its business on the basis of one reportable segment. See Note 1 for a brief description of the Company's business. As of February 2, 2007, all of the Company's operations were located within the United States with the exception of an immaterial Hong Kong subsidiary formed to assist in the process of importing certain merchandise that began operations in early 2004. The following data is presented in accordance with SFAS 131, "Disclosures about Segments of an Enterprise and Related Information." Amounts are in thousands.

	2006	2005	2004
Classes of similar products:			
Highly consumable	\$ 6,022,014	\$ 5,606,466	\$ 4,825,051
Seasonal	1,509,999	1,348,769	1,263,991
Home products	914,357	907,826	879,476
Basic clothing	723,452	719,176	692,409
Net sales	\$ 9,169,822	\$ 8,582,237	\$ 7,660,927

14. Subsequent event

On March 11, 2007, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Buck Holdings LP, a Delaware limited partnership ("Parent") and Buck Acquisition Corp., a Tennessee corporation and wholly owned subsidiary of Parent ("Merger Sub").

Pursuant to the Merger Agreement, Merger Sub will be merged with and into the Company (the "Merger"), with the Company surviving the Merger as a wholly owned subsidiary of Parent. Merger Sub and Parent are affiliates of Kohlberg Kravis Roberts & Co., L.P. Pursuant to the Merger Agreement, at the effective time of the Merger, each outstanding share of common stock of the Company, other than any shares held by any wholly owned subsidiary of the Company and any shares owned by Parent or Merger Sub or held by the Company, will be cancelled and converted into the right to receive \$22.00 in cash, without interest (the "Merger Consideration"). In addition, immediately prior to the effective time of the Merger, all shares of Company restricted stock and restricted stock units will, unless otherwise agreed by the holder and Parent, vest and be converted into the right to receive the Merger Consideration. All options to acquire shares of Company common stock will vest immediately prior to the effective time of the Merger and holders of such options will, unless otherwise agreed by the holder and Parent, be entitled to receive an amount in cash equal to the excess, if any, of the Merger Consideration over the exercise price per share of Company common stock subject to the option.

The Board of Directors of the Company unanimously approved the Merger Agreement and amended the Company's Shareholder Rights Plan to exempt the Merger from that Plan's operation.

Consummation of the Merger is not subject to a financing condition but is subject to customary closing conditions, including approval of the Merger Agreement by the Company's shareholders,

regulatory approval and other customary closing conditions. The Merger Agreement places specified restrictions on certain of the Company's business activities, including but not limited to: acquisitions or dispositions of assets, capital expenditures, modifications of debt, leasing activities, compensatory changes, dividend increases, investments and share repurchases. The accompanying consolidated financial statements do not include any financial reporting impacts related to potential consummation of the Merger, including but not limited to potential change in basis of accounting, and acceleration of vesting of restricted stock, stock units or options.

Subsequent to the announcement of the Merger Agreement, the Company and its directors were named in seven putative class actions alleging claims for breach of fiduciary duty arising out of the proposed sale of the Company to KKR, all as described more fully under "Legal Proceedings" in Note 8 above.

15. Quarterly financial data (unaudited)

The following is selected unaudited quarterly financial data for the fiscal years ended February 2, 2007 and February 3, 2006. With the exception of the fourth quarter of 2005, which was a 14-week accounting period, each quarter listed below was a 13-week accounting period. The sum of the four quarters for any given year may not equal annual totals due to rounding. Amounts are in thousands except per share data.

Quarter	First	Second	Third	Fourth
2006:				
Net sales	\$ 2,151,387	\$ 2,251,053	\$ 2,213,396	\$ 2,553,986
Gross profit	584,274	611,534	526,447	645,950
Operating profit	81,285	80,577	3,339	83,075
Net income (loss)	47,670	45,468	(5,285)	50,090
Basic earnings (loss) per share	0.15	0.15	(0.02)	0.16
Diluted earnings (loss) per share	0.15	0.15	(0.02)	0.16
2005:				
Net sales	\$ 1,977,829	\$ 2,066,016	\$ 2,057,888	\$ 2,480,504
Gross profit	563,349	591,530	579,016	730,929
Operating profit	106,921	121,070	101,612	232,264
Net income	64,900	75,558	64,425	145,272
Basic earnings per share	0.20	0.23	0.20	0.46
Diluted earnings per share	0.20	0.23	0.20	0.46

As discussed in Note 12, during the first and third quarters of 2006, the Company received proceeds, net of taxes, of \$3.2 million (\$0.01 per diluted share), and \$5.0 million, (\$0.02 per diluted share) respectively, representing insurance recoveries for destroyed and damaged assets, costs incurred and business interruption coverage related to Hurricane Katrina, which is reflected in results of operations for these periods as a reduction of SG&A expenses.

As discussed in Note 2, in the third quarter of 2006, the Company completed a strategic review of its real estate portfolio and traditional inventory packaway strategy. The review resulted in plans to close approximately 400 underperforming stores and to eliminate nearly all packaway merchandise by

the close of fiscal 2007. As a result, in the third quarter of 2006, the Company recorded SG&A charges and a lower of cost or market inventory impairment, which reduced the Company's net income and related per share amounts. Also, the fourth quarter 2006 change in merchandising strategy resulted in substantially higher markdowns on inventory in the fourth quarter of 2006 (\$179.9 million at cost) and the Company's ending inventory being valued lower than under historical practices as ending inventory on-hand as of February 2, 2007 reflects the immediate impact of the markdowns at the time such markdowns were taken rather than at the time such inventory is sold. The impact of this reduction to inventory value approximated \$30.7 million in the fourth quarter of 2006.

In 2005, the Company expanded the number of departments it utilizes for its gross profit calculation from 10 to 23. The estimated impact of this change was a reduction of the Company's net income and related per share amounts above of \$2.1 million (\$0.01 per diluted share), \$2.2 million (\$0.01 per diluted share) and \$6.8 million (\$0.02 per diluted share) in the first, second and third quarters of 2005, respectively, and a \$7.7 million (\$0.02 per diluted share) increase in the Company's fourth quarter 2005 net income and related per share amounts.

16. Guarantor subsidiaries

Certain of the Company's subsidiaries (the "Guarantors") have fully and unconditionally guaranteed on a joint and several basis the Company's obligations under certain outstanding debt obligations. Each of the Guarantors is a direct or indirect wholly-owned subsidiary of the Company. The following consolidating schedules present condensed financial information on a combined basis.

	February 2, 2007				
	Dollar General Corporation	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated Total
BALANCE SHEETS:					
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 114,310	\$ 58,107	\$ 16,871	\$ —	\$ 189,288
Short-term investments	—	—	29,950	—	29,950
Merchandise inventories	—	1,432,336	—	—	1,432,336
Income tax receivable	4,884	4,949	—	—	9,833
Deferred income taxes	7,422	13,482	3,417	—	24,321
Prepaid expenses & other current assets	139,913	928,854	166,468	(1,178,215)	57,020
Total current assets	266,529	2,437,728	216,706	(1,178,215)	1,742,748
Net property and equipment	98,580	1,137,710	584	—	1,236,874
Deferred income taxes	581	—	5,536	(6,117)	—
Other assets, net	2,693,030	23,489	20,133	(2,675,760)	60,892
Total assets	\$ 3,058,720	\$ 3,598,927	\$ 242,959	\$ (3,860,092)	\$ 3,040,514
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term obligations	\$ —	\$ 8,080	\$ —	\$ —	\$ 8,080
Accounts payable	1,084,460	577,443	69,710	(1,176,339)	555,274
Accrued expenses and other	13,327	241,849	258	(1,876)	253,558
Income taxes payable	—	6,453	9,506	—	15,959
Total current liabilities	1,097,787	833,825	79,474	(1,178,215)	832,871
Long-term obligations	199,842	1,584,526	—	(1,522,410)	261,958
Deferred income taxes	—	47,714	—	(6,117)	41,597
Other non-current liabilities	15,344	35,521	107,476	—	158,341
Shareholders' equity:					
Preferred stock	—	—	—	—	—
Common stock	156,218	23,753	100	(23,853)	156,218
Additional paid-in capital	486,145	653,711	19,900	(673,611)	486,145
Retained earnings	1,103,951	419,877	36,009	(455,886)	1,103,951
Accumulated other comprehensive loss	(987)	—	—	—	(987)
Other shareholders' equity	420	—	—	—	420
Total shareholders' equity	1,745,747	1,097,341	56,009	(1,153,350)	1,745,747
Total liabilities and shareholders' equity	\$ 3,058,720	\$ 3,598,927	\$ 242,959	\$ (3,860,092)	\$ 3,040,514

February 3, 2006

	Dollar General Corporation	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated Total
BALANCE SHEETS:					
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 110,410	\$ 58,484	\$ 31,715	\$ —	\$ 200,609
Short-term investments	—	—	8,850	—	8,850
Merchandise inventories	—	1,474,414	—	—	1,474,414
Deferred income taxes	6,046	—	2,968	(9,014)	—
Prepaid expenses & other current assets	78,361	639,277	150,534	(816,833)	51,339
Total current assets	194,817	2,172,175	194,067	(825,847)	1,735,212
Net property and equipment	104,695	1,087,087	390	—	1,192,172
Other assets, net	2,391,931	17,733	16,995	(2,373,768)	52,891
Total assets	\$ 2,691,443	\$ 3,276,995	\$ 211,452	\$ (3,199,615)	\$ 2,980,275
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term obligations	\$ (800)	\$ 9,585	\$ —	\$ —	\$ 8,785
Accounts payable	789,497	457,620	78,477	(817,208)	508,386
Accrued expenses and other	13,149	228,585	245	375	242,354
Income taxes payable	63	31,054	12,589	—	43,706
Deferred income taxes	—	16,281	—	(9,014)	7,267
Total current liabilities	801,909	743,125	91,311	(825,847)	810,498
Long-term obligations	153,756	1,429,116	—	(1,312,910)	269,962
Deferred income taxes	2,659	50,525	(4,730)	—	48,454
Other non-current liabilities	12,324	28,925	89,317	—	130,566
Shareholders' equity:					
Preferred stock	—	—	—	—	—
Common stock	157,840	23,753	100	(23,853)	157,840
Additional paid-in capital	462,383	653,712	19,900	(673,612)	462,383
Retained earnings	1,106,165	347,839	15,554	(363,393)	1,106,165
Accumulated other comprehensive loss	(794)	—	—	—	(794)
Other shareholders' equity	(4,799)	—	—	—	(4,799)
Total shareholders' equity	1,720,795	1,025,304	35,554	(1,060,858)	1,720,795
Total liabilities and shareholders' equity	\$ 2,691,443	\$ 3,276,995	\$ 211,452	\$ (3,199,615)	\$ 2,980,275

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For the year ended February 2, 2007

	Dollar General Corporation	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated Total
STATEMENTS OF INCOME:					
Net sales	\$ 165,463	\$ 9,169,822	\$ 107,383	\$ (272,846)	\$ 9,169,822

Cost of goods sold	—	6,801,617	—	—	6,801,617
Gross profit	165,463	2,368,205	107,383	(272,846)	2,368,205
Selling, general, and administrative	149,272	2,154,371	89,132	(272,846)	2,119,929
Operating profit	16,191	213,834	18,251	—	248,276
Interest income	(126,628)	(33,521)	(11,543)	164,690	(7,002)
Interest expense	60,856	138,749	—	(164,690)	34,915
Income before income taxes	81,963	108,606	29,794	—	220,363
Provision for income taxes	36,513	36,568	9,339	—	82,420
Equity in subsidiaries' earnings, net	92,493	—	—	(92,493)	—
Net income	\$ 137,943	\$ 72,038	\$ 20,455	\$ (92,493)	\$ 137,943

For the year ended February 3, 2006

	Dollar General Corporation	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated Total
STATEMENTS OF INCOME:					
Net sales	\$ 162,805	\$ 8,582,237	\$ 184,889	\$ (347,694)	\$ 8,582,237
Cost of goods sold	—	6,117,413	—	—	6,117,413
Gross profit	162,805	2,464,824	184,889	(347,694)	2,464,824
Selling, general, and administrative	139,879	1,936,514	174,258	(347,694)	1,902,957
Operating profit	22,926	528,310	10,631	—	561,867
Interest income	(97,005)	(65,428)	(3,504)	156,936	(9,001)
Interest expense	85,536	97,626	—	(156,936)	26,226
Income before income taxes	34,395	496,112	14,135	—	544,642
Provision for income taxes	17,824	172,892	3,771	—	194,487
Equity in subsidiaries' earnings, net	333,584	—	—	(333,584)	—
Net income	\$ 350,155	\$ 323,220	\$ 10,364	\$ (333,584)	\$ 350,155

For the year ended January 28, 2005

	Dollar General Corporation	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated Total
STATEMENTS OF INCOME:					
Net sales	\$ 171,369	\$ 7,660,927	\$ 11,264	\$ (182,633)	\$ 7,660,927
Cost of goods sold	—	5,397,735	—	—	5,397,735
Gross profit	171,369	2,263,192	11,264	(182,633)	2,263,192
Selling, general, and administrative	138,111	1,746,257	4,481	(182,633)	1,706,216
Operating profit	33,258	516,935	6,783	—	556,976
Interest income	(49,585)	(44,516)	(47)	87,573	(6,575)
Interest expense	64,838	51,529	—	(87,573)	28,794
Income before income taxes	18,005	509,922	6,830	—	534,757
Provision for income taxes	7,667	181,798	1,102	—	190,567
Equity in subsidiaries' earnings, net	333,852	—	—	(333,852)	—
Net income	\$ 344,190	\$ 328,124	\$ 5,728	\$ (333,852)	\$ 344,190

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For the year ended February 2, 2007

	Dollar General Corporation	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated Total
STATEMENTS OF CASH FLOWS:					
Cash flows from operating activities:					
Net income	\$ 137,943	\$ 72,038	\$ 20,455	\$ (92,493)	\$ 137,943
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	21,436	178,920	252	—	200,608
Deferred income taxes	(1,845)	(35,118)	(1,255)	—	(38,218)
Noncash share-based compensation	7,578	—	—	—	7,578
Equity in subsidiaries' earnings, net	(92,493)	—	—	92,493	—
Tax benefit from stock option exercises	(2,513)	—	—	—	(2,513)
Noncash inventory adjustments and asset impairments	—	78,115	—	—	78,115
Change in operating assets and liabilities:					
Merchandise inventories	—	(28,057)	—	—	(28,057)
Prepaid expenses and other current assets	(1,042)	(13,655)	9,286	—	(5,411)
Accounts payable	(4,246)	39,189	18,601	—	53,544
Accrued expenses and other	(225)	38,564	14	—	38,353
Income taxes	(2,558)	(29,524)	(3,083)	—	(35,165)
Other	430	(1,850)	—	—	(1,420)
Net cash provided by operating activities	62,465	298,622	44,270	—	405,357
Cash flows from investing activities:					
Purchases of property and equipment	(13,270)	(247,788)	(457)	—	(261,515)
Purchases of short term investments	(38,700)	—	(10,975)	—	(49,675)
Sales of short term investments	38,700	—	12,825	—	51,525
Purchases of long term investments,					

net	—	—	(25,756)	—	(25,756)
Insurance proceeds related to property and equipment	—	1,807	—	—	1,807
Proceeds from sale of property and equipment	143	1,496	11	—	1,650

Net cash used in investing activities	(13,127)	(244,485)	(24,352)	—	(281,964)
Cash flows from financing activities:					
Borrowings under revolving credit facilities	2,012,700	—	—	—	2,012,700
Repayments of borrowings under revolving credit facilities	(2,012,700)	—	—	—	(2,012,700)
Repayments of long-term obligations	97	(14,215)	—	—	(14,118)
Payment of cash dividends	(62,472)	—	—	—	(62,472)
Proceeds from exercise of stock options	19,894	—	—	—	19,894
Repurchases of common stock	(79,947)	—	—	—	(79,947)
Changes in intercompany note balances, net	74,438	(39,676)	(34,762)	—	—
Tax benefit of stock options	2,513	—	—	—	2,513
Other financing activities	39	(623)	—	—	(584)
Net cash used in financing activities	(45,438)	(54,514)	(34,762)	—	(134,714)
Net increase (decrease) in cash and cash equivalents	3,900	(377)	(14,844)	—	(11,321)
Cash and cash equivalents, beginning of year	110,410	58,484	31,715	—	200,609
Cash and cash equivalents, end of year	\$ 114,310	\$ 58,107	\$ 16,871	\$ —	\$ 189,288

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For the year ended February 3, 2006

	Dollar General Corporation	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated Total
STATEMENTS OF CASH FLOWS:					
Cash flows from operating activities:					
Net income	\$ 350,155	\$ 323,220	\$ 10,364	\$ (333,584)	\$ 350,155
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	20,046	166,600	178	—	186,824
Deferred income taxes	(750)	16,692	(7,698)	—	8,244
Noncash share-based compensation	3,332	—	—	—	3,332
Equity in subsidiaries' earnings, net	(333,584)	—	—	333,584	—
Tax benefit from stock option exercises	6,457	—	—	—	6,457
Change in operating assets and liabilities:					
Merchandise inventories	—	(97,877)	—	—	(97,877)
Prepaid expenses and other current assets	(4,546)	23,200	(29,284)	—	(10,630)
Accounts payable	(26,052)	(54,502)	167,784	—	87,230
Accrued expenses and other	(12,210)	52,719	(133)	—	40,376
Income taxes	13	(38,619)	12,589	—	(26,017)
Other	2,919	4,472	—	—	7,391
Net cash provided by operating activities	5,780	395,905	153,800	—	555,485
Cash flows from investing activities:					
Purchases of property and equipment	(18,089)	(265,954)	(69)	—	(284,112)
Purchases of short term investments	(123,925)	—	(8,850)	—	(132,775)
Sales of short term investments	166,350	500	—	—	166,850
Purchases of long term investments,					

net	—	—	(16,995)	—	(16,995)
Insurance proceeds related to property and equipment	—	1,210	—	—	1,210
Proceeds from sale of property and equipment	100	1,319	—	—	1,419
	<u>100</u>	<u>1,319</u>	<u>—</u>	<u>—</u>	<u>1,419</u>
Net cash provided by (used in) investing activities	<u>24,436</u>	<u>(262,925)</u>	<u>(25,914)</u>	<u>—</u>	<u>(264,403)</u>
Cash flows from financing activities:					
Borrowings under revolving credit facilities	232,200	—	—	—	232,200
Repayments of borrowings under revolving credit facilities	(232,200)	—	—	—	(232,200)

Issuance of long-term borrowing	—	14,495	—	—	14,495
Repayments of long-term obligations	(4,969)	(9,341)	—	—	(14,310)
Payment of cash dividends	(56,183)	—	—	—	(56,183)
Proceeds from exercise of stock options	29,405	—	—	—	29,405
Repurchases of common stock	(297,602)	—	—	—	(297,602)
Changes in intercompany note balances, net	281,481	(165,005)	(116,476)	—	—
Other financing activities	892	—	—	—	892
Net cash used in financing activities	(46,976)	(159,851)	(116,476)	—	(323,303)
Net increase (decrease) in cash and cash equivalents	(16,760)	(26,871)	11,410	—	(32,221)
Cash and cash equivalents, beginning of year	127,170	85,355	20,305	—	232,830
Cash and cash equivalents, end of year	\$ 110,410	\$ 58,484	\$ 31,715	\$ —	\$ 200,609

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For the year ended January 28, 2005

	Dollar General Corporation	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated Total
STATEMENTS OF CASH FLOWS:					
Cash flows from operating activities:					
Net income	\$ 344,190	\$ 328,124	\$ 5,728	\$ (333,852)	\$ 344,190
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	17,181	147,176	121	—	164,478
Deferred income taxes	5,516	20,216	19	—	25,751
Noncash share-based compensation	1,779	—	—	—	1,779
Equity in subsidiaries' earnings, net	(333,852)	—	—	333,852	—
Tax benefit from stock option exercises	9,657	—	—	—	9,657
Change in operating assets and liabilities:					
Merchandise inventories	—	(219,396)	—	—	(219,396)
Prepaid expenses and other current assets	1,644	1,499	(6,495)	—	(3,352)
Accounts payable	10,665	11,582	11	—	22,258
Accrued expenses and other	(8,351)	43,181	218	—	35,048
Income taxes	4,751	17,955	1,087	—	23,793
Other	(4,118)	(8,573)	—	—	(12,691)
Net cash provided by operating activities	49,062	341,764	689	—	391,515
Cash flows from investing activities:					
Purchases of property and equipment	(20,443)	(267,368)	(483)	—	(288,294)
Purchases of short term investments	(220,200)	(1,500)	—	—	(221,700)
Sales of short term investments	245,000	2,501	—	—	247,501
Proceeds from sale of property and equipment	3	3,321	—	—	3,324
Net cash provided by (used in) investing activities	4,360	(263,046)	(483)	—	(259,169)
Cash flows from financing activities:					
Borrowings under revolving credit facilities	195,000	—	—	—	195,000

Repayments of borrowings under revolving credit facilities	(195,000)	—	—	—	(195,000)
Repayments of long-term obligations	(7,847)	(8,570)	—	—	(16,417)
Payment of cash dividends	(52,682)	—	—	—	(52,682)
Proceeds from exercise of stock options	34,128	—	—	—	34,128

Repurchases of common stock	(209,295)	—	—	—	(209,295)
Changes in intercompany note balances, net	45,586	(45,586)	—	—	—
Other financing activities	(1,149)	—	—	—	(1,149)
Issuance of common stock, net	(20,000)	—	20,000	—	—
Net cash provided by (used in) financing activities	(211,259)	(54,156)	20,000	—	(245,415)
Net increase (decrease) in cash and cash equivalents	(157,837)	24,562	20,206	—	(113,069)
Cash and cash equivalents, beginning of year	285,007	60,793	99	—	345,899
Cash and cash equivalents, end of year	\$ 127,170	\$ 85,355	\$ 20,305	\$ —	\$ 232,830

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	<u>Successor</u>	<u>Predecessor</u>
	<u>November 2, 2007</u>	<u>February 2, 2007</u>
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 90,538	\$ 189,288
Short-term investments	25,336	29,950
Merchandise inventories	1,486,094	1,432,336
Income taxes receivable	87,208	9,833
Deferred income taxes	30,126	24,321
Prepaid expenses and other current assets	67,929	57,020
Total current assets	1,787,231	1,742,748
Property and equipment, net	1,243,998	1,236,874
Goodwill	4,364,841	—
Intangible assets, net	1,382,626	—
Other assets, net	153,039	60,892
Total assets	\$ 8,931,735	\$ 3,040,514
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term obligations	\$ 7,023	\$ 8,080
Accounts payable	551,786	555,274
Accrued expenses and other	402,637	253,558
Income taxes payable	911	15,959
Total current liabilities	962,357	832,871
Long-term obligations	4,502,788	261,958
Deferred income taxes	506,210	41,597
Other liabilities	265,376	158,341
Redeemable common stock	9,539	—
Shareholders' equity:		
Preferred stock	—	—
Common stock	277,304	156,218
Additional paid-in capital	2,479,821	486,145
Retained earnings (deficit)	(60,207)	1,103,951
Accumulated other comprehensive loss	(11,453)	(987)
Other shareholders' equity	—	420
Total shareholders' equity	2,685,465	1,745,747
Total liabilities and shareholders' equity	\$ 8,931,735	\$ 3,040,514

See notes to condensed consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)
(In thousands)

	Successor	Predecessor	
	July 7, 2007 through November 2, 2007(a)	February 3, 2007 through July 6, 2007	February 4, 2006 through November 3, 2006
Net sales	\$ 3,011,920	\$ 3,923,753	\$ 6,615,836
Cost of goods sold	2,180,397	2,852,178	4,893,581
Gross profit	831,523	1,071,575	1,722,255
Selling, general and administrative	770,603	960,930	1,557,054
Transaction and related costs	1,242	101,397	—
Operating profit	59,678	9,248	165,201
Interest income	(2,421)	(5,046)	(4,792)
Interest expense	148,477	10,299	27,024
Loss on interest rate swaps	2,045	—	—
Loss on debt retirement	6,187	—	—
Income (loss) before income taxes	(94,610)	3,995	142,969
Income tax expense (benefit)	(34,403)	11,993	55,116
Net income (loss)	\$ (60,207)	\$ (7,998)	\$ 87,853

(a) Includes the results of operations of Buck Acquisition Corp. for the period prior to its merger with and into Dollar General Corporation from March 6, 2007 (its formation) through July 6, 2007 (reflecting the change in fair value of interest rate swaps), and the post-merger results of Dollar General Corporation for the period from July 7, 2007 through November 2, 2007. See Notes 1 and 2.

See notes to condensed consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(In thousands)

	Successor		Predecessor			
	July 7, 2007 through November 2, 2007(a)		February 3, 2007 through July 6, 2007	February 4, 2006 through November 3, 2006		
<i>Cash flows from operating activities:</i>						
Net income (loss)	\$	(60,207)	\$	(7,998) \$	87,853	
Adjustments to reconcile net income (loss) to net cash provided by operating activities:						
Depreciation and amortization		90,907		83,917	148,911	
Deferred income taxes		6,554		(20,874)	(45,828)	
Non-cash share-based compensation		3,147		45,433	5,518	
Tax benefit from stock option exercises		—		(3,927)	(1,898)	
Non-cash inventory adjustments and asset impairments					79,213	
Non-cash unrealized loss on interest rate swap		3,705		—	—	
Change in operating assets and liabilities:						
Merchandise inventories		(107,874)		16,424	(272,876)	
Prepaid expenses and other current assets		(4,725)		(6,184)	(4,853)	
Accounts payable		(35,400)		34,794	18,680	
Accrued expenses and other liabilities		123,787		52,995	33,755	
Income taxes		(51,667)		2,809	(26,062)	
Other		(2,055)		4,557	(2,653)	
Net cash provided by (used in) operating activities		(33,828)		201,946	19,760	
<i>Cash flows from investing activities:</i>						
Merger, net of cash acquired		(6,738,170)		—	—	
Purchases of property and equipment		(44,706)		(56,153)	(221,043)	
Purchases of short-term investments		(1,000)		(5,100)	(10,476)	
Sales of short-term investments		10,920		9,505	10,550	
Purchases of long-term investments		(5,612)		(15,754)	(21,515)	
Purchase of promissory notes		(37,047)		—	—	
Insurance proceeds related to property and equipment		—		—	1,807	
Proceeds from sale of property and equipment		352		620	1,324	
Net cash used in investing activities		(6,815,263)		(66,882)	(239,353)	
<i>Cash flows from financing activities:</i>						
Issuance of common stock		2,759,540		—	—	
Issuance of long-term borrowings		4,176,817		—	—	
Borrowings under revolving credit facilities		1,233,700		—	1,767,450	
Repayments of borrowings under revolving credit facilities		(931,700)		—	(1,535,150)	
Repayments of long-term obligations		(211,757)		(4,500)	(11,417)	
Debt issuance costs		(86,847)		—	—	
Payment of cash dividends		—		(15,710)	(46,864)	
Proceeds from exercise of stock options		—		41,546	13,889	
Repurchases of common stock		(124)		—	(79,947)	
Tax benefit of stock options		—		3,927	1,898	
Other financing activities		—		—	39	
Net cash provided by financing activities		6,939,629		25,263	109,898	
Net increase (decrease) in cash and cash equivalents		90,538		160,327	(109,695)	
Cash and cash equivalents, beginning of period		—		189,288	200,609	
Cash and cash equivalents, end of period	\$	90,538	\$	349,615	\$	90,914
<i>Supplemental schedule of noncash investing and financing activities:</i>						
Purchases of property and equipment awaiting processing for payment, included in Accounts payable	\$	15,212	\$	13,544	\$	14,885
Investments awaiting settlement, included in Accounts Payable	\$	—	\$	—	\$	242
Exchange of shares and stock options in business combination	\$	7,685	\$	—	\$	—
Purchases of property and equipment under capital lease obligations	\$	562	\$	1,036	\$	4,150
Elimination of financing obligations	\$	—	\$	—	\$	46,608
Elimination of promissory notes receivable	\$	—	\$	—	\$	46,608

(a) Includes the cash flows of Buck Acquisition Corp. for the period prior to its merger with and into Dollar General Corporation from March 6, 2007 (its formation) through July 6, 2007 (which were zero), and the post-merger results of Dollar General Corporation for the period from July 7, 2007 through November 2, 2007. See Notes 1 and 2.

See notes to condensed consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

1. Basis of presentation

Dollar General Corporation (the "Company") was acquired on July 6, 2007 through a Merger (as defined and discussed in greater detail in Note 2 below) accounted for as a reverse acquisition. Although the Company continued as the same legal entity after the Merger, the accompanying condensed consolidated financial statements are presented for the "Predecessor" and "Successor" relating to the periods preceding and succeeding the Merger, respectively. As a result of the Company applying purchase accounting and a new basis of accounting beginning on July 7, 2007, the financial reporting periods presented are as follows:

- The 2007 39-week period presented includes the Predecessor period of the Company from February 3, 2007 to July 6, 2007 and a Successor period, reflecting the merger of the Company and Buck Acquisition Corp. ("Buck"), from July 7, 2007 to November 2, 2007.
- The results of operations of Buck for the period from March 6, 2007 to July 6, 2007 (prior to the Merger on July 6, 2007) are also included in the condensed consolidated financial statements for the periods described above, where applicable, as a result of certain derivative financial instruments entered into by Buck prior to the Merger as further described in Note 4. Buck had no assets, liabilities, or operations prior to the merger other than the derivatives.
- The 2006 periods presented reflect the Predecessor. The consolidated financial statements for the Predecessor periods have been prepared using the historical basis of accounting for the Company. As a result of purchase accounting, the condensed consolidated financial statements subsequent to the Merger are not comparable to such financial statements prior to the Merger date.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Therefore, such financial statements do not include all of the disclosures normally required by GAAP or those normally made in the Company's annual financial statements. For more information, refer to the Predecessor's annual audited financial statements contained in the Annual Report on Form 10-K for the year ended February 2, 2007. 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, other than the effects of the Merger, are of a normal recurring nature) necessary for a fair presentation of the consolidated financial position as of November 2, 2007 and results of operations for the accounting periods presented for the Predecessor, Successor and Buck as described above, have been made.

Ongoing estimates of inventory shrinkage and initial markups and markdowns are included in the interim cost of goods sold calculation. Because the Company's business is moderately seasonal, the results for interim periods are not necessarily indicative of the results to be expected for the entire year.

The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Ultimate outcomes could materially differ from those estimates.

Certain financial statement amounts relating to prior periods have been reclassified to conform to the current period presentation, including the separate disclosure of noncash share-based compensation on the condensed consolidated statement of cash flows.

As discussed in Note 8, effective February 3, 2007 the Company changed its accounting for income taxes in connection with the adoption of Financial Accounting Standards Board ("FASB")

In December 2007, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 141(R), "Business Combinations." The new standard establishes the requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest (formerly minority interest) in an acquired; provides updated requirements for recognition and measurement of goodwill acquired in a business combination or a gain from a bargain purchase, and provides updated disclosure requirement to enable users of financial statements to evaluate the nature and financial effects of the business combination. This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early adoption is not allowed. No determination has yet been made regarding the potential impact of this Statement on the Company's financial statements.

In September 2006, the FASB issued SFAS 157, "Fair Value Measurements." SFAS 157 provides guidance for using fair value to measure assets and liabilities. The standard also requires expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. The standard applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value in any new circumstances for financial assets and liabilities. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. For non-financial assets and liabilities, the effective date has been delayed to fiscal years beginning after November 15, 2008. The Company currently plans to adopt SFAS 157 during its 2008 and 2009 fiscal years as appropriate. No determination has yet been made regarding the potential impact of this standard on the Company's financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115" (SFAS 159). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. It provides entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company currently plans to adopt SFAS 159 during its 2008 fiscal year. No determination has yet been made regarding the potential impact of this standard on the Company's financial statements.

2. Merger

On March 11, 2007, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Buck Holdings L.P., a Delaware limited partnership ("Parent"), and Buck, a Tennessee corporation and wholly owned subsidiary of Parent. Parent is and Buck was (prior to the Merger) controlled by investment funds affiliated with Kohlberg Kravis Roberts & Co., L.P. ("KKR"). On July 6, 2007, the transaction was consummated through a merger (the "Merger") of Buck with and into the Company, with the Company surviving the Merger as a subsidiary of Parent. The Company's results of operations subsequent to July 6, 2007 include the effects of the Merger.

The aggregate purchase price was approximately \$7.1 billion, including direct costs of the Merger, and was funded primarily through debt financings as described more fully below in Note 3 and cash equity contributions from KKR, GS Capital Partners VI Fund, L.P. and affiliated funds (affiliates of Goldman, Sachs & Co.), Citi Private Equity, Wellington Management Company, LLP, CPP Investment Board (USRE II) Inc., and other equity co-investors (collectively, the "Investors") of approximately \$2.8 billion (553.4 million shares of new common stock, \$0.50 par value per share, valued at \$5.00 per share). In addition to the cash contributions by the Investors, in connection with the Merger, certain of the Company's management shareholders invested, and were issued new shares, in the Company. Such shares represented less than 1% of the outstanding shares. Pursuant to the terms of the Merger Agreement, the former holders of the Company's common stock, par value \$0.50 per share, received \$22.00 per share, or approximately \$6.9 billion, and all such shares were acquired as a result of the Merger. As of November 2, 2007, there were approximately 554.6 million shares of Company common stock outstanding, a portion of which is redeemable as further discussed below in Note 6.

As discussed in Note 1, the Merger was accounted for as a reverse acquisition in accordance with the purchase accounting provisions of SFAS 141, "Business Combinations." Because of this accounting treatment, the assets and liabilities of the Company have properly been accounted for at their estimated fair values as of the date of the Merger. The aggregate purchase price has been allocated to the tangible and intangible assets acquired and liabilities assumed, based upon a preliminary assessment of their relative fair values as of the date of the Merger. The preliminary allocation of the purchase price is subject to the finalization of certain fair values including certain assets being evaluated through appraisals, the final allocation of financing and other costs associated with the Merger, and other items.

The preliminary allocation of the purchase price is as follows (in thousands):

Cash and cash equivalents	\$ 349,615
Short-term investments	30,906
Merchandise inventories	1,378,220
Income taxes receivable	34,714
Deferred income taxes	55,358
Prepaid expenses and other current assets	63,204
Net property and equipment	1,269,120
Goodwill	4,364,841
Intangible assets	1,397,538
Other assets, net	66,537
Current portion of long-term obligations	(7,088)
Accounts payable	(585,518)
Accrued expenses and other	(306,140)
Income taxes payable	(84)
Long-term obligations	(267,927)
Deferred income taxes	(531,875)
Other liabilities	(215,951)
	<hr/>
Total purchase price assigned	\$ 7,095,470
	<hr/>

The preliminary allocation of the purchase price in connection with the Merger resulted in approximately \$4.4 billion of goodwill, none of which is expected to be deductible for tax purposes. The goodwill balance at November 2, 2007 increased by \$41.2 million over the balance at August 3, 2007,

representing the ongoing refinement of the purchase price allocation related to the Merger. The preliminary allocation of the purchase price also resulted in approximately \$1.4 billion of other intangible assets, as follows (in thousands):

As of November 2, 2007				
Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net	
Leasehold interests	2 to 17.5 years	\$ 186,038	\$ 13,545	\$ 172,493
Internally developed software	3 years	12,300	1,367	10,933
		198,338	14,912	183,426
Tradenames and trademarks	Indefinite	1,199,200	—	1,199,200
		\$ 1,397,538	\$ 14,912	\$ 1,382,626

The Company recorded amortization expense related to amortizable intangible assets for the year-to-date Successor period ended November 2, 2007 of \$14.9 million. Amortizable intangible assets will be amortized over a weighted average period of 5.4 years.

For intangible assets subject to amortization, the estimated aggregate amortization expense for each of the five succeeding fiscal years is as follows: 2008—\$44.7 million, 2009—\$41.3 million, 2010—\$27.4 million, 2011—\$21.0 million, 2012—\$17.1 million.

Fees and expenses related to the Merger totaled \$102.6 million, principally consisting of investment banking fees, legal fees and stock compensation (\$39.4 million as further discussed in Note 6), and are reflected in the 2007 results of operations. Capitalized debt issuance costs related to financing the Merger totaled \$86.8 million and are reflected in other long-term assets in the condensed consolidated balance sheet. The amounts recorded in the condensed consolidated financial statements represent management's current estimates based on preliminary information as to the amounts and allocation of such expenses.

The following represents the unaudited pro forma results of our consolidated operations as if the Merger had occurred on February 4, 2006, after giving effect to certain adjustments, including the depreciation and amortization of the assets acquired based on their estimated fair values and changes in interest expense resulting from changes in consolidated debt (in thousands):

	39-Week Period Ended	
	November 2, 2007	November 3, 2006
Revenue	\$ 6,935,673	\$ 6,615,836
Net loss	\$ (113,327)	\$ (130,390)

The pro forma information does not purport to be indicative of what our results of operations would have been if the acquisition had in fact occurred at the beginning of the periods presented, and is not intended to be a projection of our future results of operations.

Subsequent to the announcement of the Company entering into the Merger Agreement with Buck, the Company and its directors, along with other parties, were named in seven putative class actions filed in Tennessee state courts alleging claims for breach of fiduciary duty arising out of the proposed Merger, all as described more fully under "Legal Proceedings" in Note 7 below.

3. Current and long-term obligations

Current and long-term obligations consist of the following (in thousands):

	Successor	Predecessor
	November 2, 2007	February 2, 2007
Senior secured term-loan facility	\$ 2,300,000	\$ —
Senior secured asset-based revolving credit facility	302,000	—
10 ⁵ /8% Senior Notes due July 15, 2015, net of discount of \$22,555	1,152,445	—
11 ⁷ /8/12 ⁵ /8% Senior Subordinated Notes due July 15, 2017	725,000	—
8 ⁵ /8% Notes due June 15, 2010, net of discount of \$— and \$146, respectively	1,822	199,832
Financing and capital lease obligations	14,049	55,711
Tax increment financing due February 1, 2035	14,495	14,495
	<u>4,509,811</u>	<u>270,038</u>
Less: current portion	(7,023)	(8,080)
	<u>\$ 4,502,788</u>	<u>\$ 261,958</u>

On July 6, 2007, the Company entered into two senior secured credit agreements (the "New Credit Facilities"). The New Credit Facilities provide financing of \$3,425.0 million, consisting of \$2,300.0 million in a senior secured term loan facility which matures on July 6, 2014, and a senior secured asset-based revolving credit facility of up to \$1,125.0 million (of which \$302.0 million is outstanding at November 2, 2007) subject to borrowing base availability, which matures on July 6, 2013.

Under the New Credit Facilities, the Company has the right at any time to request up to \$325.0 million of incremental commitments under one or more incremental term loan facilities and/or asset-based revolving credit facilities, subject to certain conditions and subject to the lender's desire to extend the incremental facilities.

The amount from time to time available under the senior secured asset-based revolving credit facility (including in respect of letters of credit) may not exceed the borrowing base (consisting of specified percentages of eligible inventory and credit card receivables less any applicable availability reserves). The senior secured asset-based revolving credit facility includes a \$1.0 billion tranche and a \$125.0 million ("last out") tranche. Repayments of the senior secured asset-based revolving credit facility will be applied to the \$125.0 million tranche only after all other tranches have been fully paid down. As of November 2, 2007, the Company had borrowed \$125.0 million under this tranche.

Borrowings under the New Credit Facilities bear interest at a rate equal to an applicable margin plus, at the Company's option, either (a) LIBOR or (b) a base rate (which is usually equal to the prime rate). The initial applicable margin for borrowings is (i) under the term loan facility, 2.75% with respect to LIBOR borrowings and 1.75% with respect to base-rate borrowings and (ii) under the asset-based revolving credit facility (except in the last out tranche described above), 1.50% with respect to LIBOR borrowings and 0.50% with respect to base-rate borrowings and for any last out borrowings, 2.25% with respect to LIBOR borrowings and 1.25% with respect to base-rate borrowings. The applicable margins for borrowings under the asset-based revolving credit facility (except in the case of last out borrowings) are subject to adjustment each quarter based on average daily excess availability under the asset-based revolving credit facility. As of November 2, 2007, the average interest rates for borrowings under the revolving credit facility were 6.5% and 7.4% for the \$1.0 billion tranche and the last out tranche, respectively. The interest rate for borrowings under the term loan facility was 7.8% (without giving effect to the interest rate swap discussed in Note 4) as of November 2, 2007.

In addition to paying interest on outstanding principal under the New Credit Facilities, the Company is required to pay a commitment fee to the lenders under the asset-based revolving credit facility in respect of the unutilized commitments thereunder. The initial commitment fee rate is 0.375% per annum. The commitment fee rate will be reduced (except with regard to the last out tranche) to 0.25% per annum at any time that excess availability under the asset-based credit facility is equal to or less than 50% of the aggregate commitments under the asset-based revolving credit facility. The Company also must pay customary letter of credit fees.

The senior secured credit agreement for the term loan facility requires the Company to prepay outstanding term loans, subject to certain exceptions, with percentages of excess cash flow, proceeds of non-ordinary course asset sales or dispositions of property, and proceeds of incurrences of certain debt. In addition, the senior secured credit agreement for the asset-based revolving credit facility requires the Company to prepay the asset-based revolving credit facility, subject to certain exceptions, with proceeds of non-ordinary course asset sales or dispositions of property and any borrowings in excess of the then current borrowing base. Beginning September 30, 2009, the Company is required to repay installments on the loans under the term loan credit facility in equal quarterly principal amounts in an aggregate amount per annum equal to 1% of the total funded principal amount at July 6, 2007, with the balance payable on July 6, 2014.

All obligations under the New Credit Facilities are unconditionally guaranteed by substantially all of the Company's existing and future domestic subsidiaries (excluding certain immaterial subsidiaries and certain subsidiaries designated by the Company under the New Credit Facilities as "unrestricted subsidiaries").

All obligations and guarantees of those obligations under the term loan credit facility are secured by, subject to certain exceptions, a second-priority security interest in all existing and after-acquired inventory and accounts receivable; a first priority security interest in substantially all of the Company's and the guarantors' tangible and intangible assets (other than the inventory and accounts receivable collateral just described); and a first-priority pledge of the capital stock held by the Company. All obligations under the asset-based revolving credit facility are secured by all existing and after-acquired inventory and accounts receivable, subject to certain exceptions.

The New Credit Facilities contain certain covenants, including, among other things, covenants that limit the Company's ability to incur additional indebtedness, sell assets, incur additional liens, pay dividends, make investments or acquisitions, or repay certain indebtedness.

As of November 2, 2007, the Company had \$302.0 million of borrowings, \$43.7 million of commercial letters of credit, and \$68.8 million of standby letters of credit outstanding under the asset-based revolving credit facility, with excess availability under that facility of \$710.5 million. As of November 2, 2007, the Company had \$2,300.0 million outstanding under the term loan facility.

In addition, on July 6, 2007, in conjunction with the Merger, the Company issued \$1,175.0 million aggregate principal amount of 10.625% senior notes due 2015 (the "senior notes") which were issued net of a discount of \$23.2 million and which mature on July 15, 2015 pursuant to an indenture, dated as of July 6, 2007 (the "senior indenture"), and \$725 million aggregate principal amount of 11.875% / 12.625% senior subordinated toggle notes due 2017 (the "senior subordinated notes"), which mature on July 15, 2017, pursuant to an indenture, dated as of July 6, 2007 (the "senior subordinated indenture"). The senior notes and the senior subordinated notes are collectively referred to herein as the "notes." The senior indenture and the senior subordinated indenture are collectively referred to herein as the "indentures."

Interest on the notes is payable on January 15 and July 15 of each year, commencing on January 15, 2008. Interest on the senior notes will be payable in cash. Cash interest on the senior subordinated notes will accrue at a rate of 11.875% per annum, and PIK interest (as that term is defined below) will accrue at a rate of 12.625% per annum. The initial interest payment on the senior subordinated notes will be payable in cash. For certain subsequent interest periods, the Company may elect to pay interest on the senior subordinated notes by increasing the principal amount of the senior subordinated notes or issuing new senior subordinated notes ("PIK interest").

The notes are fully and unconditionally guaranteed by each of the existing and future direct or indirect wholly owned domestic subsidiaries that guarantee the obligations under the Company's New Credit Facilities.

The Company may redeem some or all of the notes at any time at redemption prices described or set forth in the indentures.

The indentures contain certain covenants, including, among other things, covenants that limit the Company's ability to incur additional indebtedness, create liens, sell assets, enter into transactions with affiliates, or consolidate or dispose of all of its assets.

Scheduled debt maturities on a rolling 52- or 53-week period, as applicable, over the next five years for the periods ending on or around July 31 of the following years are as follows (in thousands): 2008—\$7,201; 2009—\$5,023; 2010—\$26,611; 2011—\$24,361; 2012—\$24,474.

On July 6, 2007, immediately after the completion of the Merger, the Company completed a cash tender offer to purchase any and all of its \$200 million principal amount of the 2010 Notes. Approximately 99% of the 2010 Notes were validly tendered and accepted for payment. The tender offer included a consent payment equal to 3% of the par value of the 2010 Notes, and such payments along with associated settlement costs totaling \$6.2 million were paid and reflected as a loss on debt retirement in the 2007 year-to-date Successor period presented. Additionally, because the Company received the requisite consents to the proposed amendments to the indenture pursuant to which the 2010 Notes were issued, a supplemental indenture to effect such amendments was executed and delivered. The amendments, which eliminated substantially all of the restrictive covenants contained in the indenture, became operative upon the purchase of the tendered 2010 Notes.

4. Derivative financial instruments

The Company accounts for derivative financial instruments in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), as amended, which requires the fair value of such instruments to be reflected in the condensed consolidated balance sheets. The Company generally does not enter into derivative financial instruments other than for hedging purposes.

The Company's derivative financial instruments, in the form of interest rate swaps, are related to variable interest rate risk exposures associated with the Company's long-term debt and were entered into in an attempt to manage that risk. The counterparties to the Company's derivative agreements are all major international financial institutions. The Company continually monitors its position and the credit ratings of its counterparties and does not anticipate nonperformance by the counterparties.

In April 2007, Buck entered into interest rate swaps, contingent upon the completion of the Merger, on a portion of the loans anticipated to result from the Merger. The interest rate swaps result in the Company receiving a fixed rate of 7.683% on a notional amount of \$2.0 billion as of July 31, 2007, with the notional amount of these swaps amortizing on a quarterly basis through July 31, 2012. The swaps were designated as cash flow hedges on October 12, 2007. For the period prior to hedge designation, unrealized losses of \$3.7 million for the year-to-date Successor period ended November 2, 2007 have been recognized in Loss on interest rate swaps in the condensed consolidated statements of operations, reflecting the changes in fair value of the swaps prior to their designation as qualifying cash flow hedging relationships, which were offset by earnings under the contractual provisions of the swaps of \$1.7 million during the same time period.

As of November 2, 2007, the fair value of the interest rate swaps of (\$22.1) million was recorded in non-current Other liabilities on the consolidated balance sheet. From the date the swaps were designated as hedges, the effective portion of the change in fair value of the swaps of (\$18.4) million was recorded in Other comprehensive income, a separate component of equity, offset by related income taxes of \$7.0 million. The Company also recorded hedge ineffectiveness of (\$0.1) million in earnings during the year-to-date Successor period ended November 2, 2007.

5. Strategic initiatives

During 2006, the Company began implementing certain strategic initiatives related to its historical inventory management and real estate strategies, as more fully described below.

Inventory management

In November 2006, the Company's Board of Directors approved management's recommendation to discontinue the Company's historical inventory packaway model by the end of fiscal 2007. With few exceptions, the Company is in the process of eliminating, through end-of-season and other markdowns, existing seasonal, home products and basic clothing packaway merchandise by the close of fiscal 2007 to allow for increased levels of newer, current-season merchandise. In connection with this strategic change, the Company incurred higher markdowns and writedowns on inventory in the second half of 2006 and the first half of 2007 prior to the Merger than in the comparable prior-year periods. As a result, the Company recorded a reserve for lower of cost or market inventory impairment estimates in the 13-week period ended November 3, 2006. As a result of the Merger and in accordance with SFAS 141, the Company's inventory balances, including the inventory associated with this strategic change, were adjusted to fair value and the related reserve was eliminated.

Exit and disposal activities

In November 2006, the Company's Board of Directors approved management's recommendation to close, in addition to those stores that might be closed in the ordinary course of business, approximately

400 stores by the end of fiscal 2007, all of which have been closed as of November 2, 2007. Additionally, in connection with the Merger, management has approved a plan to close an additional 60 stores prior to February 1, 2008. The Company has recorded or expects to record the following pre-tax costs associated with the closing of these approximately 460 stores (in millions).

	Estimated Total(a)	Incurred in 2006	Incurred in 2007	Merger Additions(b)	Remaining
Lease contract termination costs(c)	\$ 34.9	\$ 5.7	\$ 16.9	\$ 12.3	\$ —
One-time employee termination benefits	1.0	0.3	0.5	0.2	—
Other associated store closing costs	9.3	0.2	6.6	1.2	1.3
Inventory liquidation fees	4.4	1.6	2.8	—	—
Asset impairment & accelerated depreciation	13.0	8.3	3.8	0.9	—
Inventory markdowns below cost	8.3	6.7	0.9	0.7	—
Total	\$ 70.9	\$ 22.8	\$ 31.5	\$ 15.3	\$ 1.3

- (a) Reflects estimates as of November 2, 2007, which, in total, are \$0.9 million less than estimates as of August 3, 2007.
- (b) These amounts were recorded as assumed liabilities in connection with the Merger.
- (c) Including reversals of deferred rent accruals totaling \$0.5 million, of which \$0.1 million is reflected in 2006, and \$0.4 million is reflected in 2007. Excludes accretion expense to be incurred in future periods.

Other associated store closing costs as listed in the table above primarily include the removal of any usable assets as well as real estate consulting and other services.

Liability balances related to exit activities discussed above are as follows (in millions):

	Balance, February 2, 2007	2007 Expenses(a)	2007 Payments and Other	Merger Additions(b)	Balance, November 2, 2007
Lease contract termination costs	\$ 5.0	\$ 17.5	\$ 10.6	\$ 12.3	\$ 24.2
One-time employee termination benefits	0.3	0.5	0.8	0.2	0.2
Other associated store closing costs	0.2	6.6	6.4	1.2	1.6
Inventory liquidation fees	0.3	2.8	3.1	—	—
Total	\$ 5.8	\$ 27.4	\$ 20.9	\$ 13.7	\$ 26.0

- (a) 2007 expenses associated with exit and disposal activities are included in selling, general and administrative ("SG&A") expenses in the condensed consolidated statement of operations for the first half of 2007.
- (b) These amounts were recorded as assumed liabilities in connection with the Merger.

6. Share-based payments

Pre-Merger equity plans

Prior to the Merger, the Company maintained various share-based compensation programs which included options, restricted stock and restricted stock units. In connection with the Merger, the Company's outstanding stock options, restricted stock and restricted stock units became fully vested immediately prior to the closing of the Merger and were settled in cash, canceled or, in limited circumstances, exchanged for new options of the Company, as described below. Unless exchanged for new options, each option holder received an amount in cash, without interest and less applicable withholding taxes, equal to \$22.00 less the exercise price of each option. Additionally, each restricted stock and restricted stock unit holder received \$22.00 in cash, without interest and less applicable withholding taxes. Certain stock options held by management of the Company were exchanged for new options to purchase common stock in the Company (the "Rollover Options"). The exercise price of the Rollover Options and the number of shares of common stock of the Company underlying the Rollover Options were adjusted as a result of the Merger. The Rollover Options otherwise continue under the terms of the equity plans under which they were issued.

The Company accounts for share-based payments in accordance with Statement of Financial Accounting Standards 123 (Revised 2004) "Share-Based Payment," ("SFAS 123(R)"). Under SFAS 123(R), the fair value of each option grant is separately estimated. The fair value of each option is amortized into compensation expense over the service period.

The Company recognized \$45.4 million of share-based compensation expense in the Predecessor statements of operations in 2007 through the date of the Merger, including \$39.4 million of such expense directly related to the Merger, consisting of \$18.7 million and \$20.7 million, respectively, for the accelerated vesting of stock options and restricted stock and restricted stock units. This cost is reflected in Transaction and related costs in the condensed consolidated statements of operations for the periods ended July 6, 2007.

The Company's Predecessor statements of operations for the year-to-date period ended July 6, 2007 resulted in share-based compensation expense under the fair value method of SFAS 123(R) for outstanding stock options and a corresponding reduction of pre-tax income in the amount of \$2.3 million, excluding amounts directly related to the Merger as noted above. The condensed consolidated results of operations for the 39-week period ended November 3, 2006 reflect such expense of \$2.8 million.

The Company's Predecessor statements of operations for the year-to-date period ended July 6, 2007 reflect compensation expense relating to its restricted stock and restricted stock unit awards in the amount of \$3.7 million, excluding amounts directly related to the Merger as noted above. The condensed consolidated results of operations for the 39-week period ended November 3, 2006 reflect such expense of \$2.7 million.

2007 Stock Incentive Plan for Key Employees

On July 6, 2007, the Company's Board of Directors adopted the 2007 Stock Incentive Plan for Key Employees (the "Plan"). The Plan provides for the granting of stock options, stock appreciation rights, and other stock-based awards or dividend equivalent rights to key employees, directors, consultants or other persons having a service relationship with the Company, its subsidiaries and certain of its

affiliates. The number of shares of Company common stock authorized for grant under the Plan is 24,000,000. From July 6, 2007 to November 2, 2007, the Company granted to certain members of management and other employees non-qualified stock options to purchase 17,390,000 shares of Company common stock pursuant to the terms of the Plan, while 150,000 of such grants have been canceled, resulting in 17,240,000 options outstanding under the plan as of November 2, 2007. Half of these options will vest ratably over a five-year period solely based upon continued employment over that time period, while the other half of these options will vest based both upon continued employment and upon the achievement of predetermined annual or cumulative financial-based targets over time which coincide with the Company's fiscal year. The options also have certain accelerated vesting provisions upon a change in control or initial public offering, as defined in the Plan. The options have a 10-year maximum expiration date and have an exercise price of \$5.00 per share, which represented the fair market value of one share of Company common stock on the grant dates. The Company believes that the Plan has been designed to effectively align the interests of its employees and shareholders.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes-Merton valuation model. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense. Primarily because of the Merger discussed in Note 2, the expected volatilities have been based upon the historical volatilities of a peer group of four companies. The risk-free rate for periods within the contractual life of the option was based on the U.S. Treasury yield curve in effect at the time of grant. The Company currently believes that the performance targets will be achieved. If such goals are not met, and there is no change in control, no compensation cost is recognized and any compensation cost recognized to date will be reversed.

The Successor statements of operations for the period from July 7, 2007 to November 2, 2007 reflect share-based compensation expense under the fair value method of SFAS 123(R) for outstanding stock options and a corresponding reduction of pre-tax income in the amount of \$3.2 million. As of November 2, 2007, total unrecognized compensation cost related to nonvested share-based compensation arrangements, was equal to \$38.1 million.

Certain employees of the Company have the right to require the Company to repurchase the shares that the employee may acquire through the exercise of certain options or otherwise, as well as any Rollover Options and vested new options, in each case at the time the employee's employment with the Company is terminated. These put rights would be triggered by the employee's death or disability at any time prior to the fifth anniversary of the closing date of the Merger. Certain officers also have "additional put rights" which would require the Company to purchase such officers' common stock and rollover options if such officer's employment terminates for any reason on or before the later of (x) the first anniversary of the closing date of the Merger and (y) six months following the employment start date of a permanent CEO. This purchase can be required for 365 days following such termination. The purchase price for shares subject to these put rights in the event the officer's employment terminates (x) due to death or disability, is the fair market value of the shares as of the date such officer's employment terminated and (y) due to other reasons, is \$5.00 per share. The purchase price for any new option or Rollover Option is equal to the excess, if any, of the fair market value over the option exercise price multiplied by the number of shares subject to the option. The purchase price for

Rollover Options for officers with those additional put rights is equal to the excess, if any, of \$5 over \$1.25 (the option exercise price) multiplied by the number of shares subject to the option. The liability related to the Rollover Options for officers with these additional put rights is approximately \$3.6 million and has been classified as other non-current liabilities in the Company's condensed consolidated balance sheet as of November 2, 2007. The value of shares subject to the put rights in the event of death or disability of \$9.5 million has been classified as temporary equity and reflected in the condensed consolidated balance sheet as Redeemable common stock as of November 2, 2007.

7. Commitments and contingencies

Lease issues

The Merger and certain of the related financing transactions may be interpreted as giving rise to certain trigger events (which may include events of default) under the Company's three DC leases. In such event, the Company's cost of acquiring the underlying assets could approximate \$112 million. At this time, the Company does not believe the resolution of such issues would result in the purchase of these DCs; however, the payments associated with such an outcome would have a negative impact on the Company's liquidity. To minimize the uncertainty associated with such possible interpretations, the Company is negotiating the restructuring of these leases and the related underlying debt. The Company has concluded that a probable loss exists in connection with the restructurings and has recorded expenses totaling \$12.0 million in SG&A expenses in the Successor financial statements for the year-to-date period ended November 2, 2007. The ultimate resolution of these negotiations may result in changes in the amounts of such losses, which change may be material.

Legal proceedings

On August 7, 2006, a lawsuit entitled *Cynthia Richter, et al. v. Dolgencorp, Inc., et al.* was filed in the United States District Court for the Northern District of Alabama (Case No. 7:06-cv-01537-LSC) ("*Richter*") in which the plaintiff alleges that she and other current and former Dollar General store managers were improperly classified as exempt executive employees under the FLSA and seeks to recover overtime pay, liquidated damages, and attorneys' fees and costs. On August 15, 2006, the *Richter* plaintiff filed a motion in which she asked the Court to certify a nationwide class of current and former store managers. The Company opposed the plaintiff's motion. On March 23, 2007, the Court conditionally certified a nationwide class of individuals who worked for Dollar General as store managers since August 7, 2003. The number of persons who will be included in the class has not been determined, and the Court has not approved, the Notice that will be sent to the class.

On May 30, 2007, the Court stayed all proceedings in the case, including the sending of the Notice, to evaluate, among other things, an appeal in the Eleventh Circuit involving claims similar to those raised in this action. That stay has been extended through March 31, 2008. During the stay, the statute of limitations will be tolled for potential class members. At its conclusion, the Court will determine whether to extend the stay or to permit this action to proceed. If the Court ultimately permits Notice to issue, the Company will have an opportunity at the close of the discovery period to seek decertification of the class, and the Company expects to file such a motion.

The Company believes that its store managers are and have been properly classified as exempt employees under the FLSA and that this action is not appropriate for collective action treatment. The Company intends to vigorously defend this action. However, at this time, it is not possible to predict whether the Court will permit this action to proceed collectively, and no assurances can be given that the Company will be successful in its defense on the merits or otherwise. If the Company is not successful in its efforts to defend this action, the resolution could have a material adverse effect on the Company's financial statements as a whole.

On May 18, 2006, the Company was served with a lawsuit entitled *Tammy Brickey, Becky Norman, Rose Rochow, Sandra Cogswell and Melinda Sappington v. Dolgencorp, Inc. and Dollar General Corporation* (Western District of New York, Case No. 6:06-cv-06084-DGL, originally filed on February 9, 2006 and amended on May 12, 2006 ("Brickey")). The Brickey plaintiffs seek to proceed collectively under the FLSA and as a class under New York, Ohio, Maryland and North Carolina wage and hour statutes on behalf of, among others, individuals the Company employed as assistant store managers who claim to be owed wages (including overtime wages) under those statutes. At this time, it is not possible to predict whether the Court will permit this action to proceed collectively or as a class. However, the Company believes that this action is not appropriate for either collective or class treatment and that its wage and hour policies and practices comply with both federal and state law. The Company plans to vigorously defend this action; however, no assurances can be given that the Company will be successful in its defense on the merits or otherwise, and, if it is not, the resolution of this action could have a material adverse effect on the Company's financial statements as a whole.

On March 7, 2006, a complaint was filed in the United States District Court for the Northern District of Alabama (*Janet Calvert v. Dolgencorp, Inc.*, Case No. 2:06-cv-00465-VEH ("*Calvert*")), in which the plaintiff, a former store manager, alleged that she was paid less than male store managers because of her sex, in violation of the Equal Pay Act and Title VII of the Civil Rights Act of 1964, as amended ("Title VII"). On March 9, 2006, the Calvert complaint was amended to include seven additional plaintiffs, who also allege to have been paid less than males because of their sex, and to add allegations of sex discrimination in promotional opportunities and undefined terms and conditions of employment. In addition to allegations of intentional sex discrimination, the amended Calvert complaint also alleges that the Company's employment policies and practices have a disparate impact on females. The amended Calvert complaint seeks to proceed collectively under the Equal Pay Act and as a class under Title VII, and requests back wages, injunctive and declaratory relief, liquidated damages, punitive damages, and attorney's fees and costs.

On July 9, 2007, the plaintiffs filed a motion in which they asked the Court to approve the issuance of Notice to a class of current and former female store managers under the Equal Pay Act. The Company opposed plaintiffs' motion. On November 30, 2007, the Court conditionally certified a nationwide class of females under the Equal Pay Act who worked for Dollar General as store managers between November 30, 2004 and November 30, 2007. Notice is expected to issue on or before January 11, 2008, and persons to whom the Notice is sent will be required to opt into the suit on or before March 11, 2008. The Company will have an opportunity at the close of the discovery period to seek decertification of the Equal Pay Act class, and the Company expects to file such a motion.

At this time, it is not possible to predict whether the Court ultimately will permit Calvert to proceed collectively under the Equal Pay Act or as a class under Title VII. However, the Company

believes that the case is not appropriate for class or collective treatment and believes that its policies and practices comply with the Equal Pay Act and Title VII. The Company intends to vigorously defend the action; however, no assurances can be given that the Company will be successful in its defense on the merits or otherwise. If the Company is not successful in defending the *Calvert* action, its resolution could have a material adverse effect on the Company's financial statements as a whole.

On November 9, 2007, the Company was served with an action entitled *Sheneica Nunn, et al. v. Dollar General Corporation, et al.* (Circuit Court for Dane County, Wisconsin, Case No. 07CV4178) in which the plaintiff, on behalf of herself and a putative class of African-American applicants, alleges that the Company's criminal background check process disparately impacts African-Americans in violation of Title VII of the Civil Rights Act of 1964, as amended, and the Wisconsin Fair Employment Act. The Company has removed the case to Federal Court, and it currently is pending in the United States District Court for the Western District of Wisconsin. At this time, it is not possible to predict whether the Court will permit this action to proceed as a class under either Title VII or the Wisconsin statute. However, the Company believes that this action is not appropriate for class treatment, and believes that its background check policies and practices comply with both federal and state law. The Company plans to vigorously defend this action; however, no assurances can be given that the Company will be successful in its defense on the merits or otherwise, and, if it is not, the resolution of this action could have a material adverse effect on the Company's financial statements as a whole.

On September 8, 2005, the Company received a request for information from the Environmental Protection Agency (EPA) with respect to Krazy String, a product that was offered for sale in the Company's stores. The EPA asserted that Krazy String contained an aerosol that included an ozone depleting substance in violation of the Clean Air Act. On July 12, 2006, the Company agreed to an Administrative Compliance Order requiring the destruction of the Krazy String remaining in inventory. After advising the Company that it was considering imposing a penalty in connection with Krazy String, on February 5, 2007, the EPA proposed a penalty of approximately \$800,000. The Company believed that amount to be excessive under applicable EPA policies. After additional discussions with the EPA on May 7, 2007, the Company and the EPA agreed in principle on May 31, 2007 to resolve this matter through the Company's payment of a \$155,826 penalty. The Company expects to finalize this settlement within the next 90 days.

Subsequent to the announcement of the Merger Agreement, the Company and its directors were named in seven putative class actions alleging claims for breach of fiduciary duty arising out of the Company's proposed sale to KKR. Each of the complaints alleged, among other things, that the Company's directors engaged in "self-dealing" by agreeing to recommend the transaction to the Company's shareholders and that the consideration available to the Company's shareholders in the transaction is unfairly low. On motion of the plaintiffs, each of these cases was transferred to the Sixth Circuit Court for Davidson County, Twentieth Judicial District, at Nashville. By order dated April 26, 2007, the seven lawsuits were consolidated in the Court under the caption, "In re: Dollar General," Case No. 07MD-1. On June 13, 2007, the Court denied the Plaintiffs' motion for a temporary injunction to block the shareholder vote that was then held on June 21, 2007. On June 22, 2007, the Plaintiffs filed their amended complaint making claims substantially similar to those outlined above. The Company believes that the foregoing lawsuit is without merit and intends to defend the action

vigorously; however, if the Company is not successful in defending such matter, its resolution could have a material adverse effect on the Company's financial statements as a whole.

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

8. Income taxes

The Predecessor adopted the provisions of FIN 48 effective February 3, 2007. The adoption resulted in an \$8.9 million decrease in retained earnings and a reclassification of certain amounts between deferred income taxes and other noncurrent liabilities to conform to the balance sheet presentation requirements of FIN 48. As of the date of adoption, the total reserve for uncertain tax benefits was \$77.9 million. This reserve excludes the federal income tax benefit for the uncertain tax positions related to state income taxes, which is now included in deferred tax assets. As a result of the adoption of FIN 48, the reserve for interest expense related to income taxes was increased to \$15.3 million and a reserve for potential penalties of \$1.9 million related to uncertain income tax positions was recorded. As of the date of adoption, approximately \$27.1 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.

Subsequent to the adoption of FIN 48, the Company has elected to record income tax related interest and penalties as a component of the provision for income tax expense.

In the quarter ended May 4, 2007, the Internal Revenue Service completed an examination of the Company's federal income tax returns through fiscal year 2003 resulting in a net income tax refund. There are no unresolved issues related to this examination. In connection with this examination, the Company and the Internal Revenue Service agreed to extend the statute of limitations related to the 2002 and 2003 fiscal years through December 2007. Accordingly, the 2002 and 2003 fiscal years could be subject to further examination by the Internal Revenue Service until that date; however, the Company believes that such further examination is unlikely. Also remaining open for examination are the Company's 2004 and later fiscal years. None of the Company's federal income tax returns are currently under examination by the Internal Revenue Service. The Company has various state income tax examinations that are currently in progress. The estimated liability related to these state income tax examinations is included in the Company's reserve for uncertain tax positions. Generally, the Company's tax years ended in 2004 and forward remain open for examination by the various state taxing authorities.

As of November 2, 2007, the total reserves for uncertain tax benefits, interest expense related to income taxes and potential income tax penalties were \$90.0 million, \$17.8 million and \$1.5 million, respectively, including a total of \$27.7 million and \$81.6 million of such amounts which are reflected in current liabilities as accrued expenses and other and in other noncurrent liabilities, respectively, in the condensed consolidated balance sheet. The change, from the date of adoption, in the reserves for uncertain tax benefits, interest expense related to income taxes and potential income tax penalties was \$12.1 million, \$2.5 million and (\$0.4) million, respectively. The Company believes that it is reasonably possible that the reserve for uncertain tax positions may be reduced by approximately \$62.3 million in the coming twelve months as a result of the settlement of currently ongoing state income tax examinations and the anticipated filing of an income tax accounting method change request that is expected to resolve certain uncertainties related to accounting methods employed by the Company. The reasonably possible change of \$62.3 million is included in both current liabilities (\$24.2 million) and other noncurrent liabilities (\$38.1 million) in the condensed consolidated balance sheet. As of November 2, 2007 (after the merger and the related application of purchase accounting), approximately \$0.1 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.

For the 39-week periods presented, the effective income tax rates for the Successor period ended November 2, 2007 and the Predecessor periods ended July 6, 2007 and November 3, 2006 were 36.4%, 300.2% and 38.6%, respectively. The tax rate for the Predecessor period ended July 6, 2007 is higher than that of the other two periods due principally to non-deductible expenses incurred in association with the Merger.

9. Related party transactions

Affiliates of certain of the Investors participated as (i) lenders in the Company's New Credit Facilities discussed in Note 3; (ii) initial purchasers of the Company's notes discussed in Note 3; (iii) counterparties to certain interest rate swaps discussed in Note 4 and (iv) as advisors in the Merger. Certain fees were paid upon closing of the Merger to affiliates of certain of the Investors. These fees primarily included underwriting fees, advisory fees, equity commitment fees, syndication fees, merger and acquisition fees, sponsor fees, costs of raising equity, and out of pocket expenses. The aggregate fees paid to these related parties during the year-to-date period ended November 2, 2007 totaled \$134.9 million, portions of which have been capitalized as debt financing costs or as direct acquisition costs.

The Company entered into a monitoring agreement, dated July 6, 2007, with affiliates of certain of the Investors pursuant to which those entities will provide management and advisory services to the Company. Under the terms of the monitoring agreement, among other things, the Company is obliged to pay to those entities an aggregate annual management fee of \$5.0 million payable in arrears at the end of each calendar quarter plus all reasonable out of pocket expenses incurred in connection with the provision of services under the agreement upon request. The fees incurred for the year-to-date Successor period ended November 2, 2007 totaled \$1.7 million. After the completion of the Company's first fiscal year, the management fee will increase at a rate of 5% per year. Those entities also are entitled to receive a fee equal to 1% of the gross transaction value in connection with certain subsequent financing, acquisition, disposition, and change in control transactions, as well as a

termination fee in the event of an initial public offering or under certain other circumstances. In addition, on July 6, 2007, the Company also entered into a separate indemnification agreement with the parties to the monitoring agreement, pursuant to which the Company agreed to provide customary indemnification to such parties and their affiliates.

The Company uses Capstone Consulting, LLC, a team of executives who work exclusively with KKR portfolio companies, as an integral part of the value-creation process, for certain consulting services. The Chief Executive Officer of Capstone serves on our Board. Although neither KKR nor any entity affiliated with KKR owns any of the equity of Capstone, KKR has provided financing to Capstone. The aggregate fees incurred for Capstone services for the year-to-date period ended November 2, 2007 totaled \$1.3 million.

10. Segment reporting

The Company manages its business on the basis of one reportable segment. As of November 2, 2007, all of the Company's operations were located within the United States, with the exception of a Hong Kong subsidiary, the assets and revenues of which are not material. The following data is presented in accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" (in thousands):

	Successor		Predecessor		Predecessor	
	2007 August 4 through November 2	2006 August 5 through November 3	2007 July 7 through November 2	2007 February 3 through July 6	2006 February 4 through November 3	
Classes of similar products:						
Highly consumable	\$ 1,598,836	\$ 1,523,398	\$ 2,086,243	\$ 2,615,110	\$ 4,482,687	
Seasonal	311,394	306,758	408,465	604,935	970,655	
Home products	203,276	212,587	263,427	362,725	638,422	
Basic clothing	199,336	170,653	253,785	340,983	524,072	
Net sales	\$ 2,312,842	\$ 2,213,396	\$ 3,011,920	\$ 3,923,753	\$ 6,615,836	

11. Guarantor subsidiaries

Certain of the Company's subsidiaries (the "Guarantors") have fully and unconditionally guaranteed on a joint and several basis the Company's obligations under certain outstanding debt obligations. Each of the Guarantors is a direct or indirect wholly-owned subsidiary of the Company. The following consolidating schedules present condensed financial information on a combined basis.

	As of November 2, 2007				
Successor (In thousands)	Dollar General Corporation	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated Total
BALANCE SHEETS:					
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 22,514	\$ 65,981	\$ 2,043	\$ —	\$ 90,538
Short-term investments	—	—	25,336	—	25,336
Merchandise inventories	—	1,486,094	—	—	1,486,094
Deferred income taxes	10,477	2,017	17,632	—	30,126
Income tax receivable	114,934	—	—	(27,726)	87,208
Prepaid expenses & other current assets	193,918	1,201,268	19,198	(1,346,455)	67,929
Total current assets	341,843	2,755,360	64,209	(1,374,181)	1,787,231
Property and equipment, at cost	102,494	1,212,007	599	—	1,315,100
Less accumulated depreciation and amortization	7,493	63,525	84	—	71,102
Net property and equipment	95,001	1,148,482	515	—	1,243,998
Deferred income taxes	24,206	—	41,078	(65,284)	—
Goodwill	4,364,841	—	—	—	4,364,841
Intangible assets, net	1,211,222	171,404	—	—	1,382,626
Other assets, net	2,480,045	3,146	177,628	(2,507,780)	153,039
Total assets	\$ 8,517,158	\$ 4,078,392	\$ 283,430	\$ (3,947,245)	\$ 8,931,735
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term obligations	\$ —	\$ 7,023	\$ —	\$ —	\$ 7,023
Accounts payable	1,162,168	728,357	132	(1,338,871)	551,786
Accrued expenses and other	118,882	218,054	73,285	(7,584)	402,637
Income taxes payable	—	17,165	11,472	(27,726)	911
Total current liabilities	1,281,050	970,599	84,889	(1,374,181)	962,357
Long-term obligations	4,481,277	1,792,883	—	(1,771,372)	4,502,788
Deferred income taxes	—	571,494	—	(65,284)	506,210
Other non-current liabilities	59,826	37,378	168,172	—	265,376
Redeemable common stock	9,539	—	—	—	9,539
Shareholders' equity:					
Preferred stock	—	—	—	—	—
Common stock	277,304	23,753	100	(23,853)	277,304
Additional paid-in capital	2,479,822	653,710	19,900	(673,611)	2,479,821
Retained earnings	(60,207)	28,575	10,369	(38,944)	(60,207)
Accumulated other comprehensive loss	(11,453)	—	—	—	(11,453)
Total shareholders' equity	2,685,466	706,038	30,369	(736,408)	2,685,465

Total liabilities and shareholders' equity	\$	8,517,158	\$	4,078,392	\$	283,430	\$	(3,947,245)	\$	8,931,735
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February 2, 2007

	Dollar General Corporation	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated Total
BALANCE SHEETS:					
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 114,310	\$ 58,107	\$ 16,871	\$ —	\$ 189,288
Short-term investments	—	—	29,950	—	29,950
Merchandise inventories	—	1,432,336	—	—	1,432,336
Income tax receivable	4,884	4,949	—	—	9,833
Deferred income taxes	7,422	13,482	3,417	—	24,321
Prepaid expenses & other current assets	139,913	928,854	166,468	(1,178,215)	57,020
Total current assets	266,529	2,437,728	216,706	(1,178,215)	1,742,748
Net property and equipment	98,580	1,137,710	584	—	1,236,874
Deferred income taxes	581	—	5,536	(6,117)	—
Other assets, net	2,693,030	23,489	20,133	(2,675,760)	60,892
Total assets	\$ 3,058,720	\$ 3,598,927	\$ 242,959	\$ (3,860,092)	\$ 3,040,514

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:					
Current portion of long-term obligations	\$ —	\$ 8,080	\$ —	\$ —	\$ 8,080
Accounts payable	1,084,460	577,443	69,710	(1,176,339)	555,274
Accrued expenses and other	13,327	241,849	258	(1,876)	253,558
Income taxes payable	—	6,453	9,506	—	15,959
Total current liabilities	1,097,787	833,825	79,474	(1,178,215)	832,871
Long-term obligations	199,842	1,584,526	—	(1,522,410)	261,958
Deferred income taxes	—	47,714	—	(6,117)	41,597
Other non-current liabilities	15,344	35,521	107,476	—	158,341
Shareholders' equity:					
Preferred stock	—	—	—	—	—
Common stock	156,218	23,753	100	(23,853)	156,218
Additional paid-in capital	486,145	653,711	19,900	(673,611)	486,145
Retained earnings	1,103,951	419,877	36,009	(455,886)	1,103,951
Accumulated other comprehensive loss	(987)	—	—	—	(987)
Other shareholders' equity	420	—	—	—	420
Total shareholders' equity	1,745,747	1,097,341	56,009	(1,153,350)	1,745,747
Total liabilities and shareholders' equity	\$ 3,058,720	\$ 3,598,927	\$ 242,959	\$ (3,860,092)	\$ 3,040,514

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July 7, 2007 through November 2, 2007

Successor (In thousands)	Dollar General Corporation	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated Total
STATEMENTS OF INCOME:					

Net sales	\$	47,286	\$	3,011,920	\$	37,757	\$	(85,043)	\$	3,011,920
Cost of goods sold		—		2,180,397		—		—		2,180,397
Gross profit		47,286		831,523		37,757		(85,043)		831,523
Selling, general, and administrative		61,084		768,675		27,129		(85,043)		771,845
Operating profit (loss)		(13,798)		62,848		10,628		—		59,678
Interest income		(33,744)		(14,472)		(4,650)		50,445		(2,421)
Interest expense		161,394		37,524		4		(50,445)		148,477
Loss on interest rate swaps		2,045		—		—		—		2,045
Loss on debt retirement		6,187		—		—		—		6,187
Income (loss) before income taxes		(149,680)		39,796		15,274		—		(94,610)
Provision (benefit) for income taxes		(50,529)		11,221		4,905		—		(34,403)
Equity in subsidiaries' earnings, net		38,944		—		—		(38,944)		—
Net income (loss)	\$	(60,207)	\$	28,575	\$	10,369	\$	(38,944)	\$	(60,207)

February 3, 2007 through July 6, 2007

Predecessor (In thousands)	Dollar General Corporation	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated Total					
STATEMENTS OF INCOME:										
Net sales	\$	76,945	\$	3,923,753	\$	44,206	\$	(121,151)	\$	3,923,753
Cost of goods sold		—		2,852,178		—		—		2,852,178
Gross profit		76,945		1,071,575		44,206		(121,151)		1,071,575
Selling, general, and administrative		166,224		982,321		34,933		(121,151)		1,062,327
Operating profit (loss)		(89,279)		89,254		9,273		—		9,248
Interest income		(53,278)		(11,472)		(5,626)		65,330		(5,046)
Interest expense		19,796		55,828		5		(65,330)		10,299
Income (loss) before income taxes		(55,797)		44,898		14,894		—		3,995
Provision (benefit) for income taxes		(4,814)		11,924		4,883		—		11,993
Equity in subsidiaries' earnings, net		42,985		—		—		(42,985)		—
Net income (loss)	\$	(7,998)	\$	32,974	\$	10,011	\$	(42,985)	\$	(7,998)

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February 4, 2006 through November 3, 2006

	Dollar General Corporation	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated Total					
STATEMENT OF INCOME:										
Net sales	\$	110,738	\$	6,615,836	\$	81,076	\$	(191,814)	\$	6,615,836
Cost of goods sold		—		4,893,581		—		—		4,893,581
Gross profit		110,738		1,722,255		81,076		(191,814)		1,722,255
Selling, general, and administrative		99,829		1,581,835		67,204		(191,814)		1,557,054
Operating profit		10,909		140,420		13,872		—		165,201
Interest income		(93,946)		(470)		(8,410)		98,034		(4,792)
Interest expense		45,161		79,897		—		(98,034)		27,024
Income before income taxes		59,694		60,993		22,282		—		142,969
Provision for income taxes		28,024		20,321		6,771		—		55,116
Equity in subsidiaries' earnings, net		56,183		—		—		(56,183)		—
Net income	\$	87,853	\$	40,672	\$	15,511	\$	(56,183)	\$	87,853

July 7, 2007 through November 2, 2007

Successor (In thousands)	Dollar General Corporation	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated Total
STATEMENTS OF CASH FLOWS:					
Cash flows from operating activities:					
Net income (loss)	\$ (60,207)	\$ 28,575	\$ 10,369	\$ (38,944)	\$ (60,207)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	13,480	77,341	86	—	90,907
Deferred income taxes	(5,929)	7,571	4,912	—	6,554
Noncash share-based compensation	3,147	—	—	—	3,147
Noncash unrealized loss on interest rate swap	3,705	—	—	—	3,705
Equity in subsidiaries' earnings, net	(38,944)	—	—	38,944	—
Change in operating assets and liabilities:					
Merchandise inventories	—	(107,874)	—	—	(107,874)
Prepaid expenses and other current assets	(6,616)	2,286	(395)	—	(4,725)
Accounts payable	(46,175)	23,761	(12,986)	—	(35,400)
Accrued expenses and other	64,185	50,217	9,385	—	123,787
Income taxes	(60,297)	2,730	5,900	—	(51,667)
Other	(5,178)	3,391	(268)	—	(2,055)
Net cash provided by (used in) operating activities	(138,829)	87,998	17,003	—	(33,828)
Cash flows from investing activities:					
Acquisition, net of cash acquired	(6,848,162)	69,246	40,746	—	(6,738,170)
Purchases of property and equipment	(2,580)	(42,110)	(16)	—	(44,706)
Purchases of short term investments	—	—	(1,000)	—	(1,000)
Sales of short term investments	—	—	10,920	—	10,920
Purchases of long term investments, net	—	—	(5,612)	—	(5,612)
Purchase of promissory notes	—	(37,047)	—	—	(37,047)
Proceeds from sale of property and equipment	—	352	—	—	352
Net cash provided by (used in) investing activities	(6,850,742)	(9,559)	45,038	—	(6,815,263)
Cash flows from financing activities:					
Issuance of common stock, net	2,759,540	—	—	—	2,759,540
Issuance of long-term obligations	4,176,817	—	—	—	4,176,817
Borrowings under revolving credit facilities	1,233,700	—	—	—	1,233,700
Repayments of borrowings under revolving credit facilities	(931,700)	—	—	—	(931,700)
Repayments of long-term obligations	(209,708)	(2,049)	—	—	(211,757)
Repurchases of common stock	(124)	—	—	—	(124)
Changes in intercompany note balances, net	70,407	(10,409)	(59,998)	—	—
Debt issuance costs	(86,847)	—	—	—	(86,847)
Net cash provided by (used in) financing activities	7,012,085	(12,458)	(59,998)	—	6,939,629
Net increase in cash and cash equivalents	22,514	65,981	2,043	—	90,538
Cash and cash equivalents, beginning of period	—	—	—	—	—
Cash and cash equivalents, end of period	\$ 22,514	\$ 65,981	\$ 2,043	\$ —	\$ 90,538

February 3, 2007 through July 6, 2007

Predecessor (In thousands)	Dollar General Corporation	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated Total
STATEMENTS OF CASH FLOWS:					
Cash flows from operating activities:					
Net income (loss)	\$ (7,998)	\$ 32,974	\$ 10,011	\$ (42,985)	\$ (7,998)
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	9,051	74,770	96	—	83,917
Deferred income taxes	(7,982)	(9,194)	(3,698)	—	(20,874)
Noncash share-based compensation	45,433	—	—	—	45,433
Equity in subsidiaries' earnings, net	(42,985)	—	—	42,985	—
Tax benefit from stock option exercises	(3,927)	—	—	—	(3,927)
Change in operating assets and liabilities:					
Merchandise inventories	—	16,424	—	—	16,424
Prepaid expenses and other current assets	5,758	(11,762)	(180)	—	(6,184)
Accounts payable	44,909	(23,103)	12,988	—	34,794
Accrued expenses and other	7,897	36,021	9,077	—	52,995
Income taxes	(24,998)	31,741	(3,934)	—	2,809
Other	21	4,726	(190)	—	4,557
Net cash provided by operating activities	25,179	152,597	24,170	—	201,946
Cash flows from investing activities:					
Purchases of property and equipment	(5,321)	(50,737)	(95)	—	(56,153)
Purchases of short term investments	—	—	(5,100)	—	(5,100)
Sales of short term investments	—	—	9,505	—	9,505
Purchase of long term investments, net	—	—	(15,754)	—	(15,754)
Proceeds from sale of property and equipment	—	620	—	—	620
Net cash used in investing activities	(5,321)	(50,117)	(11,444)	—	(66,882)
Cash flows from financing activities:					
Repayments of long-term obligations	(148)	(4,352)	—	—	(4,500)
Payment of cash dividends	(15,710)	—	—	—	(15,710)
Proceeds from exercise of stock options	41,546	—	—	—	41,546
Changes in intercompany note balances, net	75,840	(86,988)	11,148	—	—
Tax benefit of stock options	3,927	—	—	—	3,927
Net cash provided by (used in) financing activities	105,455	(91,340)	11,148	—	25,263
Net increase in cash and cash equivalents	125,313	11,140	23,874	—	160,327
Cash and cash equivalents, beginning of period	114,310	58,107	16,871	—	189,288
Cash and cash equivalents, end of period	\$ 239,623	\$ 69,247	\$ 40,745	\$ —	\$ 349,615

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February 4, 2006 through November 3, 2006

Predecessor (In thousands)	Dollar General Corporation	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated Total
STATEMENTS OF CASH FLOWS:					
Cash flows from operating activities:					
Net income	\$ 87,853	\$ 40,672	\$ 15,511	\$ (56,183)	\$ 87,853
Adjustments to reconcile net income to net					

cash provided by (used in) operating activities:					
Depreciation and amortization	15,943	132,812	156	—	148,911
Deferred income taxes	(1,006)	(41,574)	(3,248)	—	(45,828)
Noncash share-based compensation	5,518	—	—	—	5,518
Equity in subsidiaries' earnings, net	(56,183)	—	—	56,183	—
Tax benefit from stock option exercises	(1,898)	—	—	—	(1,898)
Noncash inventory adjustments and asset impairments	—	79,213	—	—	79,213
Change in operating assets and liabilities:					
Merchandise inventories	—	(272,876)	—	—	(272,876)
Prepaid expenses and other current assets	667	(22,959)	17,439	—	(4,853)
Accounts payable	(5,941)	21,334	3,287	—	18,680
Accrued expenses and other	4,864	25,000	3,891	—	33,755
Income taxes	395	(24,557)	(1,900)	—	(26,062)
Other	(476)	(2,177)	—	—	(2,653)
Net cash provided by (used in) operating activities	49,736	(65,112)	35,136	—	19,760
Cash flows from investing activities:					
Purchases of property and equipment	(12,374)	(208,533)	(136)	—	(221,043)
Purchases of short term investments	(6,000)	—	(4,476)	—	(10,476)
Sales of short term investments	6,000	—	4,550	—	10,550
Purchases of long term investments, net	—	—	(21,515)	—	(21,515)
Insurance proceeds related to property and equipment	—	1,807	—	—	1,807
Proceeds from sale of property and equipment	138	1,186	—	—	1,324
Net cash used in investing activities	(12,236)	(205,540)	(21,577)	—	(239,353)
Cash flows from financing activities:					
Borrowings under revolving credit facilities	1,767,450	—	—	—	1,767,450
Repayments of borrowings under revolving credit facilities	(1,535,150)	—	—	—	(1,535,150)
Repayments of long-term obligations	235	(11,652)	—	—	(11,417)
Payment of cash dividends	(46,864)	—	—	—	(46,864)
Proceeds from exercise of stock options	13,889	—	—	—	13,889
Repurchases of common stock	(79,947)	—	—	—	(79,947)
Changes in intercompany note balances, net	(269,240)	285,037	(15,797)	—	—
Tax benefit of stock options	1,898	—	—	—	1,898
Other financing activities	39	—	—	—	39
Net cash provided by (used in) financing activities	(147,690)	273,385	(15,797)	—	109,898
Net increase (decrease) in cash and cash equivalents	(110,190)	2,733	(2,238)	—	(109,695)
Cash and cash equivalents, beginning of period	110,410	58,484	31,715	—	200,609
Cash and cash equivalents, end of period	\$ 220	\$ 61,217	\$ 29,477	\$ —	\$ 90,914



PROSPECTUS

Offer to exchange

\$1,175,000,000 principal amount of our 10.625% Senior Notes due 2015 and \$725,000,000 principal amount of our 11.875%/12.625% Senior Subordinated Toggle Notes due 2017, each of which has been registered under the Securities Act of 1933, for any and all of our outstanding 10.625% Senior Notes due 2015 and 11.875%/12.625% Senior Subordinated Toggle Notes 2017, respectively.

Until the date that is 90 days from the date of this prospectus, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

California Registrant

Sun-Dollar, L.P. is registered under the laws of California.

Section 15904.06 (operative January 1, 2008) of the 2008 California Revised Limited Partnership Act addresses the rights of a general partner with respect to its management and conduct of partnership activities. The 2008 California Revised Limited Partnership Act provides that a limited partnership shall reimburse a general partner for payments made, and indemnify a general partner for liabilities incurred by, the general partner in the ordinary course of the activities of the partnership or for the preservation of its activities or property.

The limited partnership agreement of Sun-Dollar, L.P. provides that the partnership shall indemnify each partner (and the officers and directors of each partner) against judgments, fines, amounts paid in settlement and expenses (including, without limitation, attorneys' fees) reasonably incurred by them in any civil, criminal or administrative proceeding in which they are involved, or threatened to be involved, by reason of being a partner in the partnership, provided that the partner acted in good faith, within what such partner reasonably believed to be the scope of such partner's authority, and for a purpose which such partner reasonably believed to be in the best interests of the partnership or the partners. To the extent that a partner has been successful on the merits or otherwise in defense of any such proceeding or in defense of any claim or matter therein, such partner shall be deemed to have acted in good faith and in a manner such partner believed to be in the best interests of the partnership or the partners. Under any other circumstances, the determination of whether a partner acted in good faith, within what such partner reasonably believed to be the scope of such partner's authority, and for a purpose which such partner reasonably believed to be in the best interests of the partnership or the partners shall be made by independent legal counsel selected by a general partner (who may be the regular counsel for the partnership) in a written opinion.

Delaware Registrants

(a) Dollar General Investment, Inc. and South Boston Holdings, Inc. are each incorporated under the laws of Delaware.

Section 145 of the Delaware General Corporation Law (the "DGCL") grants each corporation organized thereunder the power to indemnify any person who is or was a director, officer, employee or agent of a corporation or enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of being or having been in any such capacity, if he acted in good faith in a manner reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Section 102(b)(7) of the DGCL enables a corporation in its certification of incorporation or an amendment thereto to eliminate or limit the personal liability of a director to the corporation or its stockholders for monetary damages for violations of the directors' fiduciary duty of care, except (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the DGCL (providing for liability of directors for unlawful payment of

dividends or unlawful stock purchases or redemptions) or (iv) for any transaction from which a director derived an improper personal benefit.

In accordance with the law, the certificate of incorporation of Dollar General Investment, Inc. contains an indemnification provision mirroring the language of Section 102(b)(7) of the DGCL. The by-laws of Dollar General Investment, Inc. and South Boston Holdings, Inc. provide that the corporations shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (a "Proceeding"), whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was or has agreed to become a director or officer of the corporation, or is or was serving or has agreed to serve at the request of the corporation as a director or officer, of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, and may indemnify any person who was or is a party or is threatened to be made a party to such an action, suit or proceeding by reason of the fact that he or she is or was or has agreed to become an employee or agent of the corporations, or is or was serving or has agreed to serve at the request of the corporations as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her or on his or her behalf in connection with such action, suit or proceeding and any appeal therefrom, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporations, and, with respect to any criminal action or proceeding had no reasonable cause to believe his or her conduct was unlawful; except that in the case of an action or suit by or in the right of the corporations to procure a judgment in its favor (1) such indemnification shall be limited to expenses (including attorneys' fees) actually and reasonably incurred by such person in the defense or settlement of such action or suit, and (2) no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporations unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper. The corporations shall not be obligated to indemnify a director or officer of the corporations in respect of a Proceeding (or part thereof) instituted by such director or officer, unless such Proceeding (or part thereof) has been authorized by the Board of Directors. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporations, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

(b) DGC Properties LLC, DGC Properties of Kentucky, LLC, and South Boston FF&E, LLC are each limited liability companies organized under the laws of Delaware.

Section 18-108 of the Delaware Limited Liability Company Act empowers a Delaware limited liability company to indemnify and hold harmless any member or manager of the limited liability company from and against any and all claims and demands whatsoever.

The operating agreement of South Boston FF&E, LLC ("South Boston FF&E") provides that South Boston FF&E shall indemnify the member and those authorized agents of South Boston FF&E identified in writing by the member as entitled to be indemnified under the section for all costs, losses, liabilities and damages paid or accrued by the member or any such agent in connection with the business of South Boston FF&E, to the fullest extent provided or allowed by the Act and the other laws of the State of Delaware. In addition, South Boston FF&E may advance costs of defense of any proceeding to the member or any such agent upon receipt by South Boston FF&E of an undertaking

by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by South Boston FF&E.

The operating agreements of DGC Properties LLC and DGC Properties of Kentucky LLC are silent on indemnification provisions.

Kentucky Registrants

(a) Dolgencorp of New York, Inc., Dolgencorp of Texas, Inc., and Dolgencorp, Inc. are incorporated under the laws of Kentucky.

Sections 271B.8-500 to 271B.8-580 of the Kentucky Business Corporation Act (the "KBCA") provide that, subject to restrictions contained in the statute, a corporation may indemnify any person made or threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or employee benefit plan. A person who has been successful on the merits or otherwise in any suit or matter covered by the indemnification statute shall be indemnified against expenses (including attorneys' fees) reasonably incurred by him in connection therewith. Indemnification is authorized upon a determination that the person to be indemnified has met the applicable standard of conduct required. Such determination shall be made by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or if such a quorum cannot be obtained, by a majority vote of a committee of the board, duly designated to so act by a majority of the full board, consisting solely of two or more directors who are not parties to the action; or by special legal counsel selected by the board or a committee thereof; or by the shareholders who are not parties to such action, suit or proceeding. Expenses incurred in defense may be paid in advance upon receipt by the corporation of a written affirmation by the director of his good faith belief that he has met the applicable standard of conduct required, a written undertaking by or on behalf of the director to repay such advance if it is ultimately determined that he did not meet the standard of conduct, and a determination that the facts then known to those making the determination would not preclude indemnification under the statute. The indemnification provided by statute shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors, or otherwise, which shall inure to the benefit of the heirs, executors and administrators of such a person. Insurance may be purchased on behalf of any person entitled to indemnification by the corporation against any liability incurred in an official capacity regardless of whether the person could be indemnified under the statute. References to the corporation include all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation and anyone seeking indemnification by virtue of acting in some capacity with a constituent corporation would stand in the same position as if he had served the resulting or surviving corporation in the same capacity.

Section 271B.2-020 of the KBCA allows a corporation in its articles of incorporation to set forth a provision eliminating or limiting the personal liability of a director to the corporation or its shareholders for monetary damages for breach of his duties as a director, provided that such provision shall not eliminate or limit the liability of a director: (i) for any transaction in which the director's personal financial interest is in conflict with the financial interests of the corporation or its shareholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or are known to the director to be a violation of law; (iii) for any vote or assent to an unlawful distribution to shareholders as prohibited under Section 271B.8-330 of the KBCA; or (iv) for any transaction from which the director derived an improper personal benefit.

The articles of incorporation of Dolgencorp of New York, Inc. and Dolgencorp of Texas, Inc. contain a provision that provides that no director of the corporation shall be personally liable to the corporation or its shareholders for monetary damages for breach of duty as a director, except to the extent provided by the KBCA. The bylaws of Dolgencorp of New York, Inc. and Dolgencorp of Texas, Inc. provide that, to the maximum extent permitted by law but subject to the limitations set forth in the bylaws, the corporation shall indemnify a director or officer who is a party to a proceeding by reason of the fact that he or she is or was a director or officer against any liability incurred in the proceeding, and the corporation may advance any reasonable expenses incurred by such director or officer in connection with the proceeding in advance of its disposition, but the corporation shall not be required to indemnify or advance expenses to such director or officer incurred in a proceeding initiated by or on behalf of such director or officer, other than a suit to enforce indemnification rights. The indemnification provisions in the bylaws are intended to be greater than those which are otherwise provided for in the statutes, notwithstanding such director or officer's failure to meet the standard of conduct required for permissive indemnification under the KBCA, are contractual in nature between the director or officer and the corporation, and are mandatory. The rights of such director or officer to indemnification and advancement of expenses shall not be exclusive of other rights to which such director or officer may be entitled under the statutes, articles of incorporation, the bylaws, a resolution of shareholders or directors, or an agreement providing for indemnification. The rights of such director or officer to advancement of expenses are subject to such director or officer's furnishing to the corporation: (a) a written affirmation, personally signed by or on behalf of such director or officer, of his good faith belief that he was not liable for (i) any transaction in which such director or officer's personal financial interest is in conflict with the financial interest of the corporation or its shareholders, (ii) any acts or omissions not in good faith or which involve intentional misconduct or are known to such director or officer to be a violation of law, (iii) any unlawful distributions under the statutes, or (iv) any transaction from which such director or officer derived an improper personal benefit; (b) a written opinion of counsel for such director or officer in the proceeding to the effect that based on the facts known to counsel for such director or officer, a successful defense, on the merits or otherwise, is either probable or reasonably possible; and (c) a written undertaking, personally signed by or on behalf of such director or officer, to repay any advances if a judgment or other final adjudication adverse to such director or officer establishes that he is liable, contrary to his affirmation. No indemnification may be made in advance of a final disposition of such proceeding or if a judgment or other final adjudication adverse to such director or officer establishes his liability for: (i) any transaction in which the personal financial interest of such officer or director is in conflict with the financial interests of the corporation or its shareholders; (ii) any acts or omissions not in good faith or which involve intentional misconduct or are known to such director or officer to be a violation of law; (iii) any unlawful distributions under the statutes; or (iv) any transaction from which such director or officer derived an improper personal benefit. The indemnification rights granted to such director or officer in the bylaws may not be limited in any way by a subsequent amendment to or repeal of the indemnification provision in the bylaws with respect to acts or omissions that occur prior to the adoption of the amendment or repeal. The corporation may, but is not required to, maintain insurance at its expense to protect itself and any such person against any such liability, cost or expense.

Both the articles of incorporation and the bylaws of Dolgencorp, Inc. are silent regarding indemnification of officers and directors.

(b) Dollar General Partners is formed under the laws of Kentucky.

Kentucky partnership law provides that a partnership shall indemnify every partner in respect of payments made and personal liabilities reasonably incurred by him in the ordinary and proper conduct of its business, or for the preservation of its business or property.

The partnership agreement of Dollar General Partners is silent regarding indemnification. The charter and/or bylaws of the two partners of Dollar General Partners, Dollar General Corporation and

Dollar General Merchandising, Inc., both Tennessee corporations, contain indemnification provisions that are described below.

Tennessee Registrants

(a) Dollar General Corporation, DG Promotions, Inc., DG Transportation, Inc., and Dollar General Merchandising, Inc. are incorporated under the laws of Tennessee.

The Tennessee Business Corporation Act ("TBCA") allows a Tennessee corporation's charter to contain a provision eliminating or limiting, with certain exceptions, the personal liability of a director to the corporation or its shareholders for monetary damages for breach of the director's fiduciary duty as a director. Under the TBCA, a Tennessee business corporation may not eliminate or limit director monetary liability for (i) breaches of the director's duty of loyalty to the corporation or its shareholders; (ii) acts or omissions not in good faith or involving intentional misconduct or a knowing violation of law; or (iii) unlawful dividends, stock repurchases or redemptions. This provision also may not limit a director's liability for violation of, or otherwise relieve a corporation or its directors from the necessity of complying with, federal or state securities laws, or affect the availability of non-monetary remedies such as injunctive relief or rescission. The charters of Dollar General Corporation and DG Promotions, Inc. contain a provision stating that directors shall not be personally liable for monetary damage to the corporation or its shareholders for breach of fiduciary duty as a director, except to the extent required by the TBCA in effect from time to time.

The TBCA provides that a corporation may indemnify any of its directors, officers, employees and agents against liability incurred in connection with a proceeding if (a) such person acted in good faith; (b) in the case of conduct in an official capacity with the corporation, he reasonably believed such conduct was in the corporation's best interests; (c) in all other cases, he reasonably believed that his conduct was at least not opposed to the best interests of the corporation; and (d) in connection with any criminal proceeding, such person had no reasonable cause to believe his conduct was unlawful. In actions brought by or in the right of the corporation, however, the TBCA provides that no indemnification may be made if the director or officer was adjudged to be liable to the corporation. The TBCA also provides that in connection with any proceeding charging improper personal benefit to an officer or director, no indemnification may be made if such officer or director is adjudged liable on the basis that such personal benefit was improperly received. In cases where the director or officer is wholly successful, on the merits or otherwise, in the defense of any proceeding instigated because of his or her status as a director or officer of a corporation, the TBCA mandates that the corporation indemnify the director or officer against reasonable expenses incurred in the proceeding. The TBCA provides that a court of competent jurisdiction, unless the corporation's charter provides otherwise, upon application, may order that an officer or director be indemnified for reasonable expenses if, in consideration of all relevant circumstances, the court determines that such individual is fairly and reasonably entitled to indemnification, notwithstanding the fact that (a) such officer or director was adjudged liable to the corporation in a proceeding by or in the right of the corporation; (b) such officer or director was adjudged liable on the basis that personal benefit was improperly received by him; or (c) such officer or director breached his duty of care to the corporation.

Dollar General Corporation's charter and bylaws require us to indemnify our directors and officers to the fullest extent permitted by applicable law. Dollar General Corporation's bylaws further require us to advance expenses to each of our directors and officers to the full extent allowed by Tennessee law. Under Dollar General Corporation's charter and bylaws, such indemnification and advancement of expenses provisions are not exclusive of any other right that a director or officer may have or acquire both as to action in his or her official capacity and as to action in another capacity.

The charter and bylaws of DG Promotions, Inc. and the bylaws of DG Transportation, Inc. and Dollar General Merchandising, Inc. provide that the corporation shall indemnify and advance expenses

to each director and officer of the corporation, or any person who may have served at the request of the corporation's board of directors or its President or Chief Executive Officer as a director or officer of another corporation, and such person's heirs, executors, and administrators, to the fullest extent permitted by Tennessee law. The corporation may indemnify and advance expenses to any employee or agent of the corporation who is not a director or officer, and such person's heirs, executors, and administrators, to the same extent as to a director or officer, if the board of directors determines it to be in the best interests of the corporation to do so. In addition, such indemnification and advancement of expenses provisions are not exclusive of any other right that a director or officer may have or acquire both as to action in his or her official capacity and as to action in another capacity. The corporation may maintain insurance at its own expense to protect itself and any individual who is or was a director, officer, employee or agent of the corporation, or who, while a director, officer, employee or agent of the corporation, is or was serving at the request of the board of directors or Chief Executive Officer as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person under the bylaws or the TBCA.

(b) DG Logistics LLC and DG Retail, LLC are registered under the laws of Tennessee.

Section 48-243-101 of the Tennessee Limited Liability Company Act provides that an LLC may indemnify any person made or threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a governor of a board-managed LLC, a member of a member-managed LLC or an individual who, while a governor of a board-managed LLC or member of a member-managed LLC, is or was serving at the LLC's request as a governor, manager, director, officer, partner, trustee, employee or agent of another LLC, corporation, partnership, joint venture, trust or other enterprise or employee benefit plan (a "Responsible Person"). Indemnification is authorized upon a determination that the person to be indemnified has met the requisite standard of conduct. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, is not, of itself, determinative that the Responsible Person did not meet the standard of conduct required. An LLC may not indemnify a Responsible Person: (i) in connection with a proceeding by or in the right of the LLC in which the Responsible Person was adjudged liable to the LLC; or (ii) in connection with any other proceeding charging improper personal benefit to such Responsible Person, whether or not involving action in such person's official capacity, in which such person was adjudged liable on the basis that personal benefit was improperly received by such person. A person who has been successful on the merits or otherwise in any suit or matter covered by the indemnification statute shall be indemnified against expenses (including attorneys' fees) reasonably incurred by him in connection therewith. Expenses incurred in defense may be paid in advance upon receipt by the LLC of a written affirmation by the Responsible Person of his good faith belief that he has met the requisite standard of conduct, a written undertaking by or on behalf of such person to repay such advance if it is ultimately determined that he did not meet the standard of conduct, and a determination that the facts then known to those making the determination would not preclude indemnification under the statute. A court of competent jurisdiction, unless the LLC's articles provide otherwise, upon application by the Responsible Person, may order that such person be indemnified for reasonable expenses if, in consideration of all relevant circumstances, the court determines that such person is fairly and reasonably entitled to indemnification, whether or not such person met the requisite standard of conduct, was adjudged liable in a proceeding by or in the right of the LLC, or was adjudged liable on the basis that personal benefit was improperly received by him. Such determination shall be made by the board of governors in the case of a board-managed LLC or by the members of a member-managed LLC by a majority vote of a quorum consisting of governors or members who were not parties to such action, suit or proceeding; or if such a quorum cannot be obtained, by a majority vote of a committee designated by the board of governors in the case of a board-managed LLC or by the members of a member-managed LLC,

consisting solely of two or more governors or members, as applicable, who are not parties to the action; or by independent special legal counsel selected by the board of governors of a board-managed LLC or by the members of a member-managed LLC; or by the members of a board-managed LLC who are not parties to such action, suit or proceeding. Such indemnification and advancement of expenses provisions are not exclusive of any other right that a Responsible Person may have; provided that no indemnification may be made to or on behalf of any Responsible Person if a judgment or other final adjudication adverse to the Responsible Person establishes such person's liability: (i) for any breach of the duty of loyalty to the LLC or its members; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or (iii) for wrongful distributions under Section 48-237-101 of the Tennessee Limited Liability Company Act. The LLC may indemnify and advance expenses to a manager, employee, independent contractor or agent of the LLC to the same extent as a Responsible Person. The LLC may purchase insurance on behalf of any person entitled to indemnification by the LLC against any liability incurred in an official capacity regardless of whether the person could be indemnified under the statute.

The operating agreement of DG Logistics, LLC provides that the LLC shall fully indemnify the Member (Dolgencorp, Inc.) for any claim against the Member in the Member's capacity as a member or as a manager. In addition, the LLC shall advance litigation expenses to the Member for any claim against the Member in the Member's capacity as a member or as a manager.

The operating agreement of DG Retail, LLC provides that the LLC shall indemnify the Member (Dollar General Corporation), and the authorized agents of the LLC identified in writing by the Member as entitled to be indemnified, for all costs, losses, liabilities and damages paid or accrued by the Member or any such agent in connection with the business of the LLC to the fullest extent provided or allowed under Tennessee law. In addition, the LLC may advance costs of defense of any proceeding to the Member or any such agent upon receipt by the LLC of an undertaking by such person to repay such amount if it is ultimately determined that such person is not entitled to be indemnified by the LLC.

Certain Other Arrangements

Dollar General Corporation has in effect a directors' and officers' liability insurance policy that covers the directors and officers of each of the registrants in amounts that we believe are customary in our industry, including for liabilities in connection with the registration, offering and sale of the notes. Under this policy, the insurer agrees to pay, subject to certain exclusions, for any claim made against directors or officers of the registrants for a wrongful act or omission by such persons, but only if and to the extent such persons become legally obligated to pay such claim or incur certain costs in defending such claim.

In addition, in connection with entering into the monitoring agreement with an affiliate of KKR and an affiliate of Goldman, Sachs & Co., we also entered into a separate indemnification agreement with the parties to the monitoring agreement, pursuant to which we agreed to provide customary indemnification to such parties and their affiliates. See "Certain Relationships and Related Party Transactions—Monitoring Agreement and Indemnity Agreement" in the prospectus included in this registration statement. Furthermore, the Merger Agreement requires us to maintain indemnification of directors and officers to the fullest extent permitted by law following completion of the Merger.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers or controlling persons pursuant to the foregoing provisions, we have been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

Item 21. Exhibits and Financial Statement Schedules.

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of March 11, 2007, by and among Buck Holdings, L.P., Buck Acquisition Corp., and Dollar General Corporation (incorporated by reference to Exhibit 2.1 to Dollar General Corporation's Current Report on Form 8-K dated March 11, 2007, filed with the SEC on March 12, 2007 (file number 001-11421))
3.1	Amended and Restated Charter of Dollar General Corporation (incorporated by reference to Exhibit 3.1 to Dollar General Corporation's Current Report on Form 8-K dated July 6, 2007, filed with the SEC on July 12, 2007 (file number 001-11421))
3.2	Amended and Restated Bylaws of Dollar General Corporation (adopted on September 20, 2007)
3.3	Articles of Organization of DC Financial, LLC
3.4	Operating Agreement of DC Financial, LLC
3.5	Articles of Organization of DG Logistics, LLC
3.6	Operating Agreement of DG Logistics, LLC
3.7	Amended Charter of DG Promotions, Inc.
3.8	Bylaws of DG Promotions, Inc.
3.9	Articles of Organization of DG Retail, LLC
3.10	Operating Agreement of DG Retail, LLC
3.11	Charter of DG Transportation, Inc.
3.12	Bylaws of DG Transportation, Inc.
3.13	Amended Certificate of Formation of DGC Properties LLC
3.14	Amended and Restated Limited Liability Company Agreement of DGC Properties LLC
3.15	Certificate of Formation of DGC Properties of Kentucky LLC
3.16	Amended and Restated Limited Liability Company Agreement of DGC Properties of Kentucky LLC
3.17	Articles of Incorporation of Dolgencorp of New York, Inc.
3.18	Bylaws of Dolgencorp of New York, Inc.
3.19	Articles of Incorporation of Dolgencorp of Texas, Inc.
3.20	Bylaws of Dolgencorp of Texas, Inc.
3.21	Articles of Incorporation of Dolgencorp, Inc.
3.22	Bylaws of Dolgencorp, Inc.
3.23	Certificate of Incorporation of Dollar General Investment, Inc.
3.24	Bylaws of Dollar General Investment, Inc.
3.25	Amended Charter of Dollar General Merchandising, Inc.

- 3.27 Amended Certificate of Assumed Name of Dollar General Partners
- 3.28 Amended Partnership Agreement of Dollar General Partners
- 3.29 Certificate of Formation of South Boston FF&E, LLC
- 3.30 Operating Agreement of South Boston FF&E, LLC
- 3.31 Certificate of Incorporation of South Boston Holdings, Inc.
- 3.32 Bylaws of South Boston Holdings, Inc.
- 3.33 Amended Certificate of Limited Partnership of Sun-Dollar, L.P.
- 3.34 Amended Agreement of Limited Partnership of Sun-Dollar, L.P.
- 4.1 Sections 7 and 8 of Dollar General Corporation's Amended and Restated Charter (included in Exhibit 3.1)
- 4.2 Indenture, dated as of June 21, 2000, by and among Dollar General Corporation, the guarantors named therein, as guarantors, and Wachovia Bank, National Association (formerly known as First Union National Bank), as trustee (incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Registration Statement on Form S-4 filed with the SEC on August 1, 2000 (file number 333-42704))
- 4.3 First Supplemental Indenture, dated as of July 28, 2000, by and among Dollar General Corporation, the guarantors named therein, as guarantors, and Wachovia Bank, National Association (formerly known as First Union National Bank), as trustee (incorporated by reference to Exhibit 4.4 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 31, 2003, filed with the SEC on March 19, 2003 (file number 001-11421))
- 4.4 Second Supplemental Indenture, dated as of June 18, 2001, by and among Dollar General Corporation, the guarantors named therein, as guarantors, and Wachovia Bank, National Association (formerly known as First Union National Bank), as trustee (incorporated by reference to Exhibit 4.5 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 31, 2003, filed with the SEC on March 19, 2003 (file number 001-11421))
- 4.5 Third Supplemental Indenture, dated as of June 20, 2002, by and among Dollar General Corporation, the guarantors named therein, as guarantors, and Wachovia Bank, National Association (formerly known as First Union National Bank), as trustee (incorporated by reference to Exhibit 4.6 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 31, 2003, filed with the SEC on March 19, 2003 (file number 001-11421))
- 4.6 Fourth Supplemental Indenture, dated as of December 11, 2002, by and among Dollar General Corporation, the guarantors named therein, as guarantors, and Wachovia Bank, National Association (formerly known as First Union National Bank), as trustee (incorporated by reference to Exhibit 4.7 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 31, 2003, filed with the SEC on March 19, 2003 (file number 001-11421))

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- 4.7 Fifth Supplemental Indenture, dated as of May 23, 2003, by and among Dollar General Corporation, the guarantors named therein, as guarantors, and Wachovia Bank, National Association (formerly known as First Union National Bank), as trustee (incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Quarterly Report on Form 10-Q for the quarter ended August 1, 2003, filed with the SEC on August 29, 2003 (file number 001-11421))
 - 4.8 Sixth Supplemental Indenture, dated as of July 15, 2003, by and among Dollar General Corporation, the guarantors named therein, as guarantors, and Wachovia Bank, National Association (formerly known as First Union National Bank), as trustee (incorporated by reference to Exhibit 4.2 to Dollar General Corporation's Quarterly Report on Form 10-Q for the quarter ended August 1, 2003, filed with the SEC on August 29, 2003 (file number 001-11421))
 - 4.9 Seventh Supplemental Indenture, dated as of May 23, 2005, by and among Dollar General Corporation, the guarantors named therein, as guarantors, and Wachovia Bank, National Association (formerly known as First Union National Bank), as trustee (incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Quarterly Report on Form 10-Q for the quarter ended July 29, 2005, filed with the SEC on August 25, 2005 (file number 001-11421))
 - 4.10 Eighth Supplemental Indenture, dated as of July 27, 2005, by and among Dollar General Corporation, the guarantors named therein, as guarantors, and Wachovia Bank, National Association (formerly known as First Union National Bank), as trustee

(incorporated by reference to Exhibit 4.2 to Dollar General Corporation's Quarterly Report on Form 10-Q for the quarter ended July 29, 2005, filed with the SEC on August 25, 2005 (file number 001-11421))

- 4.11 Ninth Supplemental Indenture, dated as of August 30, 2006, by and among Dollar General Corporation, the guarantors named therein, as guarantors, and U.S. Bank National Association (successor to Wachovia Bank, National Association), as trustee (incorporated by reference to Exhibit 4.2 to Dollar General Corporation's Quarterly Report on Form 10-Q for the quarter ended November 3, 2006, filed with the SEC on December 12, 2006 (file number 001-11421))
- 4.12 Tenth Supplemental Indenture, dated as of July 6, 2007, by and among Dollar General Corporation, the guarantors named therein, as guarantors, and U.S. Bank National Association (successor to Wachovia Bank, National Association), as trustee (incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Current Report on Form 8-K dated July 6, 2007, filed with the SEC on July 12, 2007 (file number 001-11421))
- 4.13 Senior Indenture, dated July 6, 2007, among Buck Acquisition Corp., Dollar General Corporation, the guarantors named therein and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.8 to Dollar General Corporation's Current Report on Form 8-K dated July 6, 2007, filed with the SEC on July 12, 2007 (file number 001-11421))
- 4.14 First Supplemental Indenture to the Senior Indenture, dated as of September 25, 2007, between DC Financial, LLC, the Guaranteeing Subsidiary, and Wells Fargo Bank, National Association, as trustee

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- 4.15 Senior Subordinated Indenture, dated July 6, 2007, among Buck Acquisition Corp., Dollar General Corporation, the guarantors named therein and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.9 to Dollar General Corporation's Current Report on Form 8-K dated July 6, 2007, filed with the SEC on July 12, 2007 (file number 001-11421))
 - 4.16 First Supplemental Indenture to the Senior Subordinated Indenture, dated as of September 25, 2007, between DC Financial, LLC, the Guaranteeing Subsidiary, and Wells Fargo Bank, National Association, as trustee
 - 4.17 Registration Rights Agreement, dated July 6, 2007, among Buck Acquisition Corp., Dollar General Corporation, the guarantors named therein and the initial purchasers named therein (incorporated by reference to Exhibit 4.10 to Dollar General Corporation's Current Report on Form 8-K dated July 6, 2007, filed with the SEC on July 12, 2007 (file number 001-11421))
 - 4.18 Registration Rights Agreement, dated July 6, 2007, among Buck Holdings, L.P., Buck Holdings, LLC, Dollar General Corporation and Shareholders named therein
 - 4.19 Form of 10.625% Senior Notes due 2015 (included in Exhibit 4.13)
 - 4.20 Form of 11.875% / 12.625% Senior Subordinated Toggle Notes due 2017 (included in Exhibit 4.15)
 - 4.21 Credit Agreement, dated as of July 6, 2007, among Dollar General Corporation, as Borrower, Citicorp North America, Inc., as Administrative Agent, and the other lending institutions from time to time party thereto (incorporated by reference to Exhibit 4.2 to Dollar General Corporation's Current Report on Form 8-K dated July 6, 2007, filed with the SEC on July 12, 2007 (file number 001-11421))
 - 4.22 Guarantee to the Credit Agreement, dated as of July 6, 2007, among certain domestic subsidiaries of Dollar General Corporation, as Guarantors and Citicorp North America, Inc., as Collateral Agent (incorporated by reference to Exhibit 4.3 to Dollar General Corporation's Current Report on Form 8-K dated July 6, 2007, filed with the SEC on July 12, 2007 (file number 001-11421))
 - 4.23 Supplement No.1, dated as of September 11, 2007, to the Guarantee to the Credit Agreement, between DC Financial, LLC, as New Guarantor, and Citicorp North America, Inc., as Collateral Agent
 - 4.24 Security Agreement, dated as of July 6, 2007, among Dollar General Corporation and certain domestic subsidiaries of Dollar General Corporation, as Grantors, and Citicorp North America, Inc., as Collateral Agent (incorporated by reference to Exhibit 4.4 to Dollar General Corporation's Current Report on Form 8-K dated July 6, 2007, filed with the SEC on July 12, 2007 (file number 001-11421))
 - 4.25 Supplement No.1, dated as of September 11, 2007, to the Security Agreement, between DC Financial, LLC, as New Grantor, and Citicorp North America, Inc., as Collateral Agent
 - 4.26 Pledge Agreement, dated as of July 6, 2007, among Dollar General Corporation and certain domestic subsidiaries of Dollar

General Corporation, as Pledgors, and Citicorp North America, Inc., as Collateral Agent (incorporated by reference to Exhibit 4.5 to Dollar General Corporation's Current Report on Form 8-K dated July 6, 2007, filed with the SEC on July 12, 2007 (file number 001-11421))

- 4.27 Supplement No.1, dated as of September 11, 2007, to the Pledge Agreement, between DC Financial, LLC, as Additional Pledgor, and Citicorp North America, Inc., as Collateral Agent
- 4.28 ABL Credit Agreement, dated as of July 6, 2007, among Dollar General Corporation, as Parent Borrower, certain domestic subsidiaries of Dollar General Corporation, as Subsidiary Borrowers, The CIT Group/Business Credit Inc., as ABL Administrative Agent, and the other lending institutions from time to time party thereto (incorporated by reference to Exhibit 4.6 to Dollar General Corporation's Current Report on Form 8-K dated July 6, 2007, filed with the SEC on July 12, 2007 (file number 001-11421))
- 4.29 Guarantee, dated as of September 11, 2007, to the ABL Credit Agreement, between DC Financial, LLC and The CIT Group/Business Credit Inc., as ABL Collateral Agent
- 4.30 ABL Security Agreement, dated as of July 6, 2007, among Dollar General Corporation, as Parent Borrower, certain domestic subsidiaries of Dollar General Corporation, as Subsidiary Borrowers, collectively the Grantors, and The CIT Group/Business Credit Inc., as ABL Collateral Agent (incorporated by reference to Exhibit 4.7 to Dollar General Corporation's Current Report on Form 8-K dated July 6, 2007, filed with the SEC on July 12, 2007 (file number 001-11421))
- 4.31 Supplement No. 1, dated as of September 11, 2007, to the ABL Security Agreement, between DC Financial, LLC, as New Grantor, and The CIT Group/Business Credit Inc., as ABL Collateral Agent
- 5.1 Opinion of Simpson Thacher & Bartlett LLP
- 5.2 Opinion of Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C.
- 10.1 2007 Stock Incentive Plan for Key Employees of Dollar General Corporation and its Affiliates
- 10.2 Form of Stock Option Agreement between Dollar General Corporation and officers of Dollar General Corporation granting stock options pursuant to the 2007 Stock Incentive Plan
- 10.3 Form of Option Rollover Agreement between Dollar General Corporation and officers of Dollar General Corporation
- 10.4 Form of Management Stockholder's Agreement among Dollar General Corporation, Buck Holdings, L.P. and officers of Dollar General Corporation
- 10.5 Form of Sale Participation Agreement between Buck Holdings, L.P. and certain officer-level employees, dated July 6, 2007
- 10.6 Agreement among Challis Lowe, Buck Holdings, L.P. and Dollar General Corporation, dated July 5, 2007, regarding call right and termination without good reason provision in Management Stockholder's Agreement
- 10.7 1998 Stock Incentive Plan (As Amended and Restated effective as of May 31, 2006) (incorporated by reference to Exhibit 99 to Dollar General Corporation's Current Report on Form 8-K dated May 31, 2006, filed with the SEC on June 2, 2006 (file number 001-11421))

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- 10.8 Amendment to Dollar General Corporation 1998 Stock Incentive Plan, effective November 28, 2006 (incorporated by reference to Exhibit 10.8 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 2, 2007, filed with the SEC on March 29, 2007 (file number 001-11421))
 - 10.9 Form of Stock Option Grant Notice in connection with option grants made pursuant to the 1998 Stock Incentive Plan (incorporated by reference to Dollar General Corporation's Quarterly Report on Form 10-Q for the quarter ended July 29, 2005, filed with the SEC on August 25, 2005 (file number 001-11421))
 - 10.10 Dollar General Corporation CDP/SERP Plan (as amended and restated effective December 31, 2007)
 - 10.11 First Amendment to the Dollar General Corporation CDP/SERP Plan (as amended and restated effective December 31, 2007)
 - 10.12 Dollar General Corporation CDP/SERP Plan (as amended and restated effective November 1, 2004) (incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Registration Statement on Form S-8, filed with the SEC on November 1, 2004) (file number 333-120126))
 - 10.13 First Amendment to the Dollar General Corporation CDP/SERP Plan (as amended and restated effective November 1, 2004),

executed on November 10, 2005 (incorporated by reference to Exhibit 10.3 to Dollar General Corporation's Quarterly Report on Form 10-Q for the quarter ended October 28, 2005, filed with the SEC on November 22, 2005) (file number 001-11421))

- 10.14 Second Amendment to the Dollar General Corporation CDP/SERP Plan (as amended and restated effective November 1, 2004), executed on November 13, 2006 (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, 2007, filed with the SEC on March 29, 2007) (file number 001-11421))
- 10.15 Dollar General Corporation Annual Incentive Plan (effective March 16, 2005, as approved by shareholders on May 24, 2005) (incorporated by reference to Exhibit 10.6 to Dollar General Corporation's Quarterly Report on Form 10-Q for the quarter ended July 29, 2005, filed with the SEC on August 25, 2005) (file number 001-11421))
- 10.16 Dollar General Corporation 2007 Teamshare Bonus Program for Named Executive Officers (incorporated by reference to Exhibit 10.3 Dollar General Corporation's Quarterly Report on Form 10-Q for the quarter ended May 4, 2007, filed with the SEC on June 7, 2007) (file number 001-11421))
- 10.17 Summary of Dollar General Corporation Life Insurance Program as Applicable to Executive Officers (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, 2007, filed with the SEC on March 29, 2007) (file number 001-11421))
- 10.18 Dollar General Corporation Domestic Relocation Policy for Officers (incorporated by reference to Exhibit 10.20 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 2, 2007, filed with the SEC on March 29, 2007) (file number 001-11421))
- 10.19 Summary of Director Compensation

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- 10.20 Employment Agreement, dated July 6, 2007, by and between Dollar General Corporation and David L. Beré (incorporated by reference to Exhibit 10.1 to Dollar General Corporation's Current Report on Form 8-K dated July 6, 2007, filed with the SEC on July 12, 2007 (file number 001-11421))
- 10.21 Employment Agreement with David M. Tehle effective April 1, 2006 (incorporated by reference to Exhibit 99.1 to Dollar General Corporation's Current Report on Form 8-K dated March 30, 2006, filed with the SEC on April 5, 2006) (file number 001-11421))
- 10.22 Employment Agreement with Beryl J. Buley effective April 1, 2006 (incorporated by reference to Exhibit 99 to Dollar General Corporation's Current Report on Form 8-K dated April 6, 2006, filed with the SEC on April 12, 2006) (file number 001-11421))
- 10.23 Employment Agreement with Kathleen R. Guion effective April 1, 2006 (incorporated by reference to Exhibit 99.2 to Dollar General Corporation's Current Report on Form 8-K dated March 30, 2006, filed with the SEC on April 5, 2006) (file number 001-11421))
- 10.24 Employment Agreement with Challis M. Lowe effective April 1, 2006 (incorporated by reference to Exhibit 10.31 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 2, 2007, filed with the SEC on March 29, 2007 (file number 001-11421))
- 10.25 Monitoring Fee Letter Agreement, dated July 6, 2007, among Buck Holdings, L.P., Dollar General Corporation, Kohlberg Kravis Roberts & Co L.P., and Goldman, Sachs & Co.
- 10.26 Indemnification Agreement, dated July 6, 2007, among Buck Holdings, L.P., Dollar General Corporation, Kohlberg Kravis Roberts & Co L.P., and Goldman, Sachs & Co.
- 10.27 Purchase Letter Agreement, dated August 15, 2007, between Principal Life Insurance Company and DC Financial, LLC
- 12 Statement Regarding Computation of Ratio of Earnings to Fixed Charges
- 21 List of Subsidiaries of Dollar General Corporation
- 23.1 Consent of Simpson Thacher & Bartlett LLP (included as part of Exhibit 5.1)
- 23.2 Consent of Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C. (included as part of Exhibit 5.2)

- 23.3 Consent of Ernst & Young LLP
- 24 Powers of Attorney (included as part of the signature pages hereto)
- 25.1 Form T-1 Statement of Eligibility under Trust Indenture Act of 1939 of Wells Fargo Bank, N.A. with respect to the Senior Indenture
- 25.2 Form T-1 Statement of Eligibility under Trust Indenture Act of 1939 of Wells Fargo Bank, N.A. with respect to the Senior Subordinated Indenture
- 99.1 Form of Letter of Transmittal
- 99.2 Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees
- 99.3 Form of Letter to Clients
- 99.4 Form of Notice of Guaranteed Delivery

Item 22. Undertakings

The undersigned registrants hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities:

The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is used in the offering made by the undersigned registrant to the purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, or controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is therefore,

unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrants of expenses incurred or paid by a director, officer or controlling person of the registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrants will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Dollar General Corporation has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

DOLLAR GENERAL CORPORATION

By: /s/ DAVID L. BERÉ

Name: David L. Beré
Title: *Interim Chief Executive Officer; President and Chief Operating Officer*

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for and in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature	Capacity
<hr/> /s/ DAVID L. BERÉ <hr/>	 Interim Chief Executive Officer; President; Chief Operating Officer & Director (Principal Executive Officer)
 /s/ DAVID M. TEHLE <hr/>	 Executive Vice President & Chief Financial Officer (Principal Financial and Accounting Officer)
 /s/ MICHAEL M. CALBERT <hr/>	 Director
 /s/ RAJ AGRAWAL <hr/>	 Director
 /s/ ADRIAN JONES <hr/>	 Director
 /s/ DEAN B. NELSON <hr/>	 Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, DC Financial, LLC has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

DC Financial, LLC

By: Dollar General Corporation, its Managing Member

By: /s/ DAVID M. TEHLE

Name: David M. Tehle
Title: *Executive Vice President and
Chief Financial Officer*

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for an in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature

Capacity

/s/ DAVID L. BERÉ

Interim Chief Executive Officer; President;
Chief Operating Officer & Director of
Dollar General Corporation,
Managing Member of Registrant
(Principal Executive Officer)

/s/ DAVID M. TEHLE

Executive Vice President & Chief Financial
Officer of Dollar General Corporation,
Managing Member of Registrant
(Principal Financial and Accounting Officer)

/s/ MICHAEL M. CALBERT

Director of Dollar General Corporation,
Managing Member of Registrant

/s/ RAJ AGRAWAL

Director of Dollar General Corporation,
Managing Member of Registrant

/s/ ADRIAN JONES

Director of Dollar General Corporation,
Managing Member of Registrant

/s/ DEAN B. NELSON

Director of Dollar General Corporation,
Managing Member of Registrant

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, DG Logistics, LLC has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

DG Logistics, LLC

By: /s/ DAVID M. TEHLE

Name: David M. Tehle
Title: *Executive Vice President and
Chief Financial Officer*

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for an in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature	Capacity
_____	_____
/s/ DAVID L. BERÉ	Chief Executive Officer & Chief Manager of Registrant (Principal Executive Officer)

/s/ DAVID M. TEHLE	Executive Vice President & Chief Financial Officer of Registrant and Director of DG Transportation, Inc., Sole Member of Registrant (Principal Financial and Accounting Officer)

/s/ SUSAN S. LANIGAN	Director of DG Transportation, Inc., Sole Member of Registrant

/s/ CHALLIS M. LOWE	Director of DG Transportation, Inc., Sole Member of Registrant

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, DG Promotions, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

DG Promotions, Inc.

By: /s/ DAVID M. TEHLE

Name: David M. Tehle
Title: *Executive Vice President and
Chief Financial Officer*

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for an in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature	Capacity
<hr/> /s/ DAVID L. BERÉ <hr/>	 Chairman & Chief Executive Officer (Principal Executive Officer)
<hr/> /s/ DAVID M. TEHLE <hr/>	 Executive Vice President; Chief Financial Officer & Director (Principal Financial and Accounting Officer)
<hr/> /s/ BERYL J. BULEY <hr/>	 Director
<hr/> /s/ SUSAN S. LANIGAN <hr/>	 Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, DG Retail, LLC has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

DG Retail, LLC

By: /s/ DAVID M. TEHLE

Name: David M. Tehle
Title: *Executive Vice President and
Chief Financial Officer*

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for an in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature	Capacity
<hr/> /s/ DAVID L. BERÉ <hr/>	 Chief Executive Officer & Chief Manager of Registrant and Director of Dollar General Corporation, Sole Member of Registrant (Principal Executive Officer)
 /s/ DAVID M. TEHLE <hr/>	 Executive Vice President & Chief Financial Officer of Registrant (Principal Financial and Accounting Officer)
 /s/ MICHAEL M. CALBERT <hr/>	 Director of Dollar General Corporation, Sole Member of Registrant
 /s/ RAJ AGRAWAL <hr/>	 Director of Dollar General Corporation, Sole Member of Registrant
 /s/ ADRIAN JONES <hr/>	 Director of Dollar General Corporation, Sole Member of Registrant
 /s/ DEAN B. NELSON <hr/>	 Director of Dollar General Corporation, Sole Member of Registrant

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, DG Transportation, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

DG Transportation, Inc.

By: /s/ DAVID M. TEHLE

Name: David M. Tehle
Title: *Executive Vice President
and Chief Financial Officer*

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for an in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature	Capacity
<hr/> /s/ DAVID L. BERÉ <hr/>	 Chairman & Chief Executive Officer (Principal Executive Officer)
 /s/ DAVID M. TEHLE <hr/>	 Executive Vice President; Chief Financial Officer & Director (Principal Financial and Accounting Officer)
 /s/ SUSAN S. LANIGAN <hr/>	 Director
 /s/ CHALLIS M. LOWE <hr/>	 Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, DGC Properties LLC has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

DGC Properties LLC

By: Dolgencorp, Inc., its Managing Member

By: /s/ DAVID M. TEHLE

Name: David M. Tehle
Title: *Executive Vice President
and Chief Financial Officer*

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for an in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature	Capacity
/s/ DAVID L. BERÉ	Chairman & Chief Executive Officer of Dolgencorp, Inc., Managing Member of Registrant (Principal Executive Officer)
/s/ DAVID M. TEHLE	Executive Vice President; Chief Financial Officer & Director of Dolgencorp, Inc., Managing Member of Registrant (Principal Financial and Accounting Officer)
/s/ SUSAN S. LANIGAN	Director of Dolgencorp, Inc., Managing Member of Registrant
/s/ CHALLIS M. LOWE	Director of Dolgencorp, Inc., Managing Member of Registrant

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, DGC Properties of Kentucky LLC has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

DGC Properties of Kentucky LLC

By: Dollar General Partners, its Managing Member

By: Dollar General Corporation and
Dollar General Merchandising, Inc.,
its General Partners

By: /s/ DAVID M. TEHLE

Name: David M. Tehle
Title: *Executive Vice President
and Chief Financial Officer*

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for an in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature

Capacity

/s/ DAVID L. BERÉ

Interim Chief Executive Officer; President;
Chief Operating Officer & Director of
Dollar General Corporation and
Chairman and Chief Executive Officer
of Dollar General Merchandising, Inc.,
General Partners of Managing Member of
Registrant (Principal Executive Officer)

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/s/ DAVID M. TEHLE

Executive Vice President & Chief Financial Officer of Dollar General Corporation
and Executive Vice President; Chief Financial Officer & Director of Dollar
General Merchandising, Inc.,
General Partners of Managing Member of Registrant
(Principal Financial and Accounting Officer)

/s/ MICHAEL M. CALBERT

Director of Dollar General Corporation, General Partner of Managing Member of
Registrant

/s/ RAJ AGRAWAL

Director of Dollar General Corporation, General Partner of Managing Member of
Registrant

/s/ ADRIAN JONES

Director of Dollar General Corporation,
General Partner of Managing Member of Registrant

/s/ DEAN B. NELSON

Director of Dollar General Corporation, General Partner of Managing Member of
Registrant

/s/ BERYL J. BULEY

Director of Dollar General Merchandising, Inc, General Partner of Managing
Member of Registrant

/s/ SUSAN S. LANIGAN

Director of Dollar General Merchandising, Inc, General Partner of Managing
Member of Registrant

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Dolgencorp of New York, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

Dolgencorp of New York, Inc.

By: /s/ DAVID M. TEHLE

Name: David M. Tehle
Title: *Executive Vice President
and Chief Financial Officer*

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for an in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature	Capacity
<hr/> /s/ DAVID L. BERÉ <hr/>	<hr/> Chairman & Chief Executive Officer (Principal Executive Officer)
<hr/> /s/ DAVID M. TEHLE <hr/>	<hr/> Executive Vice President; Chief Financial Officer & Director (Principal Financial and Accounting Officer)
<hr/> /s/ SUSAN S. LANIGAN <hr/>	<hr/> Director
<hr/> /s/ CHALLIS M. LOWE <hr/>	<hr/> Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Dolgencorp of Texas, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

Dolgencorp of Texas, Inc.

By: /s/ DAVID M. TEHLE

Name: David M. Tehle
Title: *Executive Vice President and
Chief Financial Officer*

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for an in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature	Capacity
<hr/> /s/ DAVID M. BERÉ <hr/>	 Chairman & Chief Executive Officer (Principal Executive Officer)
<hr/> /s/ DAVID M. TEHLE <hr/>	 Executive Vice President; Chief Financial Officer & Director (Principal Financial and Accounting Officer)
<hr/> /s/ SUSAN S. LANIGAN <hr/>	 Director
<hr/> /s/ CHALLIS M. LOWE <hr/>	 Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Dolgencorp, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

Dolgencorp, Inc.

By: /s/ DAVID M. TEHLE

Name: David M. Tehle
Title: *Executive Vice President and
Chief Financial Officer*

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for an in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature	Capacity
<hr/> /s/ DAVID L. BERÉ <hr/>	 Chairman & Chief Executive Officer (Principal Executive Officer)
<hr/> /s/ DAVID M. TEHLE <hr/>	 Executive Vice President; Chief Financial Officer & Director (Principal Financial and Accounting Officer)
<hr/> /s/ SUSAN S. LANIGAN <hr/>	 Director
<hr/> /s/ CHALLIS M. LOWE <hr/>	 Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Dollar General Investment, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

Dollar General Investment, Inc.

By: /s/ DAVID M. TEHLE

Name: David M. Tehle
Title: *Executive Vice President and
Chief Financial Officer*

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for an in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature	Capacity
<hr/> /s/ DAVID L. BERÉ <hr/>	 Chairman & Chief Executive Officer (Principal Executive Officer)
 /s/ DAVID M. TEHLE <hr/>	 Executive Vice President; Chief Financial Officer & Director (Principal Financial and Accounting Officer)
 /s/ SUSAN S. LANIGAN <hr/>	 Director
 /s/ CHALLIS M. LOWE <hr/>	 Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Dollar General Merchandising, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

Dollar General Merchandising, Inc.

By: /s/ DAVID M. TEHLE

Name: David M. Tehle
Title: *Executive Vice President and
Chief Financial Officer*

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for an in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature	Capacity
<hr/> /s/ DAVID L. BERÉ <hr/>	 Chairman & Chief Executive Officer (Principal Executive Officer)
 /s/ DAVID M. TEHLE <hr/>	 Executive Vice President; Chief Financial Officer & Director (Principal Financial and Accounting Officer)
 /s/ BERYL J. BULEY <hr/>	 Director
 /s/ SUSAN S. LANIGAN <hr/>	 Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Dollar General Partners has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

Dollar General Partners

By: Dollar General Corporation and Dollar General Merchandising, Inc., its General Partners

By: /s/ DAVID M. TEHLE

Name: David M. Tehle
Title: *Executive Vice President and Chief Financial Officer*

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for an in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature	Capacity
<hr/> /s/ DAVID L. BERÉ <hr/>	Interim Chief Executive Officer; President; Chief Operating Officer & Director of Dollar General Corporation and Chairman and Chief Executive Officer of Dollar General Merchandising, Inc., General Partners of Registrant (Principal Executive Officer)
<hr/> /s/ DAVID M. TEHLE <hr/>	Executive Vice President & Chief Financial Officer of Dollar General Corporation and Executive Vice President; Chief Financial Officer & Director of Dollar General Merchandising, Inc., General Partners of Registrant (Principal Financial and Accounting Officer)

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<hr/> /s/ MICHAEL M. CALBERT <hr/>	Director of Dollar General Corporation, General Partner of Registrant
<hr/> /s/ RAJ AGRAWAL <hr/>	Director of Dollar General Corporation, General Partner of Registrant
<hr/> /s/ ADRIAN JONES <hr/>	Director of Dollar General Corporation, General Partner of Registrant
<hr/> /s/ DEAN B. NELSON <hr/>	Director of Dollar General Corporation, General Partner of Registrant

/s/ BERYL J. BULEY

Director of Dollar General Merchandising, Inc,
General Partner of Registrant

/s/ SUSAN S. LANIGAN

Director of Dollar General Merchandising, Inc,
General Partner of Registrant

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, South Boston FF&E, LLC has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

South Boston FF&E, LLC

By: /s/ DAVID M. TEHLE

Name: David M. Tehle
Title: *President*

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for an in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature	Capacity
<hr/> /s/ DAVID M. TEHLE <hr/>	President of Registrant and Director of South Boston Holdings, Inc., Sole General Partner of the Sole Member of Registrant (Principal Executive Officer)
<hr/> /s/ WADE SMITH <hr/>	Treasurer (Principal Financial Officer)
<hr/> /s/ ANITA C. ELLIOTT <hr/>	Vice President and Controller of Registrant and Director of South Boston Holdings, Inc., Sole General Partner of the Sole Member of Registrant (Principal Accounting Officer)

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, South Boston Holdings, Inc. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

South Boston Holdings, Inc.

By: /s/ DAVID M. TEHLE

Name: David M. Tehle
Title: *President*

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for an in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature	Capacity
<hr/> /s/ DAVID M. TEHLE <hr/>	 President & Director (Principal Executive Officer)
 /s/ WADE SMITH <hr/>	 Treasurer (Principal Financial Officer)
 /s/ ANITA C. ELLIOTT <hr/>	 Vice President; Controller & Director (Principal Accounting Officer)

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Sun-Dollar, L.P. has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Goodlettsville, State of Tennessee, on December 21, 2007.

Sun-Dollar, L.P.

By: South Boston Holdings, Inc., its General Partner

By: /s/ DAVID M. TEHLE

Name: David M. Tehle

Title: *President*

POWERS OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints David L. Beré and Susan S. Lanigan and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for an in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, including any filings pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and anything necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute, or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on December 21, 2007.

Signature	Capacity
/s/ DAVID M. TEHLE	President & Director of South Boston Holdings, Inc., Sole General Partner of Registrant (Principal Executive Officer)
/s/ WADE SMITH	Treasurer of South Boston Holdings, Inc., Sole General Partner of Registrant (Principal Financial Officer)
/s/ ANITA C. ELLIOTT	Vice President; Controller & Director of South Boston Holdings, Inc., Sole General Partner of Registrant (Principal Accounting Officer)

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**AMENDED AND RESTATED
BYLAWS
OF
DOLLAR GENERAL CORPORATION
(successor by merger to Buck Acquisition Corp.)**

ARTICLE I

MEETINGS OF SHAREHOLDERS

Section 1. Place of Meeting. Meetings of the shareholders of Dollar General Corporation (the “Corporation”) shall be held at such place either within or without the State of Tennessee as the Board of Directors may determine.

Section 2. Annual and Special Meetings. Annual meetings of shareholders shall be held, at a date, time and place fixed by the Board of Directors and stated in the notice of meeting, to elect a Board of Directors and to transact such other business as may properly come before the meeting. Special meetings of the shareholders may be called by the President for any purpose and shall be called by the President or Secretary if directed by the Board of Directors or requested in writing by the holders of not less than 25% of the voting stock of the Corporation. Each such shareholder request shall state the purpose of the proposed meeting.

Section 3. Notice. Except as otherwise provided by law, at least ten (10) and not more than two (2) months before each meeting of shareholders, written notice of the time, date and place of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each shareholder. Notice may be provided by mail, private carrier, facsimile transmission or other form of wire, wireless or electronic communication (*e.g.* , e-mail). Notice provided to a shareholder’s e-mail address as indicated on the records of the Corporation shall be deemed proper notice for any purpose set forth in these bylaws.

Section 4. Quorum. At any meeting of shareholders, the holders of record, present in person or by proxy, of a majority of the Corporation’s issued and outstanding capital stock shall constitute a quorum for the transaction of business, except as otherwise provided by law. In the absence of a quorum, any officer entitled to preside at or to act as secretary of the meeting shall have power to adjourn the meeting from time to time until a quorum is present.

Section 5. Voting and Proxies. Except as otherwise required by law, all matters submitted to a meeting of shareholders shall be decided by vote of the holders of record, present in person or by proxy, and shall be approved if the votes in favor of the matter exceed the votes against the matter. Every shareholder entitled to vote at any meeting may do so either in person or by written proxy, which proxy shall be filed with the secretary of

the meeting before being voted. Proxies and written ballots may be in any format, including facsimile or any electronic form of communication (e.g. , e-mail).

Section 6. Actions of Shareholders Without Meeting . Unless otherwise provided by the Charter of the Corporation, these bylaws or applicable law, any action required or permitted to be taken at any meeting of the shareholders may be taken without a meeting, without prior notice and without a vote if a consent in writing, setting forth the action so taken, is signed in one or more counterparts by shareholders having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted provided that all shareholders of the Corporation had agreed to be bound by the provisions of this Article I, Section 6. Such a written consent shall be delivered to the Corporation for inclusion in the minutes or filing with the corporate records, and prompt notice of the taking of the corporation action without a meeting by less than unanimous written consent will be given to those shareholders who have not consented in writing.

ARTICLE II

DIRECTORS

Section 1. Number, Election and Removal of Directors . The Board of Directors of the Corporation shall consist of not less than one (1) nor more than twelve (12) members. The number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by the Board of Directors pursuant to and in compliance with the Amended and Restated Limited Liability Company Agreement of Buck Holdings, LLC (“LLC Agreement”). The Directors shall be elected by shareholders at their annual meeting or pursuant to a written consent of the shareholders as provided herein. Subject to the provisions contained in the LLC Agreement, a Director may be removed with or without cause by the shareholders and any vacancies and newly created directorships resulting from any increase in the number of Directors may be filled, subject to compliance with the LLC agreement, by Directors entitled to cast that number of votes constituting a majority of votes that may be cast by Directors then in office, although less than a quorum, or by the sole remaining Director or by the shareholders.

Section 2. Voting . Each director shall be entitled to one vote. Except as otherwise provided by law, the Charter of the Corporation, these bylaws or any contract or agreement to which the Corporation and its shareholders are parties, at a meeting at which a quorum is present, the vote of a majority of the Directors present shall be the act of the Board of Directors. Notwithstanding the foregoing, any action of the Board of Directors, in order to be valid and binding, must include the vote of at least one Director designated by the KKR 2006 Fund L.P. and its affiliates pursuant to the LLC Agreement (each a “KKR Director” and, collectively, the “KKR Directors”).

Section 3. Meetings . Regular meetings of the Board of Directors shall be held at such times and places as may from time to time be fixed by the Board of Directors by resolution, and if so fixed no further notice thereof need be given, provided that unless all the Directors are present at the meeting at which said resolution is passed, the first meeting

held pursuant to said resolution shall not be held for at least five (5) days following the date on which the resolution is passed. Special meetings of the Board of Directors may be held at any time upon the call of the Chairman and shall be called by the Chairman and Secretary if directed by the Board of Directors or if requested by any two Directors, at least one of whom must be a KKR Director.

Section 4. Notice. Meetings (other than regular meetings the dates and times of which are established as provided in Section 3 of this Article II) of the Board of Directors must be preceded by at least two (2) Business Days notice to each Director. Notice of any special meeting of the Board of Directors shall be delivered personally, by telephone, by mail, by private carrier, by telecopier, by electronic mail or by any other means of communication reasonably calculated to give notice, at such times and at such places as shall from time to time be determined by the Board of Directors, or the Chairman thereof (if any), as applicable. Telephone notice shall be deemed to be given when the Director is personally given such notice in a telephone call to which such Director is a party. Telegraph, teletype, facsimile or other electronic transmission (*e.g.* , e-mail) notice shall be deemed to be given upon completion of the transmission of the message. Notice of a special meeting need not be given to any Director if a written waiver of notice, executed by such Director before or after the meeting, is filed with the records of the meeting, or to any Director who attends the meeting without protesting the lack of notice prior thereto or at its commencement. The notice shall state the purposes of the meeting.

Section 5. Quorum. At all duly called meetings of the Board of Directors, except as otherwise provided by law, the Charter of the Corporation, these bylaws or any contract or agreement to which the Corporation and its shareholders are parties, the presence of a majority of the Directors shall constitute a quorum for the transaction of business. Notwithstanding the foregoing, in order for a quorum to exist for the transaction of business, at least one KKR Director must be present. If a quorum is not present at any meeting of the Board of Directors, the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until such a quorum is present.

Section 6. Committees. The Board of Directors may, by resolution adopted pursuant to Section 2 of this Article II, designate one or more committees, including, without limitation, an Executive Committee, an Audit Committee and/or a Compensation Committee, to have such composition and to exercise such power and authority as the Board of Directors shall specify. KKR Directors shall be entitled to appoint one or more Directors to each committee of the Board of Directors and the Goldman Directors shall be entitled to designate one Director to any committee as to which KKR Directors have designated a Director. Additional members of each committee, if any, shall be as appointed by the Board of Directors and the Board of Directors shall have the right to appoint any other observer to any such committee. The chairmen of each committee will be designated by the KKR Directors. No action may be taken by any committee without the consent of a majority of the members of such committee.

Section 7. Actions of Board Without Meeting. Unless otherwise provided by the Charter of the Corporation, these bylaws or applicable law, any action required or

permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all the members of the Board of Directors or committee, as the case may be, consent to taking such action without a meeting, in which case, subject to Article II, Section 2 of these Bylaws, the vote of a majority of the Directors or committee members, as the case may be, is the act of the Board of Directors or any such committee. The action must be evidenced by one or more written consents describing the action taken, signed, in one or more counterparts, by that number of Directors specified pursuant to the immediately preceding sentence, indicating each such Director's vote or abstention on the action, and be included with the minutes of proceedings of the Board of Directors or committee.

ARTICLE III

OFFICERS

The officers of the Corporation shall consist of a President, a Vice President, a Secretary and a Treasurer, and such other additional officers with such titles as the Board of Directors shall determine, all of which shall be chosen by and shall serve at the pleasure of the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary. Such officers shall have the usual powers and shall perform all the usual duties incident to their respective offices. All officers shall be subject to the supervision and direction of the Board of Directors. The authority, duties or responsibilities of any officer of the Corporation may be suspended by the President with or without cause. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause. Each officer shall serve until the earlier of his or her removal, the expiration of the term for which he or she is elected or until his or her successor has been elected and qualified. Election of an officer or agent shall not itself create contract rights between the Corporation and such officer or agent.

ARTICLE IV

GENERAL PROVISIONS

Section 1. Fiscal Year. The fiscal year of the Corporation shall be fixed by the Board of Directors.

Section 2. Corporate Books. The books of the Corporation may be kept at such place within or outside the State of Tennessee as the Board of Directors may from time to time determine.

Section 3. Waiver of Notice. Whenever any notice is required to be given pursuant to the Charter of the Corporation or these bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting

need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except when such person attends the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Any waiver of notice shall be filed with the minutes of the corporate records.

Section 4. Amendment of Bylaws. Except as otherwise permitted by law, these bylaws may be amended, added to, or repealed by a majority vote of the shares represented at any duly constituted shareholders' meeting or by the act of Directors as provided in Section 2 of Article II of these bylaws. Any change in the bylaws made by the Board of Directors, however, may be amended or repealed by the shareholders.

ARTICLE V

INDEMNIFICATION

Section 1. Indemnification and Advancement of Expenses. The Corporation shall indemnify and advance expenses to each director and officer of the Corporation, or any person who may have served at the request of the Corporation's Board of Directors or its President or Chief Executive Officer as a director or officer of another corporation (and, in either case, such person's heirs, executors and administrators), to the full extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted. The Corporation may indemnify and advance expenses to any employee or agent of the Corporation who is not a director or officer (and such person's heirs, executors and administrators) to the same extent as to a director or officer, if the Board of Directors determines that doing so is in the best interests of the Corporation.

Section 2. Non-Exclusivity of Rights. The indemnification and expense advancement provisions of Section 1 of this Article V shall not be exclusive of any other right which any person (and such person's heirs, executors and administrators) may have or hereafter acquire under any statute, provision of the Charter, provision of these Bylaws, resolution adopted by the shareholders, resolution adopted by the Board of Directors, agreement, or insurance (purchased by the Corporation or otherwise), both as to action in such person's official capacity and as to action in another capacity.

Section 3. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any individual who is or was a director, officer, employee or agent of the Corporation, or who, while a director, officer, employee or agent of the Corporation, is or was serving at the request of the Corporation's Board of Directors or its Chief Executive Officer as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any expense, liability or loss whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under this Article or the Act.

ARTICLES OF ORGANIZATION
OF
DC FINANCIAL, LLC

The Articles of Organization presented herein are adopted in accordance with the provisions of the Tennessee Revised Limited Liability Company Act.

1. The name of the limited liability company is DC Financial, LLC.
 2. The name and complete address of the limited liability company's initial registered agent and office located in the state of Tennessee is:

Corporation Service Company
2098 Posion Avenue
Davidson County
Nashville, Tennessee 37203
 3. The limited liability company will be member managed.
 4. The number of members at the date of filing: one (1).
 5. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is:
 6. The complete address of the limited liability company's principal executive office is:

100 Mission Ridge
Davidson County
Goodlettsville, Tennessee 37072
 7. The period of duration is perpetual.
-

Signature Date: August 14, 2007

Signature: /s/ Lee R. Dickinson

Name: Lee R. Dickinson

Signer's Organizer

Capacity:

OPERATING AGREEMENT

This **OPERATING AGREEMENT** (“Agreement”) is made and entered into as of the 14th day of August, 2007, by Dollar General Corporation, a Tennessee corporation, as the sole member (the “Member”) of DC Financial, LLC, a Tennessee limited liability company (the “Company”).

BACKGROUND

WHEREAS, the Company was formed by the filing of Articles of Organization (the “Articles”) in the Office of the Tennessee Secretary of State on August 14, 2007; and

WHEREAS, the Member desires to enter into this Agreement to define and express its rights and obligations with respect to the operation of the Company as a limited liability company under the Tennessee Revised Limited Liability Company Act, as the same may be amended (the “Act”).

AGREEMENT

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements set forth herein, the parties agree as follows:

1. Effective Date; Term.

1.1 Effective Date. This Agreement shall be effective for all purposes upon the filing of the Articles of Organization with the Office of the Secretary of State of Tennessee (the “Effective Date”).

1.2 Term. The existence of the Company shall commence upon the Effective Date and shall be perpetual unless dissolved sooner pursuant to the Act and Section 14 of this Agreement.

2. Purpose. The Company has as its purpose engaging in all lawful business for which limited liability companies may be organized under the Act.

3. Registered Office; Registered Agent. The address of the Company’s registered office and the Company’s registered agent shall be as set forth in the Articles.

4. Management. The business and affairs of the Company shall be managed by the Member. The Member shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including (a) the opening of bank accounts, (b) the authority to execute and deliver any contract, instrument or document on behalf of the LLC, and to otherwise bind the LLC with third parties, (c) the sole discretion to make decision relating to the business and internal affairs of the LLC, and (d) all other powers, statutory or otherwise, possessed by members under the laws of the State of Tennessee.

5. **Contributions.** The Member shall have the right, but not the obligation, to make additional capital contributions to the Company in the form of cash, services or otherwise, and upon such contribution the Member's capital account balance shall be adjusted accordingly.
6. **Allocation of Profits and Losses.** The Company's profits and losses shall be allocated to the Member. To the extent allowed by law, the Member intends that the Company be disregarded as an entity separate from the Member for all federal and state income tax purposes.
7. **Distributions.** Distributions shall be made to the Member at such times and in such amounts as determined by the Member and permitted by applicable law.
8. **Elections.** The Member may make any tax elections for the Company that are permitted under the Internal Revenue Code of 1886, as amended, and under the tax laws of any state or other jurisdiction having taxing authority over the Company.
9. **Transferability of Membership Interest.** Except as the Member may agree in writing, the interest of the Member in the Company is transferable, either voluntarily or by operation of law. The Member may sell, assign, transfer, exchange, mortgage, pledge, grant, hypothecate, encumber, or otherwise transfer all or a portion of its interest in the Company (including as security). Upon the transfer of the interest, the transferee shall be admitted as a member of the Company.
10. **Admission of Additional Members.** Additional members may be admitted to the Company at the Member's discretion. In the event that any additional member is admitted, this Agreement shall be construed to apply to all members and the additional member(s) shall be required to enter into, ratify, or approve this Agreement or execute a new operating agreement upon the termination of this Agreement by the Member. Unless otherwise stated herein or required by the Act (or any other law or regulation to which the Company is subject), if additional members have been admitted to the Company and this Agreement has not been terminated or modified, the decisions of the members owning at least a majority of the membership interests in the Company shall constitute the decisions of the Member for the purposes of the interpretation of this Agreement.
11. **Liability of the Member.** The Member shall not have any liability for the debts, obligations or liabilities of the Company or for the acts or omissions of any other member, manager, agent or employee of the Company except to the extent provided in the Act. The failure of the Member to observe any formalities or requirements relating to the exercise of the powers of the Member or the management of the business and affairs of the Company under this Agreement or the Act shall not be grounds for imposing personal liability on the Member for liabilities of the Company.
12. **Title to Company Property.** All real and personal property shall be acquired in the name of the Company, and title to any property so acquired shall vest in the Company rather than in the Member.

13. Indemnification. The Company shall indemnify the Member and those authorized agents of the Company identified in writing by the Member as entitled to be indemnified under this section for all costs, losses, liabilities and damages paid or accrued by the Member or any such agent in connection with the business of the Company, to the fullest extent provided or allowed by the Act and the other laws of the State of Tennessee. In addition, the Company may advance costs of defense of any proceeding to the Member or any such agent upon receipt by the Company of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Company.

14. Dissolution: Winding Up.

14.1 Dissolutions. The Company shall dissolve and its affairs shall be wound up upon the first to occur of the following: (a) the written direction of the Member or (b) the entry of a decree of judicial dissolution under Section 48-249-616 or -614 of the Act. The bankruptcy of the Member or the occurrence of any other event that terminates the continued membership of the Member shall not cause a dissolution of the Company.

14.2 Certificate of Dissolution. Upon dissolution, the Company shall cease carrying on any and all business, but the existence of the Company shall continue until its affairs have been wound up and articles of termination have been filed pursuant to the Act.

14.3 Final Distribution. Upon the winding up of the Company, the Company's property shall be distributed as follows: (a) first to creditors, including the Member if the Member is a creditor, to the extent permitted by law, in satisfaction of the Company's liabilities; and (b) then to the Member. Such distributions shall be in cash, property, or both cash and property, as determined by the Member.

15. Fiduciary Duties of Member. The Member shall have no fiduciary duties toward the Company.

16. Governing Law. This Agreement shall be governed by, and construed under, the laws of the State of Tennessee, without giving effect to any of the conflicts of laws or choice of law provisions thereof that would compel the application of the substantive laws of any other jurisdiction.

17. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Member and the Company relating to the subject matter hereof.

18. Amendment. The Member may amend or modify this Agreement from time to time by written instrument, duly executed.

IN WITNESS WHEREOF, this Agreement has been executed by the undersigned as of the date first above written.

Dollar General Corporation

By: /s/ Wade Smith
Wade Smith, Vice President and
Treasurer

ARTICLES OF ORGANIZATION
OF
DG LOGISTICS, LLC

The undersigned acting as organizer(s) of a Limited Liability Company under the provisions of the Tennessee Limited Liability Company Act, § 48-205-101, adopts the following Articles of Organization.

1. The name of the limited liability company is DG Logistics, LLC.
 2. The name and complete address of the limited liability company's initial registered agent and office located in the state of Tennessee is:

 CT Corporation System
 530 Gay Street
 Knox County
 Knoxville, Tennessee 37902
 3. The name and complete address of the organizer of this limited liability company is:

 DolgenCorp, Inc.
 100 Mission Ridge
 Goodlettsville, Tennessee 37072
 4. The limited liability company will be member managed.
 5. The number of members at the date of filing is one (1).
 6. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and

 time is:
 7. The complete address of the limited liability company's principal executive office is:

 100 Mission Ridge
 Davidson County
 Goodlettsville, Tennessee 37072
-

8. The period of duration is perpetual.

Signature Date: December 16, 1999

Signature: /s/ Brian M. Burr

Name: Brian Burr

Signer's Capacity: Manager

**OPERATING AGREEMENT
OF DG LOGISTICS, LLC**

This Agreement, dated as of December 20, 1999 is between Dolgencorp, Inc., (the “Member”), a Kentucky corporation, with its principal place of business at 100 Mission Ridge, Goodlettsville, Tennessee 37072, and DG Logistics, LLC (the “LLC”), a limited liability company formed and existing under the laws of the State of Tennessee, with its principal place of business at 100 Mission Ridge, Goodlettsville, Tennessee 37072.

BACKGROUND

1. On December 20, 1999, the Member filed with the Secretary of State of the State of Tennessee the articles of organization of the LLC (the “Articles”). A copy of the Articles is attached as Exhibit A.
2. On that date, the Secretary accepted the Articles for filing and the LLC was formed as a limited liability company under the Tennessee Limited Liability Company Act § 48-205-101, (the “LLC Act”).
3. This Agreement confirms the agreement between the parties as to the internal affairs of the LLC and the conduct of its business.

TERMS AND CONDITIONS

Intending to be legally bound, the parties agree as follows:

ARTICLE 1 PRELIMINARY MATTERS: EFFECTIVE DATE OF AGREEMENT, FORMATION OF LLC, INITIAL MEMBERS, ADMINISTRATION, ETC.

- 1.1 Effective date of Agreement; enforceability. The effective date of this Agreement (the “Effective Date”) shall be the date of filing of the Articles.
- 1.2 LLC’s name, purpose, etc. The LLC’s name, purpose, registered agent, registered office, duration and form of management shall be as set forth in the Articles.
- 1.3 Reservation of management of LLC to managers; appointment of initial Manager. The LLC shall be managed by a manager (the “Manager”).

The LLC’s initial Manager shall be the Member.

- 1.4 Effect of Tennessee LLC Act. Except as otherwise provided in this Agreement, the business and internal affairs of the LLC shall be governed by the Tennessee LLC Act as may be in effect from time-to-time.

ARTICLE 2 CAPITAL CONTRIBUTIONS AND LOAN

- 2.1 Contributions of cash and non-cash property. The Member shall transfer to the LLC as the sole and entire consideration for the Member’s membership in the LLC the property identified in the attached Exhibits B and C (the “Contribution”).
-

2.2 No duty to make additional contributions. Except for the Contribution, the Member shall have no duty to make contributions to the LLC.

2.3 Member guarantees of LLC obligations. The Member shall guarantee the obligations of the LLC as provided in the attached Exhibit D under the terms set forth in that exhibit.

ARTICLE 3 LLC MANAGEMENT

3.1 Decision-making. Except as provided in Article 3.3, the Manager in the Manager's sole discretion shall have the exclusive right to make decisions relating to the business and internal affairs of the LLC.

3.2 Signing of contracts, etc. Except as provided in Article 3.3, the Manager in the Manager's sole discretion shall have the exclusive right, power and authority to sign contracts on behalf of the LLC and otherwise to bind the LLC with third parties.

3.3 Fiduciary duties of Manager. The Member as member and as Manager shall have no fiduciary duty toward the LLC, including any duty of care or loyalty.

3.4 Indemnification of Manager. The LLC shall fully indemnify the Member for any claim against the Member in the Member's capacity as a member or as a manager.

3.5 Advancement of Manager's litigation expenses. The LLC shall advance litigation expenses to the Member for any claim against the Member in the Member's capacity as a member or as a manager.

ARTICLE 4 TRANSFERS AND PLEDGES OF LLC MEMBERSHIPS AND INTERESTS; PLEDGES

4.1 Transfers of membership rights—in general. The Member in the Member's sole discretion may transfer (whether by sale, gift or otherwise) all or any part of the Member's membership rights; including economic and non-economic rights, to any Person at any time. The Member may make any such transfer under any terms and conditions which the Member deems appropriate.

4.2 Pledges. The Member shall have exclusive and absolute discretion to pledge all or any part of the Member's membership rights to any Person at any time as collateral for any of debt of the Member. The Member may make any such pledge under any terms and conditions which the Member deems appropriate. The Member shall cease to be a member of the LLC only upon the Member's dissolution and shall not cease to be a member for any other reason, including:

- a) The Member's bankruptcy;
- b) The Member's assigning of the Member's entire LLC interest to another person.

ARTICLE 6 MISCELLANEOUS PROVISIONS

6.1 Entire Agreement. This Agreement contains the complete agreement between the parties concerning its subject matter, and it replaces all earlier agreements between them, whether written or oral, concerning its subject matter.

6.2 Amendments. No amendment of this Agreement shall be valid unless it is set forth in a writing signed by both parties.

6.3 Notices. All notices under this Agreement shall be in writing. They shall be sent by fax or by registered U.S. mail, return receipt requested, to the parties at their respective addresses as stated on the first page of this Agreement. A party may change the party's address for purposes of this Article 6.3 at any time upon reasonable notice to the other parties. Notices shall be deemed to have been received when actually received.

6.4 Governing law. This Agreement shall be governed exclusively by the laws of the State of Tennessee (exclusive of its laws relating to conflicts of law).

6.5 Captions. Captions in this Agreement are for convenience only and shall be deemed irrelevant in construing its provisions.

6.6 Incorporation of Articles, etc. The Articles and all exhibits referred to in this Agreement are hereby incorporated in the Agreement and made an integral part of it.

6.7 Definition of "Including," "Person," etc. The terms "Including" and "Includes" shall mean a partial definition. The term "Person" shall mean a natural person and any kind of entity.

SIGNATURES AND DATES

In witness of their acceptance of the above terms and conditions, the parties by themselves or by their duly authorized representatives, have signed and dated this Agreement as follows:

DOLGENCORP, INC., as Member and as Manager

/s/ Randy Sanderson	7-14-00
Randy Sanderson	(Date)
Vice President – Controller	

DG LOGISTICS, LLC

/s/ Tom Hartshorn	
By: Dolgencorp, Inc.	(Date)
Manager	
Tom Hartshorn	
Senior Vice President Logistics and Merchandise Operations	

NOTARIZATION

I, Tracy L. Collins, a duly authorized notary public, have this 14 day of July, 2000, witnessed the signature of this Agreement by the above individual who is personally known to me.

/s/ Tracy L. Collins
Notary Public (Date)

My commission expires: _____ 1/31/04

[seal]

ARTICLES OF AMENDMENT TO THE CHARTER

(For-Profit)

CORPORATE CONTROL NUMBER (IF KNOWN): 0375322

PURSUANT TO THE PROVISIONS OF SECTION 48-20-106 OF THE TENNESSEE BUSINESS CORPORATION ACT, THE UNDERSIGNED CORPORATION ADOPTS THE FOLLOWING ARTICLES OF AMENDMENT TO ITS CHARTER:

1. PLEASE INSERT THE NAME OF THE CORPORATION AS IT APPEARS OF RECORD:

Nations Title Company, Inc.

IF CHANGING THE NAME, INSERT THE NEW NAME ON THE LINE BELOW:

DG Promotions, Inc.

2. AMENDMENT IS TO BE EFFECTIVE WHEN FILED BY THE SECRETARY OF STATE.

3. PLEASE INSERT ANY CHANGES THAT APPLY:

A. PRINCIPAL ADDRESS:

B. REGISTERED AGENTS

C. REGISTERED ADDRESS:

(STREET ADDRESS) (CITY) (STATE) (ZIP)

D. OTHER CHANGES:

4. THE CORPORATION IS FOR PROFIT.

5. THE MANNER (IF NOT SET FORTH IN THE AMENDMENT) FOR IMPLEMENTATION OF ANY EXCHANGE, RECLASSIFICATION, OR CANCELLATION OF ISSUED SHARES IS AS FOLLOWS:

6. THE AMENDMENT WAS DULY ADOPTED ON July 29th, 2005 BY THE SHAREHOLDERS.

Date: July 29, 2005 _____

Signature: /s/ James H. Romaker _____

Name: James H. Romaker, Staff Attorney and Assistant Secretary _____



**CHARTER
OF
NATIONS TITLE COMPANY, INC.**

1. The name of the corporation is Nations Title Company, Inc.
2. The corporation is for profit.
3. The duration of the corporation is perpetual.
4. The street address and zip code of the corporation's principal office in Tennessee will be:

Dollar General Corporation
100 Mission Ridge
Goodlettsville, TN 37072-2170

5. (a) The name of the corporation's registered agent is CT Corporation.
- (b) The street address, zip code, and county of the corporation's registered office and registered agent in Tennessee shall be:

CT Corporation System
530 Gay Street
Knoxville, Tennessee 37902
County of Knox

6. The corporation is organized to do any and all things and to exercise any and all power, rights, and privileges that a corporation may now or hereafter be organized to do or to exercise under the Tennessee Business Corporation Act, as amended from time to time.

7. The maximum number of shares of stock the corporation is authorized to issue is one hundred (100) shares of common stock, no par value per share, which will be entitled to one vote per share and, upon dissolution of the corporation, shall be entitled to receive the net assets of the corporation.

8. The shareholders of the corporation shall not have preemptive rights.

9. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of a Board of Directors. A director shall hold office until the annual meeting of shareholders for the year in which his or her term expires and until his or her successor shall be elected and shall qualify; subject, however, to prior death, resignation, retirement, disqualification, or removal from office. Any vacancy on the Board of Directors, including a vacancy that results from an increase in the number of directors or a vacancy that results from the removal of a director with cause, may be filled only by the Board of Directors.

Any director may be removed from office but only for cause and only by (a) the affirmative vote of the holders of a majority of the voting power of the shares entitled to vote in the election of directors considered for this purpose as one class, unless a vote of a special voting group is otherwise required by law, or (b) the affirmative vote of a majority of the entire Board of Directors then in office.

Notwithstanding any other provision of this Charter, the affirmative vote of holders of two-thirds of the voting power of the shares entitled to vote at an election of directors shall be required to amend, alter, change or repeal, or to adopt any provision as part of this Charter or as part of the corporation's Bylaws inconsistent with the purpose and intent of this Article 9.

10. To the fullest extent permitted by the Tennessee Business Corporation Act as an effect on the date hereof, and as hereafter amended from time to time, a director of the corporation shall not be liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director. If the Tennessee Business Corporation Act or any successor statute is amended after adoption of this provision to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Tennessee Business Corporation Act, as so amended from time to time, or such successor statute. Any repeal or modification of this Article 10 by the shareholders of the corporation shall not affect adversely any right or protection of a director of the corporation existing at the time of such repeal or modification or with respect to events occurring prior to such time.

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

The indemnification and advancement of expenses provisions of this Article 11 shall not be exclusive of any other right that any person (and his or her heirs, executors, and administrators) may have or hereafter acquire under any statute, this Charter, the corporation's Bylaws, resolution adopted by the shareholders, resolution adopted by the Board of Directors, agreement, or insurance purchased by the corporation or otherwise, both as to action in his or her official capacity and as to action in another capacity. The corporation is hereby authorized to provide for indemnification and advancement of expenses through its Bylaws, resolution of shareholders, resolution of the Board of Directors, or agreement, in addition to that provided by this Charter.

12. The corporation shall hold a special meeting of shareholders only in the event of (a) a call of the Board of Directors of the corporation or the officers authorized to do so by the Bylaws of the corporation, or (b) the holders of at least twenty percent of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date, and deliver to the corporation's secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held, which shall be held upon the call of the Board of Directors.

Notwithstanding any other provision of this Charter, the affirmative vote of holders of two-thirds of the voting power of the shares entitled to vote at an election of directors shall be required to amend, alter, change or repeal, or to adopt any provisions as part of this Charter or as part of the corporation's Bylaws inconsistent with the purpose and intent of this Article 12.

13. The name and address of the Incorporator is:

Dollar General Financial, Inc.
100 Mission Ridge
Goodlettsville, TN 37072-2170

INCORPORATOR:

DOLLAR GENERAL FINANCIAL, INC.

Signature: /s/ Larry K. Wilcher

Name: Larry K. Wilcher, Assistant Secretary

Date: August 4, 1999

**BYLAWS
OF
DG Promotions, Inc. (the “Corporation”)**

**ARTICLE I.
OFFICES**

The Corporation may have such offices, either within or without the State of Tennessee, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

**ARTICLE II.
SHAREHOLDERS**

2.1 Annual Meeting .

An annual meeting of the shareholders of the Corporation shall be held on such date as may be determined by the Board of Directors. The business to be transacted at such meeting shall be the election of directors and such other business as shall be properly brought before the meeting.

2.2 Special Meetings.

A special meeting of shareholders shall be held on call of the Board of Directors or if the holders of at least twenty percent (20%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date and deliver to the Corporation’s Secretary one (1) or more written demands for the meeting describing the purpose or purposes for which such special meeting is to be held, including all statements necessary to make any statement of such purpose not incomplete, false or misleading. Only business within the purpose or purposes described in the meeting notice may be conducted at a special shareholders’ meeting unless otherwise approved by the Board of Directors.

2.3 Place of Meetings .

The Board of Directors may designate any place, either within or without the State of Tennessee, as the place of meeting for any annual meeting or for any special meeting. If no place is fixed by the Board of Directors, the meeting shall be held at the principal office of the Corporation.

2.4 Notice of Meetings; Waiver .

(a) **Notice .** Notice of the date, time and place of each annual and special shareholders’ meeting and, in the case of a special meeting, a description of the purpose or

purposes for which the meeting is called, shall be given no fewer than ten (10) days nor more than two (2) months before the date of the meeting. Such notice shall comply with the requirements of Article XI of these Bylaws.

(b) **Waiver .** A shareholder may waive any notice required by law, the Corporation's Charter (the "Charter") or these Bylaws before or after the date and time stated in such notice. Except as provided in the next sentence, the waiver must be in writing, be signed by the shareholder entitled to the notice and be delivered to the Corporation for inclusion in the minutes or filing with the corporate records. A shareholder's attendance at a meeting: (1) waives objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting (or promptly upon his or her arrival) objects to holding the meeting or transacting business at the meeting and (2) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

2.5 Record Date .

The Board of Directors shall fix as the record date for the determination of shareholders entitled to notice of a shareholders' meeting, to demand a special meeting, to vote or to take any other action, a date not more than seventy (70) days before the meeting or action requiring a determination of shareholders.

A record date fixed for a shareholders' meeting is effective for any adjournment of such meeting unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than four (4) months after the date fixed for the original meeting.

2.6 Shareholders' List .

After the record date for a meeting has been fixed, the Corporation shall prepare an alphabetical list of the names of all shareholders who are entitled to notice of a shareholders' meeting. Such list will show the address of and number of shares held by each shareholder. The shareholders' list will be available for inspection by any shareholder, beginning two (2) business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the Corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A shareholder or his or her agent or attorney is entitled on written demand to inspect and, subject to the requirements of the Tennessee Business Corporation Act (the "Act"), to copy the list, during regular business hours and at his or her expense, during the period it is available for inspection.

2.7 Voting of Shares .

Unless otherwise provided by the Act or the Charter, each outstanding share is entitled to one (1) vote on each matter voted on at a shareholders' meeting. Only shares are entitled to vote.

Unless otherwise provided in the Charter, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present.

2.8 Proxies

A shareholder may vote his or her shares in person or by proxy. A shareholder may appoint a proxy to vote or otherwise act for him or her by signing an appointment either personally or through an attorney-in-fact. An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes. An appointment is valid for eleven (11) months unless another period is expressly provided in the appointment form. An appointment of a proxy is revocable by the shareholder unless the appointment form conspicuously states that it is irrevocable, and the appointment is coupled with an interest.

2.9 Acceptance of Shareholder Documents

If the name signed on a shareholder document (a vote, consent, waiver, or proxy appointment) corresponds to the name of a shareholder, the Corporation, if acting in good faith, is entitled to accept such shareholder document and give it effect as the act of the shareholder. If the name signed on such shareholder document does not correspond to the name of a shareholder, the Corporation, if acting in good faith, is nevertheless entitled to accept such shareholder document and to give it effect as the act of the shareholder if:

- (i) the shareholder is an entity and the name signed purports to be that of an officer or agent of the entity;
- (ii) the name signed purports to be that of a fiduciary representing the shareholder and, if the Corporation requests, evidence of fiduciary status acceptable to the Corporation has been presented with respect to such shareholder document;
- (iii) the name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the Corporation requests, evidence of this status acceptable to the Corporation has been presented with respect to the shareholder document;
- (iv) the name signed purports to be that of a pledgee, beneficial owner or attorney-in-fact of the shareholder and, if the Corporation requests, evidence acceptable to the Corporation of the signatory's authority to sign for the shareholder has been presented with respect to such shareholder document; or
- (v) two or more persons are the shareholder as co-tenants or fiduciaries and the name signed purports to be the name of at least one (1) of the co-owners, and the person signing appears to be acting on behalf of all the co-owners.

The Corporation is entitled to reject a shareholder document if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has a reasonable basis for doubt about the validity of the signature on such shareholder document or about the signatory's authority to sign for the shareholder.

2.10 Action Without Meeting .

Action required or permitted by the Act to be taken at a shareholders' meeting may be taken without a meeting. If all shareholders entitled to vote on the action consent to taking such action without a meeting, the affirmative vote of the number of shares that would be necessary to authorize or take such action at a meeting is the act of the shareholders.

The action must be evidenced by one (1) or more written consents describing the action taken, at least one of which is signed by each shareholder entitled to vote on the action in one (1) or more counterparts, indicating such signing shareholder's vote or abstention on the action and delivered to the Corporation for inclusion in the minutes or for filing with the corporate records.

If the Act or the Charter requires that notice of a proposed action be given to nonvoting shareholders and the action is to be taken by consent of the voting shareholders, then the Corporation shall give its nonvoting shareholders written notice of the proposed action at least ten (10) days before such action is taken. Such notice shall contain or be accompanied by the same material that would have been required to be sent to nonvoting shareholders in a notice of a meeting at which the proposed action would have been submitted to the shareholders for action.

2.11 Presiding Officer and Secretary .

Meetings of the shareholders shall be presided over by the Chairman, or if the Chairman is not present or if the Corporation shall not have a Chairman, by the President or Chief Executive Officer, or if neither the Chairman, the President, nor the Chief Executive Officer is present, by a chairman chosen by a majority of the shareholders entitled to vote at such meeting. The Secretary or, in the Secretary's absence, an Assistant Secretary shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, a majority of the shareholders entitled to vote at such meeting shall choose any person present to act as secretary of the meeting.

2.12 Notice of Nominations .

Nominations for the election of directors may be made by the Board of Directors or a committee appointed by the Board of Directors authorized to make such nominations or by any shareholder entitled to vote in the election of directors generally. Any such shareholder nomination may be made, however, only if written notice of such nomination has been given, either by personal delivery or the United States mail, postage prepaid, to the Secretary of the Corporation not later than (a) with respect to an election to be held at an annual meeting of shareholders, one hundred twenty days in advance of the anniversary date of the proxy statement for the previous year's annual meeting, and (b) with respect to an election to be held at a special meeting of shareholders for the election of directors called other than by written request of a shareholder, the close of business on the tenth day following the date on which notice of such meeting is first given to shareholders, and (c) in the case of a special meeting of shareholders duly called upon the written request of a shareholder to fill a vacancy or vacancies (then existing or proposed to be created by removal at such meeting), within ten business days of such written

request. In the case of any nomination by the Board of Directors or a committee appointed by the Board of Directors authorized to make such nominations, compliance with the proxy rules of the Securities and Exchange Commission shall constitute compliance with the notice provisions of the preceding sentence.

In the case of any nomination by a shareholder, each such notice shall set forth: (a) as to each person whom the shareholder proposes to nominate for election or re-election as a director, (i) the name, age, business address, and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of the Corporation which are beneficially owned by such person, and (iv) any other information relating to such person that is required to be disclosed in solicitations of proxies with respect to nominees for election as directors, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including without limitation such person's written consent to being named in the proxy statement as a nominee and to serving as a director, if elected); and (b) as to the shareholder giving the notice (i) the name and address, as they appear on the Corporation's books, of such shareholder, and (ii) the class and number of shares of the Corporation which are beneficially owned by such shareholder; and (c) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder. The presiding officer of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

2.13 Notice of New Business .

At an annual meeting of the shareholders only such new business shall be conducted, and only such proposals shall be acted upon, as have been properly brought before the meeting. To be properly brought before the annual meeting such new business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a shareholder. For a proposal to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation and the proposal and the shareholder must comply with Rule 14a-8 under the Securities Exchange Act of 1934. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation within the time limits specified by Rule 14a-8.

A shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (a) a brief description of the proposal desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's books, of the shareholder proposing such business, (c) the class and number of shares of the Corporation which are beneficially owned by the shareholder, and (d) any financial interest of the shareholder in such proposal.

Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 2.13. The presiding officer of the meeting shall, if the facts warrant, determine and declare to the

meeting that new business or any shareholder proposal was not properly brought before the meeting in accordance with the provisions of this Section 2.13, and if he or she should so determine, he or she shall so declare to the meeting and any such business or proposal not properly brought before the meeting shall not be acted upon at the meeting. This provision shall not prevent the consideration and approval or disapproval at the annual meeting of reports of officers, directors and committees, but in connection with such reports no new business shall be acted upon at such annual meeting unless stated and filed as herein provided.

2.14 Conduct of Meetings .

Meetings of the shareholders generally shall follow accepted rules of parliamentary procedure subject to the following:

(a) The presiding officer of the meeting shall have absolute authority over the matters of procedure, and there shall be no appeal from the ruling of the presiding officer. If, in his or her absolute discretion, the presiding officer deems it advisable to dispense with the rules of parliamentary procedure as to any meeting of shareholders or part thereof, he or she shall so state and shall state the rules under which the meeting or appropriate part thereof shall be conducted.

(b) If disorder should arise which prevents the continuation of the legitimate business of the meeting, the presiding officer may quit the chair and announce the adjournment of the meeting, and upon so doing, the meeting will immediately be adjourned.

(c) The presiding officer may ask or require that anyone not a bona fide shareholder or proxy leave the meeting.

(d) The resolution or motion shall be considered for vote only if proposed by a shareholder or a duly authorized proxy and seconded by a shareholder or duly authorized proxy other than the individual who proposed the resolution or motion.

(e) Except as the President, Chief Executive Officer, or chairman may permit, no matter shall be presented to the meeting which has not been submitted for inclusion in the agenda at least thirty (30) days prior to the meeting.

**ARTICLE III.
DIRECTORS**

3.1 Powers and Duties .

All corporate powers shall be exercised by or under the authority of and the business and affairs of the Corporation managed under the direction of the Board of Directors.

3.2 Number and Term .

(a) **Number .** The Board of Directors shall consist of no fewer than three (3) or more than fifteen (15) members. The exact number of directors, within the minimum and maximum, or the range for the size of the Board, or whether the size of the Board shall be fixed or variable range may be fixed, changed or determined from time to time by the Board of Directors.

(b) **Term .** Directors shall be elected at the first annual shareholders' meeting and at each annual meeting thereafter. The terms of the initial directors shall expire at the first shareholders' meeting at which directors are elected. The terms of all other directors expire at the next annual shareholders' meeting following their election. Despite the expiration of a director's term, he shall continue to serve until his successor is elected and qualifies or until there is a decrease in the number of directors.

3.3 Meetings; Notice .

The Board of Directors may hold regular and special meetings either within or without the State of Tennessee. The Board of Directors may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

(a) **Regular Meetings .** Unless the Charter otherwise provides, regular meetings of the Board of Directors may be held without notice of the date, time, place or purpose of the meeting.

(b) **Special Meetings .** Special meetings of the Board of Directors may be called by the Chairman, the President or a majority of the directors. Unless the Charter otherwise provides, special meetings must be preceded by at least twenty-four (24) hours' notice of the date, time and place of the meeting but need not describe the purpose of such meeting. Such notice shall comply with the requirements of Article XI of these Bylaws.

(c) **Adjourned Meetings .** Notice of an adjourned meeting need not be given if the time and place to which the meeting is adjourned are fixed at the meeting at which the adjournment is taken, and if the period of adjournment does not exceed one (1) month in any one (1) adjournment.

(d) **Waiver of Notice .** A director may waive any required notice before or after the date and time stated in the notice. Except as provided in the next sentence, the waiver must be in writing, signed by the director, and filed with the minutes or corporate records. A director's attendance at or participation in a meeting waives any required notice to him or her of such meeting unless the director at the beginning of the meeting (or promptly upon his or her arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

3.4 Quorum .

Unless the Charter requires a greater number, a quorum of the Board of Directors consists of a majority of the fixed number of directors if the Corporation has a fixed board size or a majority of the number of directors prescribed, or if no number is prescribed, the number in office immediately before the meeting begins, if the Corporation has a variable range board.

3.5 Voting .

If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board of Directors, unless the Charter or these Bylaws require the vote of a greater number of directors. A director who is present at a meeting of the Board of Directors when corporate action is taken is deemed to have assented to such action unless:

- (i) he or she objects at the beginning of the meeting (or promptly upon his or her arrival) to holding the meeting or transacting business at the meeting;
- (ii) his or her dissent or abstention from the action taken is entered in the minutes of the meeting; or
- (iii) he or she delivers written notice of his or her dissent or abstention to the presiding officer of the meeting before its adjournment or to the Corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

3.6 Action Without Meeting .

Unless the Charter otherwise provides, any action required or permitted by the Act to be taken at a Board of Directors meeting may be taken without a meeting. If all directors consent to taking such action without a meeting, the affirmative vote of the number of directors that would be necessary to authorize or take such action at a meeting is the act of the Board of Directors. Such action must be evidenced by one or more written consents describing the action taken, at least one of which is signed by each director, indicating the director's vote or abstention on the action, which consents shall be included in the minutes or filed with the corporate records reflecting the action taken. Action taken by consent is effective when the last director signs the consent, unless the consent specifies a different effective date.

3.7 Compensation .

Directors and members of any committee created by the Board of Directors shall be entitled to such reasonable compensation for their services as directors and members of such committee as shall be fixed from time to time by the Board, and shall also be entitled to reimbursement for any reasonable expenses incurred in attending meetings of the Board or of any such committee meetings. Any director receiving such compensation shall not be barred from serving the Corporation in any other capacity and receiving reasonable compensation for such other services.

3.8 Resignation .

A director may resign at any time by delivering written notice to the Board of Directors, the Chairman, President or to the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date.

3.9 Vacancies .

Unless the Charter otherwise provides, if a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of directors or a vacancy resulting from the removal of a director with or without cause, either the shareholders or the Board of Directors may fill such vacancy. If the vacancy is filled by the shareholders, it shall be filled by a plurality of the votes cast at a meeting at which a quorum is present. If the directors remaining in office constitute fewer than a quorum of the Board of Directors, they may fill such vacancy by the affirmative vote of a majority of all the directors remaining in office.

3.10 Removal of Directors .

(a) **By Shareholders .** The shareholders may remove one (1) or more directors with or without cause unless the Charter provides that directors may be removed only for cause. If cumulative voting is authorized, a director may not be removed if the number of votes sufficient to elect him or her under cumulative voting is voted against his or her removal. If cumulative voting is not authorized, a director may be removed only if the number of votes cast to remove him or her exceeds the number of votes cast not to remove him or her.

(b) **By Directors .** If so provided by the Charter, any of the directors may be removed for cause by the affirmative vote of a majority of the entire Board of Directors.

(c) **General .** A director may be removed by the shareholders or directors only at a meeting called for the purpose of removing him or her, and the meeting notice must state that the purpose, or one (1) of the purposes, of the meeting is removal of directors.

ARTICLE IV. COMMITTEES

Unless the Charter otherwise provides, the Board of Directors may create one (1) or more committees, each consisting of one (1) or more members. All members of committees of the Board of Directors which exercise powers of the Board of Directors must be members of the Board of Directors and serve at the pleasure of the Board of Directors.

The creation of a committee and appointment of a member or members to it must be approved by the greater of (i) a majority of all directors in office when the action is taken or (ii) the number of directors required by the Charter or these Bylaws to take action.

Unless otherwise provided in the Act, to the extent specified by the Board of Directors or in the Charter, each committee may exercise the authority of the Board of Directors. All such

committees and their members shall be governed by the same statutory requirements regarding meetings, action without meetings, notice and waiver of notice, quorum and voting requirements as are applicable to the Board of Directors and its members.

ARTICLE V. OFFICERS

5.1 Number .

The officers of the Corporation shall be a Chairman, a President, a Chief Executive Officer, a Chief Financial Officer, a Secretary and such other officers, including Vice Presidents, as may be from time to time appointed by the Board of Directors or by the Chairman with the Board of Directors' approval. One person may simultaneously hold more than one office except the President may not simultaneously hold the office of Secretary.

5.2 Appointment .

The principal officers shall be appointed annually by the Board of Directors at the first meeting of the Board following the annual meeting of the shareholders, or as soon thereafter as is conveniently possible. Each officer shall serve at the pleasure of the Board of Directors and until his or her successor shall have been appointed, or until his or her death, resignation or removal.

5.3 Resignation and Removal .

An officer may resign at any time by delivering notice to the Corporation. Such resignation is effective when such notice is delivered unless such notice specifies a later effective date. An officer's resignation does not affect the Corporation's contract rights, if any, with the officer.

The Board of Directors may remove any officer at any time with or without cause, but such removal shall not prejudice the contract rights, if any, of the person so removed.

5.4 Vacancies .

Any vacancy in an office for any reason may be filled for the unexpired portion of the term by the Board of Directors.

5.5 Duties .

(a) **Chairman .** The Chairman shall preside at all meetings of the shareholders and the Board of Directors and shall see that all orders and resolutions of the Board of Directors are carried into effect.

(b) **Chief Executive Officer .** The Chief Executive Officer of the Corporation shall have general supervision over the active management of the business of the Corporation.

(c) **President** . The President shall have the general powers and duties of supervision and management usually vested in the office of the President of a corporation and shall perform such other duties as the Board of Directors may from time to time prescribe.

(d) **Vice President** . The Vice President or Vice Presidents (if any) shall be active executive officers of the Corporation, shall assist the Chairman, the Chief Executive Officer and the President in the active management of the business, and shall perform such other duties as the Board of Directors may from time to time prescribe.

(e) **Chief Financial Officer** . The Chief Financial Officer shall have the custody of the Corporation's funds and securities, shall keep or cause to be kept full and accurate account of receipts and disbursements in books belonging to the Corporation, and shall deposit or cause to be deposited all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Chief Financial Officer shall disburse or cause to be disbursed the funds of the Corporation as required in the ordinary course of business or as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Chairman, the President, the Chief Executive Officer, and directors at the regular meetings of the Board, or whenever they may require it, an account of all of his or her or her transactions as Chief Financial Officer and the financial condition of the Corporation. He or she shall perform such other duties as may be incident to the office or as prescribed from time to time by the Board of Directors.

(f) **Secretary and Assistant Secretary** . The Secretary or Assistant Secretary shall attend all meetings of the Board of Directors and all meetings of the shareholders and shall prepare and record all votes and all minutes of all such meetings in a book to be kept for that purpose. He or she shall also perform like duties for any committee when required. The Secretary or Assistant Secretary shall give, or cause to be given, notice of all meetings of the shareholders and of the Board of Directors when required, and unless directed otherwise by the Board of Directors, shall keep a stock record containing the names of all persons who are shareholders of the Corporation, showing their place of residence and the number of shares held by each of them. The Secretary or Assistant Secretary shall have the responsibility of authenticating records of the Corporation. The Secretary or Assistant Secretary shall perform such other duties as may be prescribed from time to time by the Board of Directors.

(g) **Other Officers** . Other officers appointed by the Board of Directors shall exercise such powers and perform such duties as may be delegated to them.

(h) **Delegation of Duties** . In case of the absence or disability of any officer of the Corporation or of any person authorized to act in his or her place, the Board of Directors may from time to time delegate the powers and duties of such officer to any officer, or any director, or any other person whom it may select, during such period of absence or disability.

5.6 Indemnification, Advancement of Expenses and Insurance .

(a) **Indemnification and Advancement of Expenses** . The Corporation shall indemnify and advance expenses to each director and officer of the Corporation, or any person who may have served at the request of the Corporation's Board of Directors or its President or

Chief Executive Officer as a director or officer of another corporation (and, in either case, such person's heirs, executors and administrators), to the full extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted. The Corporation may indemnify and advance expenses to any employee or agent of the Corporation who is not a director or officer (and such person's heirs, executors and administrators) to the same extent as to a director or officer, if the Board of Directors determines that doing so is in the best interests of the Corporation.

(b) **Non-Exclusivity of Rights**. The indemnification and expense advancement provisions of subsection (a) of this Section 5.6 shall not be exclusive of any other right which any person (and such person's heirs, executors and administrators) may have or hereafter acquire under any statute, provision of the Charter, provision of these Bylaws, resolution adopted by the shareholders, resolution adopted by the Board of Directors, agreement, or insurance (purchased by the Corporation or otherwise), both as to action in such person's official capacity and as to action in another capacity.

(c) **Insurance**. The Corporation may maintain insurance, at its expense, to protect itself and any individual who is or was a director, officer, employee or agent of the Corporation, or who, while a director, officer, employee or agent of the Corporation, is or was serving at the request of the Corporation's Board of Directors or its Chief Executive Officer as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any expense, liability or loss whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under this Article or the Act.

ARTICLE VI. SHARES OF STOCK

6.1 Shares with or without Certificates.

The Board of Directors may authorize that some or all of the shares of any or all of the Corporation's classes or series of stock be evidenced by a certificate or certificates of stock. The Board of Directors may also authorize the issue of some or all of the shares of any or all of the Corporation's classes or series of stock without certificates. The rights and obligations of shareholders with the same class and/or series of stock shall be identical whether or not their shares are represented by certificates.

(a) **Shares with Certificates**. If the Board of Directors chooses to issue shares of stock evidenced by a certificate or certificates, each individual certificate shall include the following on its face: (i) the Corporation's name, (ii) the fact that the Corporation is organized under the laws of the State of Tennessee, (iii) the name of the person to whom the certificate is issued, (iv) the number of shares represented thereby, (v) the class of shares and the designation of the series, if any, which the certificate represents, and (vi) such other information as applicable law may require or as may be lawful.

If the Corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences and limitations determined for each series (and the authority of the Board of Directors to determine variations for future series) shall be summarized on the front or back of each certificate. Alternatively, each certificate shall state on its front or back that the Corporation will furnish the shareholder this information in writing, without charge, upon request.

Each certificate of stock issued by the Corporation shall be signed (either manually or in facsimile) by any two officers of the Corporation. If the person who signed a certificate no longer holds office when the certificate is issued, the certificate is nonetheless valid.

(b) **Shares without Certificates** . If the Board of Directors chooses to issue shares of stock without certificates, the Corporation, if required by the Act, shall, within a reasonable time after the issue or transfer of shares without certificates, send the shareholder a written statement of the information required on certificates by Section 6.1(a) of these Bylaws and any other information required by the Act.

6.2 Subscriptions for Shares .

Subscriptions for shares of the Corporation shall be valid only if they are in writing. Unless the subscription agreement provides otherwise, subscriptions for shares, regardless of the time when they are made, shall be paid in full at such time, or in such installments and at such periods, as shall be determined by the Board of Directors. All calls for payment on subscriptions shall be uniform as to all shares of the same class or of the same series, unless the subscription agreement specifies otherwise.

6.3 Transfers .

Transfers of shares of the capital stock of the Corporation shall be made only on the books of the Corporation by (i) the holder of record thereof, (ii) by his or her legal representative, who, upon request of the Corporation, shall furnish proper evidence of authority to transfer, or (iii) his or her attorney, authorized by a power of attorney duly executed and filed with the Secretary of the Corporation or a duly appointed transfer agent. Such transfers shall be made only upon surrender, if applicable, of the certificate or certificates for such shares properly endorsed and with all taxes thereon paid.

6.4 Lost, Destroyed or Stolen Certificates .

No certificate for shares of stock of the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen except on production of evidence, satisfactory to the Board of Directors, of such loss, destruction or theft, and, if the Board of Directors so requires, upon the furnishing of an indemnity bond in such amount and with such terms and such surety as the Board of Directors may in its discretion require.

**ARTICLE VII.
CORPORATE ACTIONS**

7.1 Contracts .

Unless otherwise required by the Board of Directors, the Chairman, the President, the Chief Executive Officer or any Vice President shall execute contracts or other instruments on behalf of and in the name of the Corporation. The Board of Directors may from time to time authorize any other officer, assistant officer or agent to enter into any contract or execute any instrument in the name of and on behalf of the Corporation as it may deem appropriate, and such authority may be general or confined to specific instances.

7.2 Loans .

No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by the Chairman, the President, the Chief Executive Officer, the Chief Financial Officer or the Board of Directors. Such authority may be general or confined to specific instances.

7.3 Checks, Drafts, Etc.

Unless otherwise required by the Board of Directors, all checks, drafts, bills of exchange and other negotiable instruments of the Corporation shall be signed by either the Chairman, the President, the Chief Executive Officer, a Vice President or such other officer, assistant officer or agent of the Corporation as may be authorized so to do by the Board of Directors. Such authority may be general or confined to specific business, and, if so directed by the Board, the signatures of two or more such officers may be required.

7.4 Deposits .

All funds of the Company not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks or other depositories as the Board of Directors may authorize.

7.5 Voting Securities Held by the Corporation .

Unless otherwise required by the Board of Directors, the Chairman, the President or the Chief Executive Officer shall have full power and authority on behalf of the Corporation to attend any meeting of security holders, or to take action on written consent as a security holder, of other corporations in which the Corporation may hold securities. In connection therewith the Chairman, the President, or the Chief Executive Officer shall possess and may exercise any and all rights and powers incident to the ownership of such securities which the Corporation possesses. The Board of Directors may, from time to time, confer like powers upon any other person or persons.

7.6 Dividends .

The Board of Directors may, from time to time, declare, and the Corporation may pay, dividends on its outstanding shares of capital stock in the manner and upon the terms and conditions provided by applicable law. The record date for the determination of shareholders entitled to receive the payment of any dividend shall be determined by the Board of Directors, but which in any event shall not be less than ten (10) days prior to the date of such payment.

**ARTICLE VIII.
FISCAL YEAR**

The fiscal year of the Corporation shall be determined by the Board of Directors, and in the absence of such determination, shall be the calendar year.

**ARTICLE IX.
CORPORATE SEAL**

The Corporation shall not have a corporate seal.

**ARTICLE X.
AMENDMENT OF BYLAWS**

These Bylaws may be altered, amended, repealed or restated, and new Bylaws may be adopted, at any meeting of the shareholders by the affirmative vote of a majority of the stock represented at such meeting, or by the affirmative vote of a majority of the members of the Board of Directors who are present at any regular or special meeting.

**ARTICLE XI.
NOTICE**

Unless otherwise provided for in these Bylaws, any notice required shall be in writing except that oral notice is effective if it is reasonable under the circumstances and not prohibited by the Charter or these Bylaws. Notice may be communicated in person; by telephone, telegraph, teletype or other form of wire or wireless communication; or by mail or private carrier. If these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published; or by radio, television or other form of public broadcast communication. Written notice to a domestic or foreign corporation authorized to transact business in Tennessee may be addressed to its registered agent at its registered office or to the corporation or its secretary at its principal office as shown in its most recent annual report or, in the case of a foreign corporation that has not yet delivered an annual report, in its application for a certificate of authority.

Written notice to shareholders, if in a comprehensible form, is effective when mailed, if mailed postpaid and correctly addressed to the shareholder's address shown in the Corporation's current record of shareholders. Except as provided above, written notice, if in a comprehensible form, is effective at the earliest of the following: (a) when received; (b) five (5) days after its deposit in the United States mail, if mailed correctly addressed and with first class postage affixed thereon; (c) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee; or (d) twenty (20) days after its deposit in the United States mail, as evidenced by the postmark if mailed correctly addressed, and with other than first class, registered or certified postage affixed. Oral notice is effective when communicated if communicated in a comprehensible manner.

ARTICLES OF ORGANIZATION
OF
DG RETAIL, LLC

The undersigned acting as organizer(s) of a Limited Liability Company under the provisions of the Tennessee Limited Liability Company Act, § 48-205-101, adopts the following Articles of Organization.

1. The name of the limited liability company is DG Retail, LLC.
 2. The name and complete address of the limited liability company's initial registered agent and office located in the state of Tennessee is:

Corporation Service Company
2908 Poston Avenue
Davidson County
Nashville, Tennessee 37203
 3. The name and complete address of the organizer of this limited liability company is:

James H. Romaker
100 Mission Ridge
Goodlettsville, Tennessee 37072
 4. The limited liability company will be member managed.
 5. The number of members at the date of filing: one (1).
 6. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is:
 7. The complete address of the limited liability company's principal executive office is:

100 Mission Ridge
Davidson County
Goodlettsville, Tennessee 37072
-

8. The period of duration is perpetual.

Signature Date: July 15, 2005

Signature: /s/ James H. Romaker

Name: James H. Romaker

Signer's
Capacity: Organizer

OPERATING AGREEMENT

This **OPERATING AGREEMENT** (“Agreement”) is made and entered into as of the 15th day of July, 2005, by Dollar General Corporation, a Tennessee corporation, as the sole member (the “Member”) of DG Retail, LLC, a Tennessee limited liability company (the “Company”).

BACKGROUND

WHEREAS, the Company was formed by the filing of Articles of Organization (the “Articles”) in the Office of the Tennessee Secretary of State on July 15, 2005; and

WHEREAS, the Member desires to enter into this Agreement to define and express its rights and obligations with respect to the operation of the Company as a limited liability company under the Tennessee Limited Liability Company Act, as the same may be amended (the “Act”).

AGREEMENT

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements set forth herein, the parties agree as follows:

1. Effective Date; Term.

1.1 Effective Date. This Agreement shall be effective for all purposes upon the filing of the Articles of Organization with the Office of the Secretary of State of Tennessee (the “Effective Date”).

1.2 Term. The existence of the Company shall commence upon the Effective Date and shall be perpetual unless dissolved sooner pursuant to the Act and Section 15 of this Agreement.

2. Purpose. The Company has as its purpose engaging in all lawful business for which limited liability companies may be organized under the Act.

3. Registered Office; Registered Agent. The address of the Company’s registered office and the Company’s registered agent shall be as set forth in the Articles.

4. Management. The business and affairs of the Company shall be managed by the Member. The Member shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including (a) the opening of bank accounts, (b) the authority to execute and deliver any contract, instrument or document on behalf of the LLC, and to otherwise bind the LLC with third parties, (c) the sole discretion to make decision relating to the business and internal affairs of the LLC, and (d) all other powers, statutory or otherwise, possessed by members under the laws of the State of Tennessee.

5. **Contributions.** In exchange for all of the limited liability company interests in the Company, the Member is contributing one thousand dollars (\$1000) to the Company.
6. **Additional Contributions.** The Member shall have the right, but not the obligation, to make additional capital contributions to the Company in the form of cash, services or otherwise, and upon such contribution the Member's capital account balance shall be adjusted accordingly.
7. **Allocation of Profits and Losses.** The Company's profits and losses shall be allocated to the Member. To the extent allowed by law, the Member intends that the Company be disregarded as an entity separate from the Member for all federal and state income tax purposes.
8. **Distributions.** Distributions shall be made to the Member at such times and in such amounts as determined by the Member and permitted by applicable law.
9. **Elections.** The Member may make any tax elections for the Company that are permitted under the Internal Revenue Code of 1886, as amended, and under the tax laws of any state or other jurisdiction having taxing authority over the Company.
10. **Transferability of Membership Interest.** Except as the Member may agree in writing, the interest of the Member in the Company is transferable, either voluntarily or by operation of law. The Member may sell, assign, transfer, exchange, mortgage, pledge, grant, hypothecate, encumber, or otherwise transfer all or a portion of its interest in the Company (including as security). Upon the transfer of the interest, the transferee shall be admitted as a member of the Company.
11. **Admission of Additional Members.** Additional members may be admitted to the Company at the Member's discretion. In the event that any additional member is admitted, this Agreement shall be construed to apply to all members and the additional member(s) shall be required to enter into, ratify, or approve this Agreement or execute a new operating agreement upon the termination of this Agreement by the Member. Unless otherwise stated herein or required by the Act (or any other law or regulation to which the Company is subject), if additional members have been admitted to the Company and this Agreement has not been terminated or modified, the decisions of the members owning at least a majority of the membership interests in the Company shall constitute the decisions of the Member for the purposes of the interpretation of this Agreement.
12. **Liability of the Member.** The Member shall not have any liability for the debts, obligations or liabilities of the Company or for the acts or omissions of any other member, manager, agent or employee of the Company except to the extent provided in the Act. The failure of the Member to observe any formalities or requirements relating to the exercise of the powers of the Member or the management of the business and affairs of the Company under this Agreement or the Act shall not be grounds for imposing personal liability on the Member for liabilities of the Company.

13. Title to Company Property. All real and personal property shall be acquired in the name of the Company, and title to any property so acquired shall vest in the Company rather than in the Member.

14. Indemnification. The Company shall indemnify the Member and those authorized agents of the Company identified in writing by the Member as entitled to be indemnified under this section for all costs, losses, liabilities and damages paid or accrued by the Member or any such agent in connection with the business of the Company, to the fullest extent provided or allowed by the Act and the other laws of the State of Tennessee. In addition, the Company may advance costs of defense of any proceeding to the Member or any such agent upon receipt by the Company of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Company.

15. Dissolution: Winding Up.

15.1 Dissolutions. The Company shall dissolve and its affairs shall be wound up upon the first to occur of the following: (a) the written direction of the Member or (b) the entry of a decree of judicial dissolution under Section 245-902 of the Act. The bankruptcy of the Member or the occurrence of any other event that terminates the continued membership of the Member shall not cause a dissolution of the Company.

15.2 Certificate of Dissolution. Upon dissolution, the Company shall cease carrying on any and all business, but the existence of the Company shall continue until its affairs have been wound up and articles of termination have been filed pursuant to the Act.

15.3 Final Distribution. Upon the winding up of the Company, the Company's property shall be distributed as follows: (a) first to creditors, including the Member if the Member is a creditor, to the extent permitted by law, in satisfaction of the Company's liabilities; and (b) then to the Member. Such distributions shall be in cash, property, or both cash and property, as determined by the Member.

16. Fiduciary Duties of Member. The Member shall have no fiduciary duties toward the LLC.

17. Governing Law. This Agreement shall be governed by, and construed under, the laws of the State of Tennessee, without giving effect to any of the conflicts of laws or choice of law provisions thereof that would compel the application of the substantive laws of any other jurisdiction.

18. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Member and the Company relating to the subject matter hereof.

19. Amendment. The Member may amend or modify this Agreement from time to time by written instrument, duly executed.

IN WITNESS WHEREOF, this Agreement has been executed by the undersigned as of the date first above written.

Dollar General Corporation

By: /s/ Susan S. Lanigan

Name: Susan S. Lanigan

Title: Executive Vice President,
General Counsel

**CHARTER
(For-Profit Corporation)**

The undersigned acting as Incorporator(s) of a for-profit corporation under the provisions of the Tennessee Business Corporation Act adopts the following Articles of Incorporation.

- 1. The name of the corporation is: **DG Transportation, Inc.**
- 2. The number of shares of stock the corporation is authorized to issue is: **1,000 shares/ No par value.**
- 3. The name and complete address of the corporation’s initial registered agent and office located in the State of Tennessee is:

**Corporation Service Company
2908 Poston Avenue
Davidson County
Nashville, Tennessee 37203**
- 4. List the name and complete address of each incorporator:
**James H. Romaker
100 Mission Ridge
Goodlettsville, Tennessee 37072**
- 5. The complete address of the corporation’s principal office is:
**100 Mission Ridge
Goodlettsville, Tennessee 37072**
- 6. The corporation is for profit.
- 7. If the document in not to be effective upon filing by the Secretary of State, the delayed effective date and time are:
- 8. Other provisions:

The Initial Directors of the Corporation shall be: **David A. Perdue, David M. Tehle and Stonie O’Briant.**

Signature: /s/ James H. Romaker

Name: James H. Romaker, Incorporator

Date: January 28, 2005



**BYLAWS
OF
DG TRANSPORTATION, INC.
(the "Corporation")**

**ARTICLE I.
OFFICES**

The Corporation may have such offices, either within or without the State of Tennessee, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

**ARTICLE II.
SHAREHOLDERS**

2.1 Annual Meeting.

An annual meeting of the shareholders of the Corporation shall be held on such date as may be determined by the Board of Directors. The business to be transacted at such meeting shall be the election of directors and such other business as shall be properly brought before the meeting.

2.2 Special Meetings.

A special meeting of shareholders shall be held on call of the Board of Directors or if the holders of at least twenty percent (20%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date and deliver to the Corporation's Secretary one (1) or more written demands for the meeting describing the purpose or purposes for which such special meeting is to be held, including all statements necessary to make any statement of such purpose not incomplete, false or misleading. Only business within the purpose or purposes described in the meeting notice may be conducted at a special shareholders' meeting unless otherwise approved by the Board of Directors.

2.3 Place of Meetings.

The Board of Directors may designate any place, either within or without the State of Tennessee, as the place of meeting for any annual meeting or for any special meeting. If no place is fixed by the Board of Directors, the meeting shall be held at the principal office of the Corporation.

2.4 Notice of Meetings; Waiver.

(a) **Notice.** Notice of the date, time and place of each annual and special shareholders' meeting and, in the case of a special meeting, a description of the purpose or purposes for which the meeting is called, shall be given no fewer than ten (10) days nor more than two (2) months before the date of the meeting. Such notice shall comply with the requirements of Article XI of these Bylaws.

(b) **Waiver**. A shareholder may waive any notice required by law, the Corporation's Charter (the "Charter") or these Bylaws before or after the date and time stated in such notice. Except as provided in the next sentence, the waiver must be in writing, be signed by the shareholder entitled to the notice and be delivered to the Corporation for inclusion in the minutes or filing with the corporate records. A shareholder's attendance at a meeting: (1) waives objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting (or promptly upon his or her arrival) objects to holding the meeting or transacting business at the meeting and (2) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

2.5 Record Date.

The Board of Directors shall fix as the record date for the determination of shareholders entitled to notice of a shareholders' meeting, to demand a special meeting, to vote or to take any other action, a date not more than seventy (70) days before the meeting or action requiring a determination of shareholders.

A record date fixed for a shareholders' meeting is effective for any adjournment of such meeting unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than four (4) months after the date fixed for the original meeting.

2.6 Shareholders' List.

After the record date for a meeting has been fixed, the Corporation shall prepare an alphabetical list of the names of all shareholders who are entitled to notice of a shareholders' meeting. Such list will show the address of and number of shares held by each shareholder. The shareholders' list will be available for inspection by any shareholder, beginning two (2) business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the Corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A shareholder or his or her agent or attorney is entitled on written demand to inspect and, subject to the requirements of the Tennessee Business Corporation Act (the "Act"), to copy the list, during regular business hours and at his or her expense, during the period it is available for inspection.

2.7 Voting of Shares.

Unless otherwise provided by the Act or the Charter, each outstanding share is entitled to one (1) vote on each matter voted on at a shareholders' meeting. Only shares are entitled to vote.

Unless otherwise provided in the Charter, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present.

2.8 Proxies .

A shareholder may vote his or her shares in person or by proxy. A shareholder may appoint a proxy to vote or otherwise act for him or her by signing an appointment either personally or through an attorney-in-fact. An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes. An appointment is valid for eleven (11) months unless another period is expressly provided in the appointment form. An appointment of a proxy is revocable by the shareholder unless the appointment form conspicuously states that it is irrevocable, and the appointment is coupled with an interest.

2.9 Acceptance of Shareholder Documents .

If the name signed on a shareholder document (a vote, consent, waiver, or proxy appointment) corresponds to the name of a shareholder, the Corporation, if acting in good faith, is entitled to accept such shareholder document and give it effect as the act of the shareholder. If the name signed on such shareholder document does not correspond to the name of a shareholder, the Corporation, if acting in good faith, is nevertheless entitled to accept such shareholder document and to give it effect as the act of the shareholder if:

- (i) the shareholder is an entity and the name signed purports to be that of an officer or agent of the entity;
- (ii) the name signed purports to be that of a fiduciary representing the shareholder and, if the Corporation requests, evidence of fiduciary status acceptable to the Corporation has been presented with respect to such shareholder document;
- (iii) the name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the Corporation requests, evidence of this status acceptable to the Corporation has been presented with respect to the shareholder document;
- (iv) the name signed purports to be that of a pledgee, beneficial owner or attorney-in-fact of the shareholder and, if the Corporation requests, evidence acceptable to the Corporation of the signatory's authority to sign for the shareholder has been presented with respect to such shareholder document; or
- (v) two or more persons are the shareholder as co-tenants or fiduciaries and the name signed purports to be the name of at least one (1) of the co-owners, and the person signing appears to be acting on behalf of all the co-owners.

The Corporation is entitled to reject a shareholder document if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has a reasonable basis for doubt about the validity of the signature on such shareholder document or about the signatory's authority to sign for the shareholder.

2.10 Action Without Meeting .

Action required or permitted by the Act to be taken at a shareholders' meeting may be taken without a meeting. If all shareholders entitled to vote on the action consent to

taking such action without a meeting, the affirmative vote of the number of shares that would be necessary to authorize or take such action at a meeting is the act of the shareholders.

The action must be evidenced by one (1) or more written consents describing the action taken, at least one of which is signed by each shareholder entitled to vote on the action in one (1) or more counterparts, indicating such signing shareholder's vote or abstention on the action and delivered to the Corporation for inclusion in the minutes or for filing with the corporate records.

If the Act or the Charter requires that notice of a proposed action be given to nonvoting shareholders and the action is to be taken by consent of the voting shareholders, then the Corporation shall give its nonvoting shareholders written notice of the proposed action at least ten (10) days before such action is taken. Such notice shall contain or be accompanied by the same material that would have been required to be sent to nonvoting shareholders in a notice of a meeting at which the proposed action would have been submitted to the shareholders for action.

2.11 Presiding Officer and Secretary .

Meetings of the shareholders shall be presided over by the Chairman, or if the Chairman is not present or if the Corporation shall not have a Chairman, by the President or Chief Executive Officer, or if neither the Chairman, the President, nor the Chief Executive Officer is present, by a chairman chosen by a majority of the shareholders entitled to vote at such meeting. The Secretary or, in the Secretary's absence, an Assistant Secretary shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, a majority of the shareholders entitled to vote at such meeting shall choose any person present to act as secretary of the meeting.

2.12 Notice of Nominations .

Nominations for the election of directors may be made by the Board of Directors or a committee appointed by the Board of Directors authorized to make such nominations or by any shareholder entitled to vote in the election of directors generally. Any such shareholder nomination may be made, however, only if written notice of such nomination has been given, either by personal delivery or the United States mail, postage prepaid, to the Secretary of the Corporation not later than (a) with respect to an election to be held at an annual meeting of shareholders, one hundred twenty days in advance of the anniversary date of the proxy statement for the previous year's annual meeting, and (b) with respect to an election to be held at a special meeting of shareholders for the election of directors called other than by written request of a shareholder, the close of business on the tenth day following the date on which notice of such meeting is first given to shareholders, and (c) in the case of a special meeting of shareholders duly called upon the written request of a shareholder to fill a vacancy or vacancies (then existing or proposed to be created by removal at such meeting), within ten business days of such written request. In the case of any nomination by the Board of Directors or a committee appointed by the Board of Directors authorized to make such nominations, compliance with the proxy rules of the Securities and Exchange Commission shall constitute compliance with the notice provisions of the preceding sentence.

In the case of any nomination by a shareholder, each such notice shall set forth: (a) as to each person whom the shareholder proposes to nominate for election or re-election as a director, (i) the name, age, business address, and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of the Corporation which are beneficially owned by such person, and (iv) any other information relating to such person that is required to be disclosed in solicitations of proxies with respect to nominees for election as directors, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including without limitation such person's written consent to being named in the proxy statement as a nominee and to serving as a director, if elected); and (b) as to the shareholder giving the notice (i) the name and address, as they appear on the Corporation's books, of such shareholder, and (ii) the class and number of shares of the Corporation which are beneficially owned by such shareholder; and (c) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder. The presiding officer of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

2.13 Notice of New Business .

At an annual meeting of the shareholders only such new business shall be conducted, and only such proposals shall be acted upon, as have been properly brought before the meeting. To be properly brought before the annual meeting such new business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a shareholder. For a proposal to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation and the proposal and the shareholder must comply with Rule 14a-8 under the Securities Exchange Act of 1934. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation within the time limits specified by Rule 14a-8.

A shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (a) a brief description of the proposal desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's books, of the shareholder proposing such business, (c) the class and number of shares of the Corporation which are beneficially owned by the shareholder, and (d) any financial interest of the shareholder in such proposal.

Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 2.13. The presiding officer of the meeting shall, if the facts warrant, determine and declare to the meeting that new business or any shareholder proposal was not properly brought before the meeting in accordance with the provisions of this Section 2.13, and if he or she should so determine, he or she shall so declare to the meeting and any such business or proposal not properly brought before the meeting shall not be acted upon at the meeting. This provision shall not prevent the consideration and approval or disapproval at the annual meeting of reports of

officers, directors and committees, but in connection with such reports no new business shall be acted upon at such annual meeting unless stated and filed as herein provided.

2.14 Conduct of Meetings .

Meetings of the shareholders generally shall follow accepted rules of parliamentary procedure subject to the following:

(a) The presiding officer of the meeting shall have absolute authority over the matters of procedure, and there shall be no appeal from the ruling of the presiding officer. If, in his or her absolute discretion, the presiding officer deems it advisable to dispense with the rules of parliamentary procedure as to any meeting of shareholders or part thereof, he or she shall so state and shall state the rules under which the meeting or appropriate part thereof shall be conducted.

(b) If disorder should arise which prevents the continuation of the legitimate business of the meeting, the presiding officer may quit the chair and announce the adjournment of the meeting, and upon so doing, the meeting will immediately be adjourned.

(c) The presiding officer may ask or require that anyone not a bona fide shareholder or proxy leave the meeting.

(d) The resolution or motion shall be considered for vote only if proposed by a shareholder or a duly authorized proxy and seconded by a shareholder or duly authorized proxy other than the individual who proposed the resolution or motion.

(e) Except as the President, Chief Executive Officer, or chairman may permit, no matter shall be presented to the meeting which has not been submitted for inclusion in the agenda at least thirty (30) days prior to the meeting.

**ARTICLE III.
DIRECTORS**

3.1 Powers and Duties .

All corporate powers shall be exercised by or under the authority of and the business and affairs of the Corporation managed under the direction of the Board of Directors.

3.2 Number and Term .

(a) **Number.** The Board of Directors shall consist of no fewer than three (3) or more than fifteen (15) members. The exact number of directors, within the minimum and maximum, or the range for the size of the Board, or whether the size of the Board shall be fixed or variable range may be fixed, changed or determined from time to time by the Board of Directors.

(b) **Term.** Directors shall be elected at the first annual shareholders' meeting and at each annual meeting thereafter. The terms of the initial directors shall expire at the first

shareholders' meeting at which directors are elected. The terms of all other directors expire at the next annual shareholders' meeting following their election. Despite the expiration of a director's term, he shall continue to serve until his successor is elected and qualifies or until there is a decrease in the number of directors.

3.3 Meetings; Notice.

The Board of Directors may hold regular and special meetings either within or without the State of Tennessee. The Board of Directors may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

(a) **Regular Meetings.** Unless the Charter otherwise provides, regular meetings of the Board of Directors may be held without notice of the date, time, place or purpose of the meeting.

(b) **Special Meetings.** Special meetings of the Board of Directors may be called by the Chairman, the President or a majority of the directors. Unless the Charter otherwise provides, special meetings must be preceded by at least twenty-four (24) hours' notice of the date, time and place of the meeting but need not describe the purpose of such meeting. Such notice shall comply with the requirements of Article XI of these Bylaws.

(c) **Adjourned Meetings.** Notice of an adjourned meeting need not be given if the time and place to which the meeting is adjourned are fixed at the meeting at which the adjournment is taken, and if the period of adjournment does not exceed one (1) month in any one (1) adjournment.

(d) **Waiver of Notice.** A director may waive any required notice before or after the date and time stated in the notice. Except as provided in the next sentence, the waiver must be in writing, signed by the director, and filed with the minutes or corporate records. A director's attendance at or participation in a meeting waives any required notice to him or her of such meeting unless the director at the beginning of the meeting (or promptly upon his or her arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

3.4 Quorum.

Unless the Charter requires a greater number, a quorum of the Board of Directors consists of a majority of the fixed number of directors if the Corporation has a fixed board size or a majority of the number of directors prescribed, or if no number is prescribed, the number in office immediately before the meeting begins, if the Corporation has a variable range board.

3.5 Voting.

If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board of Directors, unless the Charter or these Bylaws require

the vote of a greater number of directors. A director who is present at a meeting of the Board of Directors when corporate action is taken is deemed to have assented to such action unless:

- (i) he or she objects at the beginning of the meeting (or promptly upon his or her arrival) to holding the meeting or transacting business at the meeting;
- (ii) his or her dissent or abstention from the action taken is entered in the minutes of the meeting; or
- (iii) he or she delivers written notice of his or her dissent or abstention to the presiding officer of the meeting before its adjournment or to the Corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

3.6 Action Without Meeting .

Unless the Charter otherwise provides, any action required or permitted by the Act to be taken at a Board of Directors meeting may be taken without a meeting. If all directors consent to taking such action without a meeting, the affirmative vote of the number of directors that would be necessary to authorize or take such action at a meeting is the act of the Board of Directors. Such action must be evidenced by one or more written consents describing the action taken, at least one of which is signed by each director, indicating the director's vote or abstention on the action, which consents shall be included in the minutes or filed with the corporate records reflecting the action taken. Action taken by consent is effective when the last director signs the consent, unless the consent specifies a different effective date.

3.7 Compensation .

Directors and members of any committee created by the Board of Directors shall be entitled to such reasonable compensation for their services as directors and members of such committee as shall be fixed from time to time by the Board, and shall also be entitled to reimbursement for any reasonable expenses incurred in attending meetings of the Board or of any such committee meetings. Any director receiving such compensation shall not be barred from serving the Corporation in any other capacity and receiving reasonable compensation for such other services.

3.8 Resignation .

A director may resign at any time by delivering written notice to the Board of Directors, Chairman, President or Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date.

3.9 Vacancies .

Unless the Charter otherwise provides, if a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of directors or a vacancy resulting from the removal of a director with or without cause, either the shareholders or the Board of Directors may fill such vacancy. If the vacancy is filled by the shareholders, it shall be

filled by a plurality of the votes cast at a meeting at which a quorum is present. If the directors remaining in office constitute fewer than a quorum of the Board of Directors, they may fill such vacancy by the affirmative vote of a majority of all the directors remaining in office.

3.10 Removal of Directors .

(a) **By Shareholders .** The shareholders may remove one (1) or more directors with or without cause unless the Charter provides that directors may be removed only for cause. If cumulative voting is authorized, a director may not be removed if the number of votes sufficient to elect him or her under cumulative voting is voted against his or her removal. If cumulative voting is not authorized, a director may be removed only if the number of votes cast to remove him or her exceeds the number of votes cast not to remove him or her.

(b) **By Directors .** If so provided by the Charter, any of the directors may be removed for cause by the affirmative vote of a majority of the entire Board of Directors.

(c) **General .** A director may be removed by the shareholders or directors only at a meeting called for the purpose of removing him or her, and the meeting notice must state that the purpose, or one (1) of the purposes, of the meeting is removal of directors.

**ARTICLE IV.
COMMITTEES**

Unless the Charter otherwise provides, the Board of Directors may create one (1) or more committees, each consisting of one (1) or more members. All members of committees of the Board of Directors, which exercise powers of the Board of Directors, must be members of the Board of Directors and serve at the pleasure of the Board of Directors.

The creation of a committee and appointment of a member or members to it must be approved by the greater of (i) a majority of all directors in office when the action is taken or (ii) the number of directors required by the Charter or these Bylaws to take action.

Unless otherwise provided in the Act, to the extent specified by the Board of Directors or in the Charter, each committee may exercise the authority of the Board of Directors. All such committees and their members shall be governed by the same statutory requirements regarding meetings, action without meetings, notice and waiver of notice, quorum and voting requirements as are applicable to the Board of Directors and its members.

**ARTICLE V.
OFFICERS**

5.1 Number .

The officers of the Corporation shall be a Chairman, a President, a Chief Executive Officer, a Chief Financial Officer, a Secretary and such other officers, including Vice Presidents, as may be from time to time appointed by the Board of Directors or by the Chairman with the Board of Directors' approval. One person may simultaneously hold more than one office except the President may not simultaneously hold the office of Secretary.

5.2 Appointment .

The principal officers shall be appointed annually by the Board of Directors at the first meeting of the Board following the annual meeting of the shareholders, or as soon thereafter as is conveniently possible. Each officer shall serve at the pleasure of the Board of Directors and until his or her successor shall have been appointed, or until his or her death, resignation or removal.

5.3 Resignation and Removal .

An officer may resign at any time by delivering notice to the Corporation. Such resignation is effective when such notice is delivered unless such notice specifies a later effective date. An officer's resignation does not affect the Corporation's contract rights, if any, with the officer.

The Board of Directors may remove any officer at any time with or without cause, but such removal shall not prejudice the contract rights, if any, of the person so removed.

5.4 Vacancies .

Any vacancy in an office for any reason may be filled for the unexpired portion of the term by the Board of Directors.

5.5 Duties .

(a) **Chairman** . The Chairman shall preside at all meetings of the shareholders and the Board of Directors and shall see that all orders and resolutions of the Board of Directors are carried into effect.

(b) **Chief Executive Officer** . The Chief Executive Officer of the Corporation shall have general supervision over the active management of the business of the Corporation.

(c) **President** . The President shall have the general powers and duties of supervision and management usually vested in the office of the President of a corporation and shall perform such other duties as the Board of Directors may from time to time prescribe.

(d) **Vice President** . The Vice President or Vice Presidents (if any) shall be active executive officers of the Corporation, shall assist the Chairman, the Chief Executive Officer and the President in the active management of the business, and shall perform such other duties as the Board of Directors may from time to time prescribe.

(e) **Chief Financial Officer** . The Chief Financial Officer shall have the custody of the Corporation's funds and securities, shall keep or cause to be kept full and accurate account of receipts and disbursements in books belonging to the Corporation, and shall deposit or cause to be deposited all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Chief Financial Officer shall disburse or cause to be disbursed the funds of the Corporation as required in the ordinary course of business or as may be ordered by the Board, taking proper vouchers for

such disbursements, and shall render to the Chairman, the President, the Chief Executive Officer, and directors at the regular meetings of the Board, or whenever they may require it, an account of all of his or her or her transactions as Chief Financial Officer and the financial condition of the Corporation. He or she shall perform such other duties as may be incident to the office or as prescribed from time to time by the Board of Directors.

(f) **Secretary and Assistant Secretary**. The Secretary or Assistant Secretary shall attend all meetings of the Board of Directors and all meetings of the shareholders and shall prepare and record all votes and all minutes of all such meetings in a book to be kept for that purpose. He or she shall also perform like duties for any committee when required. The Secretary or Assistant Secretary shall give, or cause to be given, notice of all meetings of the shareholders and of the Board of Directors when required, and unless directed otherwise by the Board of Directors, shall keep a stock record containing the names of all persons who are shareholders of the Corporation, showing their place of residence and the number of shares held by each of them. The Secretary or Assistant Secretary shall have the responsibility of authenticating records of the Corporation. The Secretary or Assistant Secretary shall perform such other duties as may be prescribed from time to time by the Board of Directors.

(g) **Other Officers**. Other officers appointed by the Board of Directors shall exercise such powers and perform such duties as may be delegated to them.

(h) **Delegation of Duties**. In case of the absence or disability of any officer of the Corporation or of any person authorized to act in his or her place, the Board of Directors may from time to time delegate the powers and duties of such officer to any officer, or any director, or any other person whom it may select, during such period of absence or disability.

5.6 Indemnification, Advancement of Expenses and Insurance

(a) **Indemnification and Advancement of Expenses**. The Corporation shall indemnify and advance expenses to each director and officer of the Corporation, or any person who may have served at the request of the Corporation's Board of Directors or its President or Chief Executive Officer as a director or officer of another corporation (and, in either case, such person's heirs, executors and administrators), to the full extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted. The Corporation may indemnify and advance expenses to any employee or agent of the Corporation who is not a director or officer (and such person's heirs, executors and administrators) to the same extent as to a director or officer, if the Board of Directors determines that doing so is in the best interests of the Corporation.

(b) **Non-Exclusivity of Rights**. The indemnification and expense advancement provisions of subsection (a) of this Section 5.6 shall not be exclusive of any other right which any person (and such person's heirs, executors and administrators) may have or hereafter acquire under any statute, provision of the Charter, provision of these Bylaws, resolution adopted by the shareholders, resolution adopted by the Board of Directors, agreement, or insurance (purchased by the Corporation or otherwise), both as to action in such person's official capacity and as to action in another capacity.

(c) **Insurance.** The Corporation may maintain insurance, at its expense, to protect itself and any individual who is or was a director, officer, employee or agent of the Corporation, or who, while a director, officer, employee or agent of the Corporation, is or was serving at the request of the Corporation's Board of Directors or its Chief Executive Officer as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any expense, liability or loss whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under this Article or the Act.

ARTICLE VI. SHARES OF STOCK

6.1 **Shares with or without Certificates.**

The Board of Directors may authorize that some or all of the shares of any or all of the Corporation's classes or series of stock be evidenced by a certificate or certificates of stock. The Board of Directors may also authorize the issue of some or all of the shares of any or all of the Corporation's classes or series of stock without certificates. The rights and obligations of shareholders with the same class and/or series of stock shall be identical whether or not their shares are represented by certificates.

(a) **Shares with Certificates.** If the Board of Directors chooses to issue shares of stock evidenced by a certificate or certificates, each individual certificate shall include the following on its face: (i) the Corporation's name, (ii) the fact that the Corporation is organized under the laws of the State of Tennessee, (iii) the name of the person to whom the certificate is issued, (iv) the number of shares represented thereby, (v) the class of shares and the designation of the series, if any, which the certificate represents, and (vi) such other information as applicable law may require or as may be lawful.

If the Corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences and limitations determined for each series (and the authority of the Board of Directors to determine variations for future series) shall be summarized on the front or back of each certificate. Alternatively, each certificate shall state on its front or back that the Corporation will furnish the shareholder this information in writing, without charge, upon request.

Each certificate of stock issued by the Corporation shall be signed (either manually or in facsimile) by any two officers of the Corporation. If the person who signed a certificate no longer holds office when the certificate is issued, the certificate is nonetheless valid.

(b) **Shares without Certificates.** If the Board of Directors chooses to issue shares of stock without certificates, the Corporation, if required by the Act, shall, within a reasonable time after the issue or transfer of shares without certificates, send the shareholder a written statement of the information required on certificates by Section 6.1(a) of these Bylaws and any other information required by the Act.

6.2 Subscriptions for Shares .

Subscriptions for shares of the Corporation shall be valid only if they are in writing. Unless the subscription agreement provides otherwise, subscriptions for shares, regardless of the time when they are made, shall be paid in full at such time, or in such installments and at such periods, as shall be determined by the Board of Directors. All calls for payment on subscriptions shall be uniform as to all shares of the same class or of the same series, unless the subscription agreement specifies otherwise.

6.3 Transfers .

Transfers of shares of the capital stock of the Corporation shall be made only on the books of the Corporation by (i) the holder of record thereof, (ii) by his or her legal representative, who, upon request of the Corporation, shall furnish proper evidence of authority to transfer, or (iii) his or her attorney, authorized by a power of attorney duly executed and filed with the Secretary of the Corporation or a duly appointed transfer agent. Such transfers shall be made only upon surrender, if applicable, of the certificate or certificates for such shares properly endorsed and with all taxes thereon paid.

6.4 Lost, Destroyed or Stolen Certificates .

No certificate for shares of stock of the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen except on production of evidence, satisfactory to the Board of Directors, of such loss, destruction or theft, and, if the Board of Directors so requires, upon the furnishing of an indemnity bond in such amount and with such terms and such surety as the Board of Directors may in its discretion require.

**ARTICLE VII.
CORPORATE ACTIONS**

7.1 Contracts .

Unless otherwise required by the Board of Directors, the Chairman, the President, the Chief Executive Officer or any Vice President shall execute contracts or other instruments on behalf of and in the name of the Corporation. The Board of Directors may from time to time authorize any other officer, assistant officer or agent to enter into any contract or execute any instrument in the name of and on behalf of the Corporation as it may deem appropriate, and such authority may be general or confined to specific instances.

7.2 Loans .

No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by the Chairman, the President, the Chief Executive Officer, the Chief Financial Officer or the Board of Directors. Such authority may be general or confined to specific instances.

7.3 Checks, Drafts, Etc.

Unless otherwise required by the Board of Directors, all checks, drafts, bills of exchange and other negotiable instruments of the Corporation shall be signed by either the Chairman, the President, the Chief Executive Officer, a Vice President or such other officer, assistant officer or agent of the Corporation as may be authorized so to do by the Board of Directors. Such authority may be general or confined to specific business, and, if so directed by the Board, the signatures of two or more such officers may be required.

7.4 Deposits .

All funds of the Company not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks or other depositories as the Board of Directors may authorize.

7.5 Voting Securities Held by the Corporation .

Unless otherwise required by the Board of Directors, the Chairman, the President or the Chief Executive Officer shall have full power and authority on behalf of the Corporation to attend any meeting of security holders, or to take action on written consent as a security holder, of other corporations in which the Corporation may hold securities. In connection therewith the Chairman, the President, or the Chief Executive Officer shall possess and may exercise any and all rights and powers incident to the ownership of such securities, which the Corporation possesses. The Board of Directors may, from time to time, confer like powers upon any other person or persons.

7.6 Dividends .

The Board of Directors may, from time to time, declare, and the Corporation may pay, dividends on its outstanding shares of capital stock in the manner and upon the terms and conditions provided by applicable law. The record date for the determination of shareholders entitled to receive the payment of any dividend shall be determined by the Board of Directors, but which in any event shall not be less than ten (10) days prior to the date of such payment.

**ARTICLE VIII.
FISCAL YEAR**

The fiscal year of the Corporation shall be determined by the Board of Directors, and in the absence of such determination, shall be the calendar year.

**ARTICLE IX.
CORPORATE SEAL**

The Corporation shall not have a corporate seal.

**ARTICLE X.
AMENDMENT OF BYLAWS**

These Bylaws may be altered, amended, repealed or restated, and new Bylaws may be adopted, at any meeting of the shareholders by the affirmative vote of a majority of the stock represented at such meeting, or by the affirmative vote of a majority of the members of the Board of Directors who are present at any regular or special meeting.

**ARTICLE XI.
NOTICE**

Unless otherwise provided for in these Bylaws, any notice required shall be in writing except that oral notice is effective if it is reasonable under the circumstances and not prohibited by the Charter or these Bylaws. Notice may be communicated in person; by telephone, telegraph, teletype or other form of wire or wireless communication; or by mail or private carrier. If these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published; or by radio, television or other form of public broadcast communication. Written notice to a domestic or foreign corporation authorized to transact business in Tennessee may be addressed to its registered agent at its registered office or to the corporation or its secretary at its principal office as shown in its most recent annual report or, in the case of a foreign corporation that has not yet delivered an annual report, in its application for a certificate of authority.

Written notice to shareholders, if in a comprehensible form, is effective when mailed, if mailed postpaid and correctly addressed to the shareholder's address shown in the Corporation's current record of shareholders. Except as provided above, written notice, if in a comprehensible form, is effective at the earliest of the following: (a) when received; (b) five (5) days after its deposit in the United States mail, if mailed correctly addressed and with first class postage affixed thereon; (c) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee; or (d) twenty (20) days after its deposit in the United States mail, as evidenced by the postmark if mailed correctly addressed, and with other than first class, registered or certified postage affixed. Oral notice is effective when communicated if communicated in a comprehensible manner.

Certificate of Amendment to Certificate of Formation
of
DGC PROPERTIES LLC

It is hereby certified that:

1. The name of the limited liability company (hereinafter called the "limited liability company") is DGC PROPERTIES LLC.

2. The certificate of formation of the limited liability company is hereby amended by striking out the statement relating to the limited liability company's registered agent and registered office and by substituting in lieu thereof the following new statement.

"The address of the registered office and the name and the address of the registered agent of the limited liability company required to be maintained by Section 18-104 of the Delaware Limited Liability Company Act are Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808."

Executed on 02-06-03

Signature: /s/ Susan Lanigan
Name: Susan Lanigan, Authorized Person

CERTIFICATE OF FORMATION

OF

DGC PROPERTIES LLC

This Certificate of Formation of DGC Properties LLC (the "Company"), dated May 29, 2002, is being duly executed and filed by Yael Lustmann, as an authorized person, to form a limited liability company under the Delaware Limited Liability Company Act (6 Del.C. § 18-101, et seq.).

FIRST. The name of the limited liability company formed hereby is DGC Properties LLC.

SECOND. The address of the registered office of the Company in the State of Delaware is c/o National Registered Agents, Inc., 9 East Loockerman Street, Dover, Delaware 19901.

THIRD. The name and address of the registered agent for service of process on the Company in the State of Delaware are c/o National Registered Agents, Inc., 9 East Loockerman Street, Dover, Delaware 19901.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation as of the date first above written.

Signature: /s/ Yael Lustmann

Name: Yael Lustmann, Authorized Person

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT
OF
DGC PROPERTIES LLC

This Limited Liability Company Agreement (this "Agreement") of DGC Properties LLC (the "Company"), is entered into by Dolgencorp, Inc., as the sole member (the "Member").

WHEREAS, Atlantic Financial Group, Ltd., a Texas limited partnership ("AFG"), has heretofore formed a limited liability company pursuant to and in accordance with the Delaware Limited Liability Company Act, 6 Del. C. § 18-101 et seq., as amended from time to time (the "Act"), by entering into a Limited Liability Company Agreement, dated as of May 30, 2002, of the Company (the "Original Limited Liability Company Agreement"), and causing to be filed a Certificate of Formation of the Company with the office of the Secretary of State of the State of Delaware on May 29, 2002; and

WHEREAS, pursuant to a certain Assignment, Assumption, Admission, Resignation, Amendment and Consent Agreement among AFG and the Member, dated as of June , 2002, AFG admitted the Member as a member of the Company and, following such admission, AFG resigned as a member of the Company and the Member became the sole member of the Company; and

WHEREAS, the Member desires to continue the Company as a limited liability company under the Act and to amend and restate the Original Limited Liability Company Agreement in its entirety;

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby amends and restates the Original Limited Liability Company Agreement in its entirety and agrees as follows:

1. Continuation; Name. The Member hereby agrees to continue the Company as a limited liability company under and pursuant to the provisions of the Act and agrees that its rights, duties and liabilities shall be as provided in the Act, except as otherwise provided herein. The name of the Company is DGC Properties LLC.
 2. Purpose. The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity, including without limitation commercial acts or activities, for which limited liability companies may be formed under the Act.
 3. Registered Office. The address of the registered office of the Company in the State of Delaware is c/o National Registered Agents, Inc., 9 East Lookerman Street, Dover, Delaware 19901.
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4. Registered Agent. The name and address of the registered agent of the Company for service of process on the Company in the State of Delaware is c/o National Registered Agents, Inc., 9 East Lookerman Street, Dover, Delaware 19901.

5. Member. The name and the mailing address of the Member are as follows:

Name	Address
Dolgencorp, Inc.	100 Mission Ridge Goodlettsville, TN 37072

6. Powers. The business and affairs of the Company shall be managed by the Member. The Member shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including (a) the opening of bank accounts and (b) all other powers, statutory or otherwise, possessed by members under the laws of the State of Delaware. The Member is authorized to execute and deliver any instrument or document on behalf of the Company. Wade Smith is hereby designated as an authorized person, within the meaning of the Act, to execute, deliver and file the certificate of formation of the Company (and any amendments and/or restatements thereof) and any other certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction in which the Company may wish to conduct business.

7. Dissolution. The Company shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (a) the written consent of the Member, (b) the resignation, expulsion, bankruptcy or dissolution of the Member or (c) the entry of a decree of judicial dissolution under Section 18-802 of the Act.

8. Capital Contributions. The Member agrees to contribute \$1.00 in cash, and no other property, to the Company.

9. Additional Contributions. The Member shall have the right, but not the obligation, to make additional capital contributions to the Company in the form of cash, services or otherwise, and upon such contribution the Member's capital account balance shall be adjusted accordingly.

10. Distributions. Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Member. Notwithstanding anything to the contrary contained herein, the Company, and the Member on behalf of the Company, shall not make a distribution to the Member on account of the interest of the Member in the Company if such distribution would violate § 18-607 of the Act or any other applicable law.

11. Assignments. The Member shall be permitted to transfer all of the Member's interest in the Company to any person or entity that assumes the Member's obligations under this Agreement, whereupon such person or entity shall be treated as the Member for all purposes of this Agreement.

12. Resignation. The Member may only resign from the Company if the Member shall transfer all of the Member's interest in the Company to another person or entity, and shall be deemed upon such transfer to have so resigned without further action the Member's part.

13. Admission of Additional Members. Additional members may be admitted to the Company at the discretion of the Member, and this Agreement shall thereupon be amended as necessary or appropriate to reflect the fact that there is more than one Member.

14. Liability of Member. Except as otherwise provided by the Act or herein, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and the Member shall not be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a member of the Company.

15. Other Business. The Member and any person or entity affiliated with the Member may engage in or possess an interest in other business ventures (unconnected with the Company) of every kind and description, independently or with others. The Company shall have no rights in or to such independent ventures or the income or profits therefrom by virtue of this Agreement.

16. Severability. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

17. Governing Law. This Agreement shall be governed by, and construed under, the laws of the State of Delaware (without regard to conflict of laws principles), all rights and remedies being governed by said laws.

18. Entire Agreement. The Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes all prior understandings or agreements between the parties.

19. Amendment. This Agreement may not be modified, altered, supplemented or amended except pursuant to a written agreement executed and delivered by the Member.

IN WITNESS THEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Agreement as of June 12th, 2002.

DOLGENCORP, INC.

Signature: /s/ Wade Smith

Name: Wade Smith, Treasurer

CERTIFICATE OF FORMATION
OF
DGC PROPERTIES OF KENTUCKY LLC

This Certificate of Formation of DGC Properties of Kentucky LLC (the "Company"), dated May 29, 2002, is being duly executed and filed by Yael Lustmann, as an authorized person, to form a limited liability company under the Delaware Limited Liability Company Act (6 Del.C. § 18-101, *ci seq.*).

FIRST. The name of the limited liability company formed hereby is DGC Properties of Kentucky LLC.

SECOND. The address of the registered office of the Company in the State of Delaware is c/o National Registered Agents, Inc., 9 East Loockerman Street, Dover, Delaware 19901.

THIRD. The name and address of the registered agent for service of process on the Company in the State of Delaware are c/o National Registered Agents, Inc., 9 East Lookerman Street, Dover, Delaware 19901.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation as of the date first above written.

Signature: /s/ Yael Lustmann

Name: Yael Lustmann, Authorized Person

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT
OF
DGC PROPERTIES OF KENTUCKY LLC

This Limited Liability Company Agreement (this "Agreement") of DGC Properties of Kentucky LLC (the "Company"), is entered into by Dollar General Partners, a Kentucky general partnership, as the sole member (the "Member").

WHEREAS, Atlantic Financial Group, Ltd., a Texas limited partnership ("AFG"), has heretofore formed a limited liability company pursuant to and in accordance with the Delaware Limited Liability Company Act, 6 Del. C. § 18-101 et seq., as amended from time to time (the "Act"), by entering into a Limited Liability Company Agreement, dated as of May 30, 2002, of the Company (the "Original Limited Liability Company Agreement"), and causing to be filed a Certificate of Formation of the Company with the office of the Secretary of State of the State of Delaware on May 29, 2002; and

WHEREAS, pursuant to a certain Assignment, Assumption, Admission, Resignation, Amendment and Consent Agreement among AFC and the Member, dated as of June , 2002, AFG admitted the Member as a member of the Company and, following such admission, AFG resigned as a member of the Company and the Member became the sole member of the Company; and

WHEREAS, the Member desires to continue the Company as a limited liability company under the Act and to amend and restate the Original Limited Liability Company Agreement in its entirety;

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby amends and restates the Original Limited Liability Company Agreement in its entirety and agrees as follows:

1. Continuation; Name. The Member hereby agrees to continue the Company as a limited liability company under and pursuant to the provisions of the Act and agrees that its rights, duties and liabilities shall be as provided in the Act, except as otherwise provided herein. The name of the Company is DGC Properties of Kentucky LLC.
 2. Purpose. The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity, including without limitation commercial acts or activities, for which limited liability companies may be formed under the Act.
 3. Registered Office. The address of the registered office of the Company in the State of Delaware is c/o National Registered Agents, Inc., 9 East Loockerman Street, Dover, Delaware 19901.
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4. Registered Agent. The name and address of the registered agent of the Company for service of process on the Company in the State of Delaware is c/o National Registered Agents, Inc., 9 East Lookerman Street, Dover, Delaware 19901.

5. Member. The name and the mailing address of the Member are as follows:

<u>Name</u>	<u>Address</u>
Dollar General Partners	100 Mission Ridge Goodlettsville, TN 37072

6. Powers. The business and affairs of the Company shall be managed by the Member. The Member shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including (a) the opening of bank accounts and (b) all other powers, statutory or otherwise, possessed by members under the laws of the State of Delaware. The Member is authorized to execute and deliver any instrument or document on behalf of the Company. Wade Smith is hereby designated as an authorized person, within the meaning of the Act, to execute, deliver and file the certificate of formation of the Company (and any amendments and/or restatements thereof) and any other certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction in which the Company may wish to conduct business.

7. Dissolution. The Company shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (a) the written consent of the Member, (b) the resignation, expulsion, bankruptcy or dissolution of the Member or (c) the entry of a decree of judicial dissolution under Section 18-802 of the Act.

8. Capital Contributions. The Member agrees to contribute \$1.00 in cash, and no other property, to the Company.

9. Additional Contributions. The Member shall have the right, but not the obligation, to make additional capital contributions to the Company in the form of cash, services or otherwise, and upon such contribution the Member's capital account balance shall be adjusted accordingly.

10. Distributions. Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Member. Notwithstanding anything to the contrary contained herein, the Company, and the Member on behalf of the Company, shall not make a distribution to the Member on account of the interest of the Member in the Company if such distribution would violate § 18-607 of the Act or any other applicable law.

11. Assignments. The Member shall be permitted to transfer all of the Member's interest in the Company to any person or entity that assumes the Member's obligations under this Agreement, whereupon such person or entity shall be treated as the Member for all purposes of this Agreement.

12. Resignation. The Member may only resign from the Company if the Member shall transfer all of the Member's interest in the Company to another person or entity, and shall be deemed upon such transfer to have so resigned without further action upon the Member's part.

13. Admission of Additional Members. Additional members may be admitted to the Company at the discretion of the Member, and this Agreement shall thereupon be amended as necessary or appropriate to reflect the fact that there is more than one Member.

14. Liability of Member. Except as otherwise provided by the Act or herein, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and the Member shall not be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a member of the Company.

15. Other Business. The Member and any person or entity affiliated with the Member may engage in or possess an interest in other business ventures (unconnected with the Company) of every kind and description, independently or with others. The Company shall have no rights in or to such independent ventures or the income or profits therefrom by virtue of this Agreement.

16. Severability. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

17. Governing Law. This Agreement shall be governed by, and construed under, the laws of the State of Delaware (without regard to conflict of laws principles), all rights and remedies being governed by said laws.

18. Entire Agreement. The Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes all prior understandings or agreements between the parties.

19. Amendment. This Agreement may not be modified, altered, supplemented or amended except pursuant to a written agreement executed and delivered by the Member.

2002. IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Agreement as of June 12,

Dollar General Partners
a Kentucky general partnership
By: Dolgencorp, Inc.
its authorized general partner

Signature: /s/ Wade Smith

Name: Wade Smith, Treasurer

By: Dade Lease Management, Inc.
General Partner

Signature: /s/ Wade Smith

Name: Wade Smith, Treasurer

By: Dollar General Financial, Inc.
General Partner

Signature: /s/ Wade Smith

Name: Wade Smith, Treasurer

ARTICLES OF INCORPORATION
OF
DOLGENCORP OF NEW YORK, INC.

Know all men by these presents:

The undersigned, being a person desiring to form a corporation for profit under the Kentucky Business Corporation Act, KRS 271B.1-010 *et seq.*, does hereby certify:

- (1) The name of the corporation shall be Dolgencorp of New York, Inc.
 - (2) The purposes for which it is formed include, but are not limited to, the following:
 - (A) To purchase, take, receive, lease, or otherwise deal in and with, real or personal property, or any interest therein, wherever located;
 - (B) To sell, convey, mortgage, pledge, lease, exchange, transfer and otherwise dispose of all or any part of its property and assets;
 - (C) To purchase, take, receive, subscribe for, or otherwise use and deal in and with, shares or other interests in, or obligations of, other domestic or foreign corporations, associations, partnerships or individuals, or direct or indirect obligations of United States or of any other government, state, territory, governmental district or municipality or of any instrumentality thereof;
 - (D) To sue and be sued, complain and defend, in its corporate name;
 - (E) To have a corporate seal which may be altered at pleasure, and to use the same by causing it, or a facsimile thereof, to be impressed or affixed or in any other manner reproduced, provided, however,
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that the presence or absence of a corporate seal on or from a writing shall neither add to nor detract from the legality thereof nor affect its validity in any manner or respect;

- (F) To make contracts and guarantees and incur liabilities, borrow money at such rates of interest as the corporation may determine, issue its notes, bonds and other obligations, and secure any of its obligations by mortgage or pledge of all or any of its property, franchises and income;
- (G) To lend money for its corporate purposes, invest and reinvest its funds, and take and hold real and personal property as security for the payment of funds so loaned or invested;
- (H) To conduct its business, carry on its operations and have offices and exercise all powers granted by statute, within or without this state;
- (I) To elect or appoint officers and agents of the corporation, and define their duties and fix their compensation;
- (J) To make and alter bylaws, not inconsistent with its articles of incorporation or with the laws of this state for managing the business and regulating the affairs of the corporation;
- (K) To make donations for the public welfare or for charitable, scientific or educational purposes;
- (L) To transact any lawful business which the board of directors shall find will be in aid of governmental policy;
- (M) To pay pensions and establish pension plans, pension trusts, profit

sharing plans, stock bonus plans, stock option plans and other incentive plans for any or all of its directors, officers and employees;

(N) To be a promoter, partner, member, associate or manager of any partnership, joint venture, limited liability company, trust or other enterprise; and

(O) To have and exercise all powers necessary or convenient to effect its purposes.

(3) The duration of the corporation shall be perpetual.

(4) The corporation's resident agent in this state is C T Corporation System, 1102 Kentucky Home Life Building, 239 South Fifth Street, Louisville, Jefferson County, Kentucky 40202.

(5) The address, including street and number, of the principal office of the corporation shall be 100 Mission Ridge, Goodlettsville, Tennessee 37072.

(6) The total authorized number of no par value common stock shall be one thousand (1,000) shares.

(7) The amount of capital with which the corporation will begin business is Ten Thousand Dollars (\$10,000.00).

(8) The name and address, including street and number of the incorporator and a statement of the number of shares subscribed by the incorporator, are as follows:

Name of Incorporator	Address of Incorporator	Number of Shares Subscribed
Dolgencorp, Inc.	100 Mission Ridge Goodlettsville, TN 37072	1,000 shares

(9) The number of initial directors to be elected at the first meeting of the shareholders shall be three (3) and they are as follows:

Directors	Addresses of Directors
Cal Turner, Jr.	100 Mission Ridge, Goodlettsville, TN 37072
Brian Burr	100 Mission Ridge, Goodlettsville, TN 37072
Bob Carpenter	100 Mission Ridge, Goodlettsville, TN 37072

(10) No director of the corporation shall be personally liable to the corporation or its shareholders for monetary damages for breach of duty as a director, except to the extent provided by the Kentucky Business Corporation Act as in effect from time to time. This Article shall not eliminate or limit the liability of a director for any act or omission occurring prior to the effective date of its adoption.

Any repeal or modification of the provisions of this Article 10 by the shareholders of the corporation, directly or by adoption of any inconsistent provision of the Articles of Incorporation, shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

(11) The private property and assets of shareholders shall not be subject to the payment of corporate debts or for corporate liabilities of any kind.

(12) At all elections of directors of the Corporation, each shareholder shall be entitled to as many votes as shall equal the number of votes which he would be entitled to cast for the election of directors with respect to his shares of stock multiplied by the number of directors to be

elected, and that he may cast all of such votes for a single director or may distribute them among the number to be voted for, or for any two or more of them as he may see fit.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 4th day of August, 2000.

DOLGENCORP, INC.

Signature: /s/ Larry K. Wilcher

Name: Larry K. Wilcher, Assistant Secretary

**BYLAWS
OF
DOLGENCORP NEW YORK, INC.**

ARTICLE I

Offices

Section 1.1 Offices

The principal office of the Corporation shall be located in the City of Goodlettsville, County of Davidson, State of Tennessee. The principal office of the Corporation may be changed from time to time by the Board of Directors. The Corporation may have such other offices, either within or without the State of Tennessee, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

ARTICLE II

Fiscal Year

Section 2.1 Fiscal Year

The fiscal year of the Corporation shall begin on the first day of February and end on the last day of the next January unless another date shall be fixed by resolution of the Board of Directors. After such date is fixed, it may be changed for future fiscal years at any time by further resolution of the Board of Directors.

ARTICLE III

Meetings of Shareholders

Section 3.1 Meetings

All meetings of the Shareholders for the election of Directors shall be by waiver of notice and consent or shall be held at such place either within or without the State of Tennessee as shall be designated from time to time by the Board of Directors and stated in the notice of meeting. Meetings of Shareholders for any other purpose may be held at such time and place within or without the State of Tennessee as shall be stated in the notice of the meeting.

Section 3.2 Annual Meetings

Annual Meetings of Shareholders shall be held on the date and at the time and place as shall be designated from time to time by the Board of Directors and as stated in the notice of the meeting. At the annual meeting the Shareholders shall elect by vote a Board of Directors and shall transact such other business as may properly be brought before the meeting.

Section 3.3 Place and Date

Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each Shareholder entitled to vote at such meeting not less than **ten (10)** nor more than sixty (60) days before the date of the meeting.

Section 3.4 Special Meetings

Special meetings of the Shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be held by waiver of notice and consent or may be called by the President and shall be called by the President and Secretary if the holders of at least thirty-three and one-third percent ($33\frac{1}{3}\%$) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date, and deliver to the Corporation's Secretary one (1) or more written demands for the meeting describing the purpose or purposes for which it is to be held.

Section 3.5 Notice of Special Meetings

Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than **ten (10)** nor more than sixty (60) days before the date of the meeting, to each Shareholder entitled to vote at such meeting.

Section 3.6 Purposes

Business transacted at any special meeting of Shareholders shall be limited to the purposes stated in the notice.

Section 3.7 Quorum

Except as otherwise provided by statute or by the Articles of Incorporation, the holders of a majority of the votes entitled to be cast on the matter by the voting group, present in person or represented by proxy, shall constitute a quorum at all meetings of the Shareholders for the transaction of business. If, however, a quorum shall not be present or represented at any meeting of the Shareholders, the Shareholders entitled to vote at such meeting, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At an adjourned meeting at which a quorum shall be present or represented shall constitute the meeting as originally notified. If the adjournment is for more than **sixty (60)** days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Shareholder of record entitled to vote at the meeting.

Section 3.8 Voting Percentage

When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the

statutes or of the Articles of Incorporation, a different vote is required in which case the express provision shall govern and control the decision of the question.

Section 3.9 Voting List

The Secretary of the Corporation shall prepare a list of the names of all Shareholders who are entitled to notice of a Shareholders' meeting. The list shall show the address of and number of shares held by each Shareholder. The Shareholders' list shall be available for inspection by any Shareholder, beginning **five (5)** business days before the meeting for which the list was prepared and continuing through the meeting, at the Corporation's principal office. A Shareholder, his agent, or attorney shall be entitled on written demand to inspect and, subject to the requirements of statute, to copy the list, during regular business hours and at his expense, during the period it is available for inspection. The Corporation shall make the Shareholders' list available at the meeting and any Shareholder, his agent, or attorney shall be entitled to inspect the list at any time during the meeting or any adjournment.

Section 3.10 Voting

Each outstanding share shall be entitled to one (1) vote on each matter voted on at a Shareholders' meeting. Only shares shall be entitled to vote.

Section 3.11 Proxies

A Shareholder may vote his/her shares in person or by proxy. A Shareholder may appoint a proxy to vote or otherwise act for him/her by signing an appointment form, either personally or by his/her attorney-in-fact. An appointment of a proxy shall be effective when the appointment form is received by the Secretary. An appointment shall be valid for eleven (11) months unless a longer period is expressly provided in the appointment form. An appointment of a proxy shall be revocable by the Shareholder unless form conspicuously states that it is irrevocable and the appointment is coupled with an interest.

Section 3.12 Voting for Directors

At each election for Directors each Shareholder entitled to vote at the election shall have the right to cast, in person or by proxy, as many votes in the aggregate as the Shareholder is entitled to vote, multiplied by the number of Directors to be elected at the election, and each Shareholder may cast the whole number of Votes for one (1) candidate, or distribute the votes among two (2) or more candidates. Directors shall not be elected in any other manner.

ARTICLE IV

Directors

Section 4.1 Number and Qualifications

The number of Directors of the Corporation shall not be less than three (3) nor more than seven (7) Directors, such number to be set from time to time by the Board of Directors. The Directors shall be elected at the annual meeting of the Shareholders except as provided in

Section 2 of this Article, and each Director elected shall hold office until a successor is elected and qualified. Directors need not be Shareholders of the Corporation or residents of the State of Tennessee.

Section 4.2 Vacancies

Unless the Articles of Incorporation provide otherwise, if a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of Directors, the Shareholders may fill the vacancy, the Board of Directors may fill the vacancy, or if the Directors remaining in office constitute fewer than a quorum of the Board, they may fill the vacancy by the affirmative vote of a majority of all the Directors remaining in office.

Section 4.3 Powers

All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation managed under the direction of, its Board of Directors, subject to any limitation set forth in the Articles of Incorporation.

Section 4.4 General Standards for Directors

A Director shall discharge his/her duties as a Director, including his/her duties as a member of a committee: in good faith, on an informed basis, and in a manner the Director honestly believes to be in the best interests of the Corporation.

A Director shall be considered to discharge his/her duties on an informed basis if he/she makes, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, inquiry into the business and affairs of the Corporation, or into a particular action to be taken or decision to be made.

In discharging his/her duties a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by: one (1) or more officers or employees of the Corporation whom the Director honestly believes to be reliable and competent in the matters presented; legal counsel, public accountants, or other persons as to matters the Director honestly believes are with the person's profession or expert competence; or a committee of the Board of Directors of which he/she is not a member, if the Director honestly believes the committee merits confidence.

A Director shall not be considered to be acting in good faith if he/she has knowledge concerning the matter in question that makes reliance otherwise permitted unwarranted.

Section 4.5 Removal of Board Members

The Shareholders may remove one (1) or more Directors with or without cause unless the Articles of Incorporation provide that Directors may be removed only for cause.

A Director may not be removed if the number of votes sufficient to elect the Director under cumulative voting is voted against the Director's removal.

A Director shall be removed by the Shareholders only at a meeting called for the purpose of removing the Director and the meeting notice shall state that the purpose, or one (1) of the purposes, of the meeting is removal of the Director.

Section 4.6 Special Meetings

Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the Commonwealth of Kentucky, as the place for holding any special meeting of the Board of Directors called by them. Notice of any special meeting shall be given at least 24 hours prior thereto by written notice delivered personally or mailed to each Director at the Director's business address, by telegram, or by telephone. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid. If notice be given by telephone, the notice shall be deemed delivered at the time of the telephone conversation. Any Director may waive notice of any meeting. The attendance of a Director at a meeting shall constitute a waiver of notice of the meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of the meeting.

Section 4.7 Quorum

At all meetings of the Board, a majority of the number of Directors as may be fixed by the Board from time to time shall constitute a quorum for the transaction of business. The act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Articles of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors the Directors present at such meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 4.8 Voting by Directors

Each Director shall be entitled to one vote on each matter submitted to the Board of Directors.

Section 4.9 Cumulative Voting

At each election for Directors each Shareholder entitled to vote at such election shall have the right to cast, in person or by proxy, as many votes in the aggregate as the Shareholder shall be entitled to vote under the Corporation's Articles of Incorporation, multiplied by the number of Directors to be elected at such election; and each Shareholder may cast the whole number of votes for one (1) candidate, or distribute such votes among two (2) or more candidates. Directors shall not be elected in any other manner.

Section 4.10 Actions Without Meeting

Unless the Articles of Incorporation or Bylaws provide otherwise, action required or permitted to be taken without a meeting if the action is taken by all members of the Board. The action shall be evidenced by one (1) or more written consents describing the action taken, signed by each Director, and included in the minutes or filed with the corporate records reflecting the action taken. Action taken in writing shall be effective when the last Director signs the consent, unless the consent specifies a different effective date. A consent signed in writing shall have the effect of a meeting vote and may be described as such in any document.

Section 4.11 Conference Call Meetings

The Board of Directors may permit any or all Directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all Directors participating may simultaneously hear each other during this meeting. A Director participating in a meeting by this means shall be deemed to be present in person at the meeting.

Section 4.12 Fees

The Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors, a stated salary or any combination thereof. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 4.13 Resignation of Directors

A Director may resign at any time by delivering written notice to the Board of Directors, its Chairman, or to the Corporation. A resignation shall be effective when the notice is delivered unless the notice specifies a later effective date.

ARTICLE V

Notices

Section 5.1 How Given

Whenever, under the provisions of the statutes or of the Articles of Incorporation or of these Bylaws, notice is required to be given to any Director or Shareholder, it shall not be construed to mean personal notice unless specifically allowed, but such notice may be given in writing, by first class mail, addressed to the Director or Shareholder at the proper address as it appears on the records of the Corporation, with postage thereon prepaid. The notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to Directors may also be given by telegram.

Section 5.2 Waiver of Notice

A Director may waive any notice requirement in writing by signing a waiver of notice and filing the waiver with the Secretary for inclusion in the minutes or corporate records.

A Director's attendance at or participation in a meeting shall waive any required notice to the Director of the meeting, unless the Director at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 5.3 Purposes Need Not Be Stated in Notice

No notice of a Board of Directors meeting need state the purpose of the meeting.

ARTICLE VI

Officers

Section 6.1 Officers

The Board of Directors, within twenty-one (21) days after the annual election of the Directors in each year, shall elect a President of the Corporation and shall also elect Vice Presidents, a Secretary and a Treasurer. The Board of Directors may also elect a Chairman of the Board. The Board at that time or from time to time may elect one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers who may or may not be members of the Board. The same person may hold any two or more offices excepting those of President and Vice President. The Board may also appoint such other Officers and agents as it may deem necessary for the transaction of the business of the Corporation.

Section 6.2 Term

The term of office of all Officers shall be until their respective successors are chosen, but any Officer may be removed from office, with or without cause, at any meeting of the Board of Directors by the affirmative vote of a majority of Directors then in office. The Board of Directors shall have power to fill any vacancies in any offices occurring from whatever reason.

Section 6.3 Salaries

The salaries and other compensation of all officers of the Corporation shall be fixed by the Board of Directors or an authorized committee thereof.

Section 6.4 President

The President shall be the Chief Executive Officer of the Corporation and shall have responsibility for the general and active management of the business of the Corporation, and shall see that all orders and resolutions of the Board are carried into effect. The President shall execute all authorized conveyances, contracts, or other obligations in the name of the Corporation except where the signing and execution thereof shall be expressly delegated by the

Board of Directors to some other officer or agent of the Corporation. The President shall preside at all meetings of the Shareholders and Directors.

Section 6.5 Vice President

The Vice Presidents in the order designated by the Board of Directors or, lacking such a designation, by the President, shall in the absence or disability of the President perform the duties and exercise the powers of the President and shall perform such other duties as the Board of Directors shall prescribe.

Section 6.6 Secretary

The Secretary shall attend all meetings of the Board and all meetings of the Shareholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the Shareholders and special meetings of the Board of Directors and shall perform such other duties as may be prescribed by the Board of Directors or by the President, under whose supervision the Secretary acts. When required or requested, the Secretary shall execute with the President all authorized conveyances, contracts or other obligations in the name of the Corporation except as otherwise directed by the Board of Directors. The Secretary shall keep in safe custody the seal of the Corporation and, when authorized by the Board, affix the same to any instrument requiring it and, when so affixed, it shall be attested by the Secretary's signature or by the signature of the Treasurer or an Assistant Secretary.

The Secretary shall keep a register of the post office address of each Shareholder. Each address shall be furnished to the Secretary by such Shareholder and the responsibility for keeping the address current shall be upon the Shareholder. The Secretary shall have general charge of the stock transfer books of the Corporation.

Section 6.7 Treasurer

The Treasurer shall have custody of and keep account of all money, funds and property of the Corporation, unless otherwise determined by the Board of Directors. The Treasurer shall render such accounts and present such statements to the Directors and President as may be requested. The Treasurer shall deposit funds of the Corporation in such bank or banks as appropriate. The Treasurer shall keep all bank accounts in the name of the Corporation and shall exhibit all books and accounts at reasonable times to any Director of the Corporation upon application at the office of the Corporation during business hours. No bond of any type shall be required to be posted by the Treasurer.

Section 6.8 Assistants

The Assistant Secretaries and the Assistant Treasurers (if any), respectively, shall perform the duties and exercise the powers of such Secretary or Treasurer and shall perform such other duties as the Board of Directors or the President shall prescribe. The Assistant Treasurers shall not be required to post bond of any type.

Section 6.9 Resignation and Removal of Officers

An Officer may resign at any time by delivering notice to the Corporation. A resignation shall be effective when the notice is delivered, unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor shall not take office until the effective date.

A Board of Directors may remove any Officer at any time with or without cause.

Section 6.10 Power to Vote Shares Owned by Corporation

The President of the Corporation, or any Vice President, is authorized to execute any proxy, consent, or right to vote possessed by the Corporation in shares of stock owned by the Corporation, subject to the direction of the Board of Directors.

Section 6.11 Standards of Conduct for Officers

An Officer with discretionary authority shall discharge all duties under that authority in good faith, on an informed basis, and in a manner the Officer honestly believes to be in the best interests of the Corporation.

An Officer shall be considered to discharge such duties on an informed basis if the Officer makes, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, inquiry into the business and affairs of the corporation, or into a particular action to be taken or decision to be made.

In the discharging of duties, an Officer shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by one (1) or more Officers or employees of the Corporation whom the Officer honestly believes to be reliable and competent in the matters presented, or legal counsel, public accountants, or other persons as to matters the Officer honestly believes are within the person's professional or expert competence.

An Officer shall not be considered to be acting in good faith if the Officer has knowledge concerning the matter in question that makes reliance otherwise permitted unwarranted.

ARTICLE VII

Certificates of Shares

Section 7.1 Shareholders' Certificates

Every holder of shares in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by the President or a Vice President and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned in the Corporation.

Certificates may be issued for partly paid shares and in such case upon the face or back of the certificates issued to represent any such partly paid shares, the total amount paid thereon shall be specified.

If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of shares provided that, except in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate a statement that the Corporation will furnish without charge to each Shareholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 7.2 Facsimile Signatures

Where a certificate is countersigned (a) by a transfer agent other than the Corporation or its employee, or, (b) by a registrar, other than the Corporation or its employee, any other signature on the certificate may be a facsimile. In case any Officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such Officer, transfer agent or registrar before such certificate is issued, it may be issued, by the Corporation with the same effect as if the former Officer, transfer agent or registrar were an Officer, transfer agent or registrar at the date of issue.

Section 7.3 Lost Certificates

The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the owner claiming the certificate or shares to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or the owner's legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 7.4 Stock Transfers

Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 7.5 Record Date

In order that the Corporation may determine the Shareholders entitled to notice of or to vote at any meeting of Shareholders or any adjournment thereof, or to express consent to a corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than seventy (70) days nor less than ten (10) days before the date of such meeting, nor more than seventy (70) days prior to any other action. A determination of Shareholders of record entitled to notice of or to vote at a meeting of Shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors shall fix a new record date for the adjourned meeting if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

Section 7.6 Shareholders' List

After fixing a record date for a meeting, the Corporation shall prepare a list of the names of all its Shareholders who are entitled to notice of a Shareholders' meeting. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the Commonwealth of Kentucky.

Section 7.7 Shares in Hands of Trustees or Representatives

Shares held by an administrator, executor, guardian, or conservator may be voted by such person without a transfer of such shares into his/her name so long as such shares forming part of an estate are in his/her possession and form a part of the estate being served by him/her. Shares standing in the name of a receiver may be voted by him/her without the transfer thereof into his/her name if authority so to do is contained in an appropriate order of the court by which such receiver was appointed. Shares standing in the name of a trustee may be voted by the trustee only if such shares have been transferred into the trustee's name as trustee. All such shares may be voted in person or by proxy.

Section 7.8 Shares Held by Pledgee

A Shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee. Thereafter the pledgee shall be entitled to vote the shares so transferred.

Section 7.9 Shares Held by Another Corporation

Shares standing in the name of another Corporation, domestic or foreign, may be voted by such officer, agent, or proxy as the Bylaws of such Corporation may authorize or, in the absence of such authorization, as the Board of Directors of such Corporation may determine.

Section 7.10 Proxies

A Shareholder may vote all shares owned in person or by proxy. A Shareholder may appoint a proxy to vote or otherwise act for him by signing an appointment form, either personally or by the Shareholder's attorney-in-fact. An appointment of a proxy shall be effective when the appointment form is received by the secretary or other officer or agent authorized to tabulate votes. An appointment shall be valid for eleven (11) months unless a longer period is expressly provided in the appointment form. An appointment of a proxy shall be revocable by the Shareholder unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest.

ARTICLE VIII

Indemnification

Section 8.1 Indemnification and Insurance

To the maximum extent permitted by law, subject to the limitations contained in this Article, the Corporation shall indemnify a Director or Officer who is a party to a proceedings because he/she is or was a Director or Officer ("Indemnitee") against any liability incurred in the proceeding and advance the reasonable expenses incurred by such Indemnitee in connection with the proceeding in advance of the disposition thereof, except that the Corporation shall not be required to indemnify or advance expenses to any Indemnitee incurred in a proceeding initiated by or on behalf of such Indemnitee, other than a suit to enforce indemnification rights. An Indemnitee's rights to indemnification and advancement of expenses as provided in this Article are intended to be greater than those which are otherwise provided for in the statutes notwithstanding the Indemnitee's failure to meet the standard of conduct required for permissive indemnification under the Act, are contractual in nature between the corporation and the indemnitee and are mandatory. An indemnitee's rights to advancement of expenses are subject to the indemnitee's furnishing the Corporation: (a) a written affirmation, personally signed by or on behalf of the Indemnitee, of his good faith belief that he was not liable for (i) any transaction in which the Indemnitee's personal financial interest is in conflict with the financial interests of the Corporation or its Shareholders, (ii) any acts or omissions not in good faith or which involve intentional misconduct or are known to the Indemnitee to be a violation of law, (iii) any unlawful distributions under the statutes, or (iv) any transaction from which the Indemnitee derived an improper personal benefit, (b) a written opinion of counsel for the Indemnitee in the proceeding to the effect that based on the facts known to such counsel, a successful defense (on the merits or otherwise) is either probable or reasonably possible, and (c) a written undertaking (in the form of an unlimited general obligation of the Indemnitee, which need not be secured) personally signed by or on behalf of the Indemnitee to repay any advances, if a judgment or other final adjudication adverse to the Indemnitee establishes his liability contrary to his affirmation. No indemnification under this Article may be made in advance of a final disposition of such proceeding or if a judgment or other final adjudication adverse to the Indemnitee establishes his liability for (i) any transaction in which the Indemnitee's personal financial interest is in conflict with the financial interests of the Corporation or its Shareholders, (ii) any acts or omissions not in good faith or which involve intentional misconduct or are known to the Indemnitee to be a violation of law, (iii) any unlawful distributions under the statutes, or (iv) any transaction from which the

Indemnitee derived an improper personal benefit. An Indemnitee's rights to indemnification and advancement of expenses under this Bylaw shall not be exclusive of other rights to which an Indemnitee may be entitled under the statutes, the Articles of Incorporation, the Bylaws, a resolution of Shareholders or Directors or an agreement providing for indemnification. The rights granted under this Article may not be limited in any way by a subsequent amendment to or repeal of this Article, with respect to acts or omissions that occur prior to the adoption of the amendment or repeal.

The Corporation may, but shall not be obligated to, maintain insurance at its expense, to protect itself and any such person against any such liability, cost or expense.

ARTICLE IX

General Provisions

Section 9.1 Distributions

The Board of Directors may authorize and the Corporation may make distributions to its Shareholders subject to the restriction of the Articles of Incorporation, if any, and the limitations of these Bylaws.

No distribution shall be made if after giving it effect: (a) the Corporation would not be able to pay its debts as they become due in the usual course of business, or (b) the Corporation's total assets would be less than the sum of its total liabilities. The Board of Directors may base a determination that a distribution is not prohibited either on financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances or on a fair valuation or other method that is reasonable in the circumstances.

Section 9.2 Annual Statement

The Board of Directors shall present at each annual meeting and at any special meeting of the Shareholders a full and clear statement of the business and condition of the Corporation.

Section 9.3 Checks

All checks or demands for money and notes of the Corporation shall be signed by such Officer or Officers or such other person or persons as the Board of Directors may from time to time designate.

Section 9.4 Seal

The corporate seal, if any, shall have inscribed thereon the name of the Corporation and the word "Seal." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 9.5 Loans in General

No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 9.6 Loans to Persons with a Conflict

The Corporation may lend money to, or guarantee any obligation of, or otherwise assist any Officer or other employee of the Corporation or of its subsidiary, but not any Officer or employee who also is a Director of the Corporation or its subsidiary, whenever, in the judgment of the Directors, such loans, guaranty or assistance may reasonably be expected to benefit the Corporation. The loan, guaranty or other assistance may be with or without interest, and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the Corporation. Nothing in this section contained shall be deemed to deny, limit or restrict the powers of guaranty or warranty of any Corporation at common law.

The Corporation may lend money or guarantee the obligation of a Director of the Corporation if the particular loan or guarantee is approved by a majority of the votes represented by the outstanding voting shares of all classes, voting as a single voting group, except the votes of shares owned by or voted under the control of the benefited director, or if the Corporation's Board of Directors determines that the loan or guarantee benefits the Corporation and either approves the specific loan or guarantee or a general plan authorizing loans and guarantees.

Section 9.7 Contracts in General

The Board of Directors may authorize any Officer or Officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 9.8 Director Conflict of Interest

A conflict of interest is a transaction with the Corporation in which a Director of the Corporation has a direct or indirect interest. A conflict of interest transaction shall not be voidable by the Corporation solely because of the Director's interest in the transaction if any one of the following is true:

- (a) The material facts of the transaction and the Director's interest were disclosed or know to the Board of Directors or a committee of the Board of Directors and the Board of Directors or committee authorized, approved or ratified the transaction;
- (b) The material facts of the transaction and the Director's interest were disclosed or know to the Shareholders entitled to vote and they authorized, approved, or ratified the transaction; or
- (c) The transaction was fair to the Corporation.

For purposes of this section, a Director of the Corporation shall have an indirect interest in a transaction if:

(a) Another entity in which he has a material financial interest or in which he is a general partner is a party to the transaction; or

(b) Another entity of which he is a Director, Officer, or trustee is a party to the transaction and the transaction is or should be considered by the Board of Directors of the Corporation.

A conflict of interest transaction shall be considered authorized, approved or ratified if it receives the affirmative vote of a majority of the Directors on the Board of Directors (or on the committee who have no direct or indirect interest in the transaction, but a transaction shall not be authorized, approved, or ratified under this section by a single Director. If a majority of the Directors who have no direct or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum shall be present for the purpose of taking action under this section. The presence of, or a vote cast by, a Director with a direct or indirect interest in the transaction shall not affect the validity of any action taken under this section if the transaction is otherwise authorized, approved, or ratified as provided in that section.

A conflict of interest transaction also shall be considered authorized, approved, or ratified if it receives the vote of a majority of the shares entitled to be counted under this section. Shares owned by or voted under the control of a Director who has a direct or indirect interest in the transaction, and shares owned by or voted under the control of an entity in which the interested Director has an interest may not be counted in a vote of Shareholders to determine whether to authorize, approve, or ratify a conflict of interest transaction under this section. A majority of the shares that are entitled to be counted in a vote on the transaction shall constitute a quorum for the purpose of taking action under this section.

Section 9.9 Unpaid Subscriptions

If at any time any person subscribes to any unissued shares of this Corporation and such subscription is duly accepted by the Corporation and thereafter such subscriber defaults in the payment of any installment of such subscription or, if such subscription does not provide for payment in specified installments, any call for all or part of the then unpaid balance of the principal amount of such subscription, the Board of Directors then may, at its election, resolve upon either of the two following courses of action to be followed by the Corporation:

(1) That the Corporation proceed to collect the amount due in the same manner as any debt due the Corporation; or

(2) That, if the amount due thereon remains unpaid for a period of twenty (20) days after written demand, deposited in the United States mail in a sealed envelope addressed to the subscriber at his last post office address known to the Corporation with postage thereon prepaid, such subscription shall be declared null and void and of no further force and effect, any and all payments theretofore paid by the subscriber to the Corporation on such subscription shall be considered forfeited to the use and benefit of the Corporation, and the shares subscribed for by such subscriber shall revert from the status of unissued but subscribed for to the status of unissued and unsubscribed for.

ARTICLE X

Amendments

Section 10.1 Board Controls Bylaws

These Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the Shareholders or by the Board of Directors at any regular meeting of the Shareholders or of the Board of Directors or at any special meeting if notice of such proposed alteration, amendment, repeal or adoption of new Bylaws be contained in the notice of such special meeting.

ARTICLE XI

Committees of Directors

Section 11.1 Committees

The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, to consist of two or more of the Directors of the Corporation. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution, and as otherwise restricted by the Business Corporations Act of the Commonwealth of Kentucky, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided, however, that in the absence of disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

Section 11.2 Denial of Authority

No committee of the Board of Directors shall have authority to:

- (a) authorize distributions;
- (b) approve or propose to Shareholders action that by statute is required to be approved by Shareholders;
- (c) fill vacancies on the Board of Directors or on any of its committees;
- (d) amend Articles of Incorporation (if permitted by the Board of Directors);
- (e) adopt, amend, or repeal Bylaws;

- (f) approve a plan of merger not requiring Shareholder approval;
- (g) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors; or
- (h) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences, and limitations of a class or series of shares, except that the Board of Directors may authorize a committee (or a senior executive officer of the Corporation) to do so within limits specifically prescribed by the Board of Directors.

The creation of, delegation of authority to, or action by a committee shall not alone constitute compliance by a Director with the standards of conduct described in Section 4.4 of these Bylaws or the statutes.

Section 11.3 Minutes

Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors.

Section 11.4 Consent Meeting

Unless otherwise restricted by the Articles of Incorporation any action required or permitted to be taken at any meeting of any committee thereof may be taken without a meeting, if all members of the committee consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the committee.

Section 11.5 Conference Call Meetings

Committee meetings may be held by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time.

Section 11.6 Notice

Whenever, under the provisions of the statutes or of the Articles of Incorporation or of these Bylaws, notice is required to be given to any committee member, it shall not be construed to mean personal notice unless specifically allowed, but such notice may be given in writing, by mail, addressed to such member, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to members may also be given by telegram.

Whenever any notice is required to be given under the provisions of the statutes or of the Articles of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to such notice.

**ARTICLES OF INCORPORATION
OF
DOLGENCORP OF TEXAS, INC.**

Know all men by these presents:

The undersigned, being a person desiring to form a corporation for profit under the Kentucky Business Corporation Act, KRS 271B.1-010 *et seq.*, does hereby certify:

- (1) The name of the corporation shall be Dolgencorp of Texas, Inc.
 - (2) The purposes for which it is formed include, but are not limited to, the following:
 - (A) To purchase, take, receive, lease, or otherwise deal in and with, real or personal property, or any interest therein, wherever located;
 - (B) To sell, convey, mortgage, pledge, lease, exchange, transfer and otherwise dispose of all or any part of its property and assets;
 - (C) To purchase, take, receive, subscribe for, or otherwise use and deal in and with, shares or other interests in, or obligations of, other domestic or foreign corporations, associations, partnerships or individuals, or direct or indirect obligations of United States or of any other government, state, territory, governmental district or municipality or of any instrumentality thereof;
 - (D) To sue and be sued, complain and defend, in its corporate name;
 - (E) To have a corporate seal which may be altered at pleasure, and to use the same by causing it, or a facsimile thereof, to be impressed or affixed or in any other manner reproduced, provided, however,
-

that the presence or absence of a corporate seal on or from a writing shall neither add to nor detract from the legality thereof nor affect its validity in any manner or respect;

- (F) To make contracts and guarantees and incur liabilities, borrow money at such rates of interest as the corporation may determine, issue its notes, bonds and other obligations, and secure any of its obligations by mortgage or pledge of all or any of its property, franchises and income;
- (G) To lend money for its corporate purposes, invest and reinvest its funds, and take and hold real and personal property as security for the payment of funds so loaned or invested;
- (H) To conduct its business, carry on its operations and have offices and exercise all powers granted by statute, within or without this state;
- (I) To elect or appoint officers and agents of the corporation, and define their duties and fix their compensation;
- (J) To make and alter bylaws, not inconsistent with its articles of incorporation or with the laws of this state for managing the business and regulating the affairs of the corporation;
- (K) To make donations for the public welfare or for charitable, scientific or educational purposes;
- (L) To transact any lawful business which the board of directors shall find will be in aid of governmental policy;

- (M) To pay pensions and establish pension plans, pension trusts, profit sharing plans, stock bonus plans, stock option plans and other incentive plans for any or all of its directors, officers and employees;
 - (N) To be a promoter, partner, member, associate or manager of any partnership, joint venture, limited liability company, trust or other enterprise; and
 - (O) To have and exercise all powers necessary or convenient to effect its purposes.
- (3) The duration of the corporation shall be perpetual.
- (4) The address, including street and number, of the principal office of the corporation in this state shall be 427 Beech Street, Scottsville, Kentucky 42164, and the name and address, including street and number of its resident agent is C T Corporation System, 1102 Kentucky Home Building, 239 South Fifth Street, Louisville, Kentucky 40202.
- (5) The address, including street and number, of the principal office of the corporation shall be 427 Beech Street, Scottsville, Kentucky 42164.
- (6) The total authorized number of no par value common stock shall be one thousand (1,000) shares.
- (7) The amount of capital with which the corporation will begin business is Ten Thousand Dollars (\$10,000.00).
- (8) The name and address, including street and number of the incorporator and a statement of the number of shares subscribed by the incorporator, are as follows:

Name of Incorporator	Address of Incorporator	Number of Shares Subscribed
Dolgencorp, Inc.	427 Beech Street Scottsville, Kentucky 42164	1,000 shares

(9) The number of initial directors to be elected at the first meeting of the shareholders shall be three (3) and they are as follows:

Directors	Addresses of Directors
Cal Turner, Jr.	One Burton Hills Boulevard, Suite 210 Nashville, Tennessee 37215
Bruce A. Quinnell	One Burton Hills Boulevard, Suite 210 Nashville, Tennessee 37215
Bob Carpenter	One Burton Hills Boulevard, Suite 210 Nashville, Tennessee 37215

(10) No director of the corporation shall be personally liable to the corporation or its shareholders for monetary damages for breach of duty as a director, except to the extent provided by the Kentucky Business Corporation Act as in effect from time to time. This Article shall not eliminate or limit the liability of a director for any act or omission occurring prior to the effective date of its adoption.

Any repeal or modification of the provisions of this Article 10 by the shareholders of the corporation, directly or by adoption of any inconsistent provision of the Articles of Incorporation, shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

(11) The private property and assets of shareholders shall not be subject to the payment of corporate debts or for corporate liabilities of any kind.

(12) At all elections of directors of the Corporation, each shareholder shall be entitled to as many votes as shall equal the number of votes which he would be entitled to cast for the election of directors with respect to his shares of stock multiplied by the number of directors to be elected, and that he may cast all of such votes for a single director or may distribute them among the number to be voted for, or for any two or more of them as he may see fit.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 24th day of January, 1990.

DOLGENCORP, INC.

Signature: /s/ Cal Turner, Jr.

Name: Cal Turner, Jr., President and Chairman

STATE OF TENNESSEE)
) SS
COUNTY OF DAVIDSON)

On this the 24th day of January, 1990, before me, Clarice Poole, the undersigned officer, personally appeared Cal Turner, Jr., who acknowledged himself to be the President and Chairman of Dolgencorp, Inc., a corporation, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President and Chairman.

In Witness Whereof, I hereunto set my hand and official seal.

Signature: /s/ Clarice Poole
 Notary Public

My Commission Expires: 03/11/91

This instrument was prepared by:

Larry K. Wilcher
Attorney-at-Law
427 Beech Street
Scottsville, Kentucky 42164
(502) 237-5444

Signature: /s/ Larry K. Wilcher

Name: Larry K. Wilcher

**BYLAWS
OF
DOLGENCORP OF TEXAS, INC.**

ARTICLE I

Offices

Section 1.1 Offices

The principal office of the Corporation shall be located in the City of Scottsville, County of Allen, Commonwealth of Kentucky. The principal office of the Corporation may be changed from time to time by the Board of Directors. The Corporation may have such other offices, either within or without the Commonwealth of Kentucky, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

ARTICLE II

Fiscal Year

Section 2.1 Fiscal Year

The fiscal year of the Corporation shall begin on the first day of February and end on the last day of the next January unless another date shall be fixed by resolution of the Board of Directors. After such date is fixed, it may be changed for future fiscal years at any time by further resolution of the Board of Directors.

ARTICLE III

Meetings of Shareholders

Section 3.1 Meetings

All meetings of the Shareholders for the election of Directors shall be by waiver of notice and consent or shall be held at such place either within or without the Commonwealth of Kentucky as shall be designated from time to time by the Board of Directors and stated in the notice of meeting. Meetings of Shareholders for any other purpose may be held at such time and place within or without the Commonwealth of Kentucky as shall be stated in the notice of the meeting.

Section 3.2 Annual Meetings

Annual meetings of Shareholders shall be held on the date and at the time and place as shall be designated from time to time by the Board of Directors and as stated in the notice of the

meeting. At the annual meeting the Shareholders shall elect by vote a Board of Directors and shall transact such other business as may properly be brought before the meeting.

Section 3.3 Place and Date

Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each Shareholder entitled to vote at such meeting not less than **ten (10)** nor more than **sixty (60)** days before the date of the meeting.

Section 3.4 Special Meetings

Special meetings of the Shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be held by waiver of notice and consent or may be called by the President and shall be called by the President or Secretary if the holders of at least thirty-three and one-third percent ($33\frac{1}{2}\%$) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date, and deliver to the Corporation's Secretary one (1) or more written demands for the meeting describing the purpose or purposes for which it is to be held.

Section 3.5 Notice of Special Meetings

Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than **ten (10)** nor more than **sixty (60)** days before the date of the meeting, to each Shareholder entitled to vote at such meeting.

Section 3.6 Purposes

Business transacted at any special meeting of Shareholders shall be limited to the purposes stated in the notice.

Section 3.7 Quorum

Except as otherwise provided by statute or by the Articles of Incorporation, the holders of a majority of the votes entitled to be cast on the matter by the voting group, present in person or represented by proxy, shall constitute a quorum at all meetings of the Shareholders for the transaction of business. If, however, a quorum shall not be present or represented at any meeting of the Shareholders, the Shareholders entitled to vote at such meeting, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At an adjourned meeting at which a quorum shall be present or represented shall constitute the meeting as originally notified. If the adjournment is for more than **sixty (60)** days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Shareholder of record entitled to vote at the meeting.

Section 3.8 Voting Percentage

When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Articles of Incorporation, a different vote is required in which case the express provision shall govern and control the decision of the question.

Section 3.9 Voting List

The Secretary of the Corporation shall prepare a list of the names of all Shareholders who are entitled to notice of a Shareholders' meeting. The list shall show the address of and number of shares held by each Shareholder. The Shareholders' list shall be available for inspection by any Shareholder, beginning **five (5)** business days before the meeting for which the list was prepared and continuing through the meeting, at the Corporation's principal office. A Shareholder, his agent, or attorney shall be entitled on written demand to inspect and, subject to the requirements of statute, to copy the list, during regular business hours and at his expense, during the period it is available for inspection. The Corporation shall make the Shareholders' list available at the meeting and any Shareholder, his agent, or attorney shall be entitled to inspect the list at any time during the meeting or any adjournment.

Section 3.10 Voting

Each outstanding share shall be entitled to one (1) vote on each matter voted on at a Shareholders' meeting. Only shares shall be entitled to vote.

Section 3.11 Proxies

A Shareholder may vote his shares in person or by proxy. A Shareholder may appoint a proxy to vote or otherwise act for him by signing an appointment form, either personally or by his attorney-in-fact. An appointment of a proxy shall be effective when the appointment form is received by the Secretary. An appointment shall be valid for eleven (11) months unless a longer period is expressly provided in the appointment form. An appointment of a proxy shall be revocable by the Shareholder unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest.

Section 3.12 Voting For Directors

At each election for Directors each Shareholder entitled to vote at the election shall have the right to cast, in person or by proxy, as many votes in the aggregate as the Shareholder is entitled to vote, multiplied by the number of Directors to be elected at the election, and each Shareholder may cast the whole number of votes for one (1) candidate, or distribute the votes among two (2) or more candidates. Directors shall not be elected in any other manner.

ARTICLE IV

Directors

Section 4.1 Number and Qualifications

The number of Directors of the Corporation shall not be less than three (3) nor more than seven (7) Directors, such number to be set from time to time by the Board of Directors. The Directors shall be elected at the annual meeting of the Shareholders except as provided in Section 2 of this Article, and each Director elected shall hold office until a successor is elected and qualified. Directors need not be Shareholders of the Corporation or residents of the Commonwealth of Kentucky.

Section 4.2 Vacancies

Unless the Articles of Incorporation provide otherwise, if a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of Directors, the Shareholders may fill the vacancy, the Board of Directors may fill the vacancy, or if the Directors remaining in office constitute fewer than a quorum of the Board, they may fill the vacancy by the affirmative vote of a majority of all the Directors remaining in office.

Section 4.3 Powers

All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation managed under the direction of, its Board of Directors, subject to any limitation set forth in the Articles of Incorporation.

Section 4.4 General Standards for Directors

A Director shall discharge his duties as a Director, including his duties as a member of a committee: in good faith, on an informed basis, and in a manner the Director honestly believes to be in the best interests of the Corporation.

A Director shall be considered to discharge his duties on an informed basis if he makes, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, inquiry into the business and affairs of the Corporation, or into a particular action to be taken or decision to be made.

In discharging his duties a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by: one (1) or more officers or employees of the Corporation whom the Director honestly believes to be reliable and competent in the matters presented; legal counsel, public accountants, or other persons as to matters the Director honestly believes are with the person's profession or expert competence; or a committee of the Board of Directors of which he is not a member, if the Director honestly believes the committee merits confidence.

A Director shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that makes reliance otherwise permitted unwarranted.

Section 4.5 Removal of Board Members

The Shareholders may remove one (1) or more Directors with or without cause unless the Articles of Incorporation provide that Directors may be removed only for cause.

A Director may not be removed if the number of votes sufficient to elect the Director under cumulative voting is voted against the Director's removal.

A Director shall be removed by the Shareholders only at a meeting called for the purpose of removing the Director and the meeting notice shall state that the purpose, or one (1) of the purposes, of the meeting is removal of the Director.

Section 4.6 Special Meetings

Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the Commonwealth of Kentucky, as the place for holding any special meeting of the Board of Directors called by them. Notice of any special meeting shall be given at least 24 hours prior thereto by written notice delivered personally or mailed to each Director at the Director's business address, by telegram, or by telephone. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid. If notice be given by telephone, the notice shall be deemed delivered at the time of the telephone conversation. Any Director may waive notice of any meeting. The attendance of a Director at a meeting shall constitute a waiver of notice of the meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of the meeting.

Section 4.7 Quorum

At all meetings of the Board, a majority of the number of Directors as may be fixed by the Board from time to time shall constitute a quorum for the transaction of business. The act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Articles of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors the Directors present at such meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 4.8 Voting by Directors

Each Director shall be entitled to one vote on each matter submitted to the Board of Directors.

Section 4.9 Cumulative Voting

At each election for Directors each Shareholder entitled to vote at such election shall have the right to cast, in person or by proxy, as many votes in the aggregate as the Shareholder shall be entitled to vote under the Corporation's Articles of Incorporation, multiplied by the number of Directors to be elected at such election; and each Shareholder may cast the whole number of votes for one (1) candidate, or distribute such votes among two (2) or more candidates. Directors shall not be elected in any other manner.

Section 4.10 Actions Without Meeting

Unless the Articles of Incorporation or Bylaws provide otherwise, action required or permitted to be taken by a Board of Directors' meeting may be taken without a meeting if the action is taken by all members of the Board. The action shall be evidenced by one (1) or more written consents describing the action taken, signed by each Director, and included in the minutes or filed with the corporate records reflecting the action taken. Action taken in writing shall be effective when the last Director signs the consent, unless the consent specifies a different effective date. A consent signed in writing shall have the effect of a meeting vote and may be described as such in any document.

Section 4.11 Conference Call Meetings

The Board of Directors may permit any or all Directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all Directors participating may simultaneously hear each other during this meeting. A Director participating in a meeting by this means shall be deemed to be present in person at the meeting.

Section 4.12 Fees

The Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors, a stated salary or any combination thereof. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 4.13 Resignation of Directors

A Director may resign at any time by delivering written notice to the Board of Directors, its Chairman, or to the Corporation. A resignation shall be effective when the notice is delivered unless the notice specifies a later effective date.

ARTICLE V

Notices

Section 5.1 How Given

Whenever, under the provisions of the statutes or of the Articles of Incorporation or of these Bylaws, notice is required to be given to any Director or Shareholder, it shall not be construed to mean personal notice unless specifically allowed, but such notice may be given in writing, by first class mail, addressed to the Director or Shareholder at the proper address as it appears on the records of the Corporation, with postage thereon prepaid. The notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to Directors may also be given by telegram.

Section 5.2 Waiver of Notice

A Director may waive any notice requirement in writing by signing a waiver of notice and filing the waiver with the Secretary for inclusion in the minutes or corporate records.

A Director's attendance at or participation in a meeting shall waive any required notice to the Director of the meeting, unless the Director at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 5.3 Purposes Need Not Be Stated in Notice

No notice of a Board of Directors meeting need state the purpose of the meeting.

ARTICLE VI

Officers

Section 6.1 Officers

The Board of Directors, within twenty-one (21) days after the annual election of the Directors in each year, shall elect a President of the Corporation and shall also elect Vice Presidents, a Secretary and a Treasurer. The Board of Directors may also elect a Chairman of the Board. The Board at that time or from time to time may elect one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers who may or may not be members of the Board. The same person may hold any two or more offices excepting those of President and Vice President. The Board may also appoint such other Officers and agents as it may deem necessary for the transaction of the business of the Corporation.

Section 6.2 Term

The term of office of all Officers shall be until their respective successors are chosen, but any Officer may be removed from office, with or without cause, at any meeting of the Board of

Directors by the affirmative vote of a majority of Directors then in office. The Board of Directors shall have power to fill any vacancies in any offices occurring from whatever reason.

Section 6.3 Salaries

The salaries and other compensation of all Officers of the Corporation shall be fixed by the Board of Directors or an authorized committee thereof.

Section 6.4 President

The President shall be the Chief Executive Officer of the Corporation and shall have responsibility for the general and active management of the business of the Corporation, and shall see that all orders and resolutions of the Board are carried into effect. The President shall execute all authorized conveyances, contracts, or other obligations in the name of the Corporation except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. The President shall preside at all meetings of the Shareholders and Directors.

Section 6.5 Vice President

The Vice Presidents in the order designated by the Board of Directors or, lacking such a designation, by the President, shall in the absence or disability of the President perform the duties and exercise the powers of the President and shall perform such other duties as the Board of Directors shall prescribe.

Section 6.6 Secretary

The Secretary shall attend all meetings of the Board and all meetings of the Shareholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the Shareholders and special meetings of the Board of Directors and shall perform such other duties as may be prescribed by the Board of Directors or by the President, under whose supervision the Secretary acts. When required or requested, the Secretary shall execute with the President all authorized conveyances, contracts or other obligations in the name of the Corporation except as otherwise directed by the Board of Directors. The Secretary shall keep in safe custody the seal of the Corporation and, when authorized by the Board, affix the same to any instrument requiring it and, when so affixed, it shall be attested by the Secretary's signature or by the signature of the Treasurer or an Assistant Secretary.

The Secretary shall keep a register of the post office address of each Shareholder. Each address shall be furnished to the Secretary by such Shareholder and the responsibility for keeping the address current shall be upon the Shareholder. The Secretary shall have general charge of the stock transfer books of the Corporation.

Section 6.7 Treasurer

The Treasurer shall have custody of and keep account of all money, funds and property of the Corporation, unless otherwise determined by the Board of Directors. The Treasurer shall render such accounts and present such statements to the Directors and President as may be requested. The Treasurer shall deposit funds of the Corporation in such bank or banks as appropriate. The Treasurer shall keep all bank accounts in the name of the Corporation and shall exhibit all books and accounts at reasonable times to any Director of the Corporation upon application at the office of the Corporation during business hours. No bond of any type shall be required to be posted by the Treasurer.

Section 6.8 Assistants

The Assistant Secretaries and the Assistant Treasurers (if any), respectively, shall perform the duties and exercise the powers of such Secretary or Treasurer and shall perform such other duties as the Board of Directors or the President shall prescribe. The Assistant Treasurers shall not be required to post bond of any type.

Section 6.9 Resignation and Removal of Officers

An Officer may resign at any time by delivering notice to the Corporation. A resignation shall be effective when the notice is delivered, unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor shall not take office until the effective date.

A Board of Directors may remove any Officer at any time with or without cause.

Section 6.10 Power to Vote Shares Owned by Corporation

The President of the Corporation, or any Vice President, is authorized to execute any proxy, consent, or right to vote possessed by the Corporation in shares of stock owned by the Corporation, subject to the direction of the Board of Directors.

Section 6.11 Standards of Conduct for Officers

An Officer with discretionary authority shall discharge all duties under that authority in good faith, on an informed basis, and in a manner the Officer honestly believes to be in the best interests of the Corporation.

An Officer shall be considered to discharge such duties on an informed basis if the Officer makes, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, inquiry into the business and affairs of the corporation, or into a particular action to be taken or decision to be made.

In the discharging of duties, an Officer shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by one (1) or more Officers or employees of the Corporation whom the Officer

honestly believes to be reliable and competent in the matters presented, or legal counsel, public accountants, or other persons as to matters the Officer honestly believes are within the person's professional or expert competence.

An Officer shall not be considered to be acting in good faith if the Officer has knowledge concerning the matter in question that makes reliance otherwise permitted unwarranted.

ARTICLE VII

Certificates of Shares

Section 7.1 Shareholders' Certificates

Every holder of shares in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by the President or a Vice President and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned in the Corporation.

Certificates may be issued for partly paid shares and in such case upon the face or back of the certificates issued to represent any such partly paid shares, the total amount paid thereon shall be specified.

If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of shares provided that, except in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate a statement that the Corporation will furnish without charge to each Shareholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 7.2 Facsimile Signatures

Where a certificate is countersigned (a) by a transfer agent other than the Corporation or its employee, or, (b) by a registrar, other than the Corporation or its employee, any other signature on the certificate may be a facsimile. In case any Officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such Officer, transfer agent or registrar before such certificate is issued, it may be issued, by the Corporation with the same effect as if the former Officer, transfer agent or registrar were an Officer, transfer agent or registrar at the date of issue.

Section 7.3 Lost Certificates

The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the owner claiming the

certificate or shares to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or the owner's legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 7.4 Stock Transfers

Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 7.5 Record Date

In order that the Corporation may determine the Shareholders entitled to notice of or to vote at any meeting of Shareholders or any adjournment thereof, or to express consent to a corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than **seventy (70)** days nor less than **ten (10)** days before the date of such meeting, nor more than **seventy (70)** days prior to any other action. A determination of Shareholders of record entitled to notice of or to vote at a meeting of Shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors shall fix a new record date for the adjourned meeting if the meeting is adjourned to a date more than **one hundred twenty (120)** days after the date fixed for the original meeting.

Section 7.6 Shareholders' List

After fixing a record date for a meeting, the Corporation shall prepare a list of the names of all its Shareholders who are entitled to notice of a Shareholders' meeting. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the Commonwealth of Kentucky.

Section 7.7 Shares in Hands of Trustees or Representatives

Shares held by an administrator, executor, guardian, or conservator may be voted by such person without a transfer of such shares into his name so long as such shares forming part of an estate are in his possession and form a part of the estate being served by him. Shares standing in the name of a receiver may be voted by him without the transfer thereof into his name if authority so to do is contained in an appropriate order of the court by which such receiver was

appointed. Shares standing in the name of a trustee may be voted by the trustee only if such shares have been transferred into the trustee's name as trustee. All such shares may be voted in person or by proxy.

Section 7.8 Shares Held by Pledgee

A Shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee. Thereafter the pledgee shall be entitled to vote the shares so transferred.

Section 7.9 Shares Held by Another Corporation

Shares standing in the name of another Corporation, domestic or foreign, may be voted by such officer, agent, or proxy as the Bylaws of such Corporation may authorize or, in the absence of such authorization, as the Board of Directors of such Corporation may determine.

Section 7.10 Proxies

A Shareholder may vote all shares owned in person or by proxy. A Shareholder may appoint a proxy to vote or otherwise act for him by signing an appointment form, either personally or by the Shareholder's attorney-in-fact. An appointment of a proxy shall be effective when the appointment form is received by the secretary or other officer or agent authorized to tabulate votes. An appointment shall be valid for eleven (11) months unless a longer period is expressly provided in the appointment form. An appointment of a proxy shall be revocable by the Shareholder unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest.

ARTICLE VIII

Indemnification

Section 8.1 Indemnification and Insurance

To the maximum extent permitted by law, subject to the limitations contained in this Article, the Corporation shall indemnify a Director or Officer who is a party to a proceedings because he is or was a Director or Officer ("Indemnitee") against any liability incurred in the proceeding and advance the reasonable expenses incurred by such Indemnitee in connection with the proceeding in advance of the disposition thereof, except that the Corporation shall not be required to indemnify or advance expenses to any Indemnitee incurred in a proceeding initiated by or on behalf of such Indemnitee, other than a suit to enforce indemnification rights. An Indemnitee's rights to indemnification and advancement of expenses as provided in this Article are intended to be greater than those which are otherwise provided for in the statutes notwithstanding the Indemnitee's failure to meet the standard of conduct required for permissive indemnification under the Act, are contractual in nature between the corporation and the indemnitee and are mandatory. An indemnitee's rights to advancement of expenses are subject to the indemnitee's furnishing the Corporation: (a) a written affirmation, personally signed by or on behalf of the Indemnitee, of his good faith belief that he was not liable for (i) any transaction in which the Indemnitee's personal financial interest is in conflict with the financial interests of the

Corporation or its Shareholders, (ii) any acts or omissions not in good faith or which involve intentional misconduct or are known to the Indemnitee to be a violation of law, (iii) any unlawful distributions under the statutes, or (iv) any transaction from which the Indemnitee derived an improper personal benefit, (b) a written opinion of counsel for the Indemnitee in the proceeding to the effect that based on the facts known to such counsel, a successful defense (on the merits or otherwise) is either probable or reasonably possible, and (c) a written undertaking (in the form of an unlimited general obligation of the Indemnitee, which need not be secured) personally signed by or on behalf of the Indemnitee to repay any advances, if a judgment or other final adjudication adverse to the Indemnitee establishes his liability contrary to his affirmation. No indemnification under this Article may be made in advance of a final disposition of such proceeding or if a judgment or other final adjudication adverse to the Indemnitee establishes his liability for (i) any transaction in which the Indemnitee's personal financial interest is in conflict with the financial interests of the Corporation or its Shareholders, (ii) any acts or omissions not in good faith or which involve intentional misconduct or are known to the Indemnitee to be a violation of law, (iii) any unlawful distributions under the statutes, or (iv) any transaction from which the Indemnitee derived an improper personal benefit. An Indemnitee's rights to indemnification and advancement of expenses under this Bylaw shall not be exclusive of other rights to which an Indemnitee may be entitled under the statutes, the Articles of Incorporation, the Bylaws, a resolution of Shareholders or Directors or an agreement providing for indemnification. The rights granted under this Article may not be limited in any way by a subsequent amendment to or repeal of this Article, with respect to acts or omissions that occur prior to the adoption of the amendment or repeal.

The Corporation may, but shall not be obligated to, maintain insurance at its expense, to protect itself and any such person against any such liability, cost or expense.

ARTICLE IX

GENERAL PROVISIONS

Section 9.1 Distributions

The Board of Directors may authorize and the Corporation may make distributions to its Shareholders subject to the restriction of the Articles of Incorporation, if any, and the limitations of these Bylaws.

No distribution shall be made if after giving it effect: (a) the Corporation would not be able to pay its debts as they become due in the usual course of business, or (b) the Corporation's total assets would be less than the sum of its total liabilities. The Board of Directors may base a determination that a distribution is not prohibited either on financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances or on a fair valuation or other method that is reasonable in the circumstances.

Section 9.2 Annual Statement

The Board of Directors shall present at each annual meeting and at any special meeting of the Shareholders a full and clear statement of the business and condition of the Corporation.

Section 9.3 Checks

All checks or demands for money and notes of the Corporation shall be signed by such Officer or Officers or such other person or persons as the Board of Directors may from time to time designate.

Section 9.4 Seal

The corporate seal shall have inscribed thereon the name of the Corporation and the word "Seal." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 9.5 Loans in General

No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 9.6 Loans to Persons With a Conflict

The Corporation may lend money to, or guarantee any obligation of, or otherwise assist any Officer or other employee of the Corporation or of its subsidiary, but not any Officer or employee who also is a Director of the Corporation or its subsidiary, whenever, in the judgment of the Directors, such loans, guaranty or assistance may reasonably be expected to benefit the Corporation. The loan, guaranty or other assistance may be with or without interest, and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the Corporation. Nothing in this section contained shall be deemed to deny, limit or restrict the powers of guaranty or warranty of any Corporation at common law.

The Corporation may lend money or guarantee the obligation of a Director of the Corporation if the particular loan or guarantee is approved by a majority of the votes represented by the outstanding voting shares of all classes, voting as a single voting group, except the votes of shares owned by or voted under the control of the benefited director, or if the Corporation's Board of Directors determines that the loan or guarantee benefits the Corporation and either approves the specific loan or guarantee or a general plan authorizing loans and guarantees.

Section 9.7 Contracts in General

The Board of Directors may authorize any Officer or Officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 9.8 Director Conflict of Interest

A conflict of interest is a transaction with the Corporation in which a Director of the Corporation has a direct or indirect interest. A conflict of interest transaction shall not be

voidable by the Corporation solely because of the Director's interest in the transaction if any one of the following is true:

- (a) The material facts of the transaction and the Director's interest were disclosed or known to the Board of Directors or a committee of the Board of Directors and the Board of Directors or committee authorized, approved, or ratified the transaction;
- (b) The material facts of the transaction and the Director's interest were disclosed or known to the Shareholders entitled to vote and they authorized, approved, or ratified the transaction; or
- (c) The transaction was fair to the Corporation.

For purposes of this section, a Director of the Corporation shall have an indirect interest in a transaction if:

- (a) Another entity in which he has a material financial interest or in which he is a general partner is a party to the transaction; or
- (b) Another entity of which he is a Director, Officer, or trustee is a party to the transaction and the transaction is or should be considered by the Board of Directors of the Corporation.

A conflict of interest transaction shall be considered authorized, approved, or ratified if it receives the affirmative vote of a majority of the Directors on the Board of Directors (or on the committee who have no direct or indirect interest in the transaction, but a transaction shall not be authorized, approved, or ratified under this section by a single Director. If a majority of the Directors who have no direct or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum shall be present for the purpose of taking action under this section. The presence of, or a vote cast by, a Director with a direct or indirect interest in the transaction shall not affect the validity of any action taken under this section if the transaction is otherwise authorized, approved, or ratified as provided in that section.

A conflict of interest transaction also shall be considered authorized, approved, or ratified if it receives the vote of a majority of the shares entitled to be counted under this section. Shares owned by or voted under the control of a Director who has a direct or indirect interest in the transaction, and shares owned by or voted under the control of an entity in which the interested Director has an interest may not be counted in a vote of Shareholders to determine whether to authorize, approve, or ratify a conflict of interest transaction under this section. A majority of the shares that are entitled to be counted in a vote on the transaction shall constitute a quorum for the purpose of taking action under this section.

Section 9.9 Unpaid Subscriptions

If at any time any person subscribes to any unissued shares of this Corporation and such subscription is duly accepted by the Corporation and thereafter such subscriber defaults in the payment of any installment of such subscription or, if such subscription does not provide for payment in specified installments, any call for all or part of the then unpaid balance of the

principal amount of such subscription, the Board of Directors then may, at its election, resolve upon either of the two following courses of action to be followed by the Corporation:

(1) That the Corporation proceed to collect the amount due in the same manner as any debt due the Corporation; or

(2) That, if the amount due thereon remains unpaid for a period of twenty (20) days after written demand, deposited in the United States mail in a sealed envelope addressed to the subscriber at his last post office address known to the Corporation with postage thereon prepaid, such subscription shall be declared null and void and of no further force and effect, any and all payments theretofore paid by the subscriber to the Corporation on such subscription shall be considered forfeited to the use and benefit of the Corporation, and the shares subscribed for by such subscriber shall revert from the status of unissued but subscribed for to the status of unissued and unsubscribed for.

ARTICLE X

Amendments

Section 10.1 Board Controls Bylaws

These Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the Shareholders or by the Board of Directors at any regular meeting of the Shareholders or of the Board of Directors or at any special meeting if notice of such proposed alteration, amendment, repeal or adoption of new Bylaws be contained in the notice of such special meeting.

ARTICLE XI

Committees of Directors

Section 11.1 Committees

The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, to consist of two or more of the Directors of the Corporation. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution, and as otherwise restricted by the Business Corporations Act of the Commonwealth of Kentucky, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided, however, that in the absence of disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

Section 11.2 Denial of Authority

No committee of the Board of Directors shall have authority to:

- (a) authorize distributions;
- (b) approve or propose to Shareholders action that by statute is required to be approved by Shareholders;
- (c) fill vacancies on the Board of Directors or on any of its committees;
- (d) amend Articles of Incorporation (if permitted by the Board of Directors);
- (e) adopt, amend, or repeal Bylaws;
- (f) approve a plan of merger not requiring Shareholder approval;
- (g) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of

Directors; or

(h) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences, and limitations of a class or series of shares, except that the Board of Directors may authorize a committee (or a senior executive officer of the Corporation) to do so within limits specifically prescribed by the Board of Directors.

The creation of, delegation of authority to, or action by a committee shall not alone constitute compliance by a Director with the standards of conduct described in Section 4.4 of these Bylaws or the statutes.

Section 11.3 Minutes

Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors.

Section 11.4 Consent Meeting

Unless otherwise restricted by the Articles of Incorporation any action required or permitted to be taken at any meeting of any committee thereof may be taken without a meeting, if all members of the committee consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the committee.

Section 11.5 Conference Call Meetings

Committee meetings may be held by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time.

Section 11.6 Notice

Whenever, under the provisions of the statutes or of the Articles of Incorporation or of these Bylaws, notice is required to be given to any committee member, it shall not be construed to mean personal notice unless specifically allowed, but such notice may be given in writing, by mail, addressed to such member, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to members may also be given by telegram.

Whenever any notice is required to be given under the provisions of the statutes or of the Articles of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to such notice.

**ARTICLES OF INCORPORATION
BY
DOLGENCORP, INC.**

We, the undersigned, acting as incorporators of a corporation under the Kentucky Business Corporation Act, adopt the following Articles of Incorporation for such corporation:

FIRST: The name of the corporation is DOLGENCORP, INC.

SECOND: The period of its duration is perpetual.

THIRD: The purpose or purposes for which the corporation is organized are:

(1) To engage in the transaction of any or all lawful business for which corporations may be incorporated under the provisions of the Kentucky Business Corporation Act.

(2) To operate general retail merchantile stores.

FOURTH: The aggregate number of shares which the corporation shall have authority to issue is one thousand (1,000) without par value.

FIFTH: Provisions limiting, denying or enlarging to shareholders the preemptive right to acquire additional or treasury shares of the corporation are:

Shareholders shall not have any preemptive rights to acquire additional shares.

SIXTH: The post office address of its initial registered office is: Kentucky Home Life Building, c/o C T Corporation System, Louisville, Kentucky 40202, and the name of its initial registered agent at such address is C T Corporation System.

SEVENTH: The number of directors constituting the initial board of directors of the corporation is three (3) and the names and addresses of the persons who are to serve as directors until the first annual meeting of shareholders or until their successors are elected and shall qualify are:

<u>NAME</u>	<u>POST OFFICE ADDRESS</u>
Cal Turner	c/o Dollar General Corporation Scottsville, Kentucky 42164
Cal Turner, Jr.	c/o Dollar General Corporation Scottsville, Kentucky 42164
Hubert Craddock	c/o Dollar General Corporation Scottsville, Kentucky 42164

EIGHTH: The name and post office address of each incorporator is:

<u>NAME</u>	<u>POST OFFICE ADDRESS</u>
G. F. Robinson	1820 First Natl. Bank Tower, Atlanta, GA 30303
D. W. Hans	1820 First Natl. Bank Tower, Atlanta, GA 30303
R. K. Bennett	1820 First Natl. Bank Tower, Atlanta, GA 30303

Dated December 17th, 1973

Signature: /s/ G. F. Robinson

Signature: /s/ D. W. Hans

Signature /s/ R. K. Bennett

State of Georgia)
) SS
County of Fulton)

I, Edna B. Bell, a notary public, do hereby certify that on this 17th day of December 1973, personally appeared before me, G. F. Robinson, D. W. Hans and R. K. Bennett, who being by me first duly sworn, severally declared that they are the person who signed the foregoing document as incorporators, and that they statements therein contained are true.

Signature: /s/ Edna B. Bell

Name: Edna B. Bell, Notary Public
Notary Public, Georgia, State at large – My Commission Expires Aug. 16, 1975

(Notary Seal)

Prepared By:

Signature: /s/ William P. Johnston

Name: William P. Johnston,
William P. Johnston
Waller, Lansden, Dortch & Davis
American Trust Building
Nashville, Tennessee

**BY-LAWS
OF
DOLGENCORP, INC.**

Section 1. The annual meeting of the stockholders of the Corporation shall be held at the offices of the Corporation in Scottsville, Kentucky, unless the Board of Directors shall have designated for the holding of such meeting some other place within or without the Commonwealth of Kentucky, on the second Monday of each year in the month of May (unless such day be a legal holiday, then the next succeeding business day) at three (3:00) o'clock in the afternoon, or at such hour stated in the notice of meeting as the Board of Directors may determine.

Section 2. Special meeting of the stockholders may be held upon call of the President, in addition to those designated by law.

Section 3. Notice of the time, place and purpose of the annual meeting of the stockholders shall be given in the manner provided by law.

Section 4. The holders of a majority of the outstanding shares of stock of the Corporation entitled to vote at any meeting of stockholders must be present in person or by proxy at such meeting to constitute a quorum, less than such quorum, however, having power to adjourn any meeting from time to time without notice

The Board of Directors may, before any meeting of stockholders, appoint two inspectors of election to serve at such meeting. If the Board fails to make such appointment, or if their appointees or either of them fail to appear at such meeting, the chairman of the meeting may appoint inspectors or an inspector to act at such meeting.

Section 5. Meetings of Stockholders shall be presided over by the President, or, in his absence, a Vice President, or in the absence of them, by a chairman to be elected at the meeting. The secretary or an assistant secretary of the Corporation shall act as secretary at such meeting, if present, and in the absence of all of them, the chairman of the meeting may appoint a secretary.

Section 6. The stock of the Corporation shall be transferable or assignable on the books of the Corporation by the holders in person or by attorney on surrender of the certificates therefore duly endorsed. Certificates of stock shall be in such form and executed in such manner as may be prescribed by law and the Board of Directors.

Section 7. The Directors shall be elected at the annual meeting of Stockholders or as soon thereafter as practicable by a plurality of the votes at such election, and shall hold office until the next annual meeting of the Stockholders and until their successors are elected and qualified.

The number of Directors of the Corporation initially shall be three (3) and thereafter such number as may be fixed, from time to time, by resolution adopted by a majority of the Board of Directors in office, provided that such number may not be less than three (3) nor more than nine (9). If the number of Directors be increased by reason of any such resolution fixing the number of Directors, the additional Director or Directors may be elected by a majority of the Directors in office at the time of the increase, or by the stockholders at a special meeting of Stockholders called for that purpose, or, if not so elected prior to the next annual meeting of the Stockholders, they shall be elected by the Stockholders at such annual meeting.

Directors need not be Stockholders of the Corporation. Any and all of the Directors may be removed at any time without cause assigned, at any meeting called of that purpose, by the vote of the holders of a majority of the shares of the Corporation then

outstanding and entitled to vote on such action. Vacancies caused by such removal may be filled at any annual meeting or at any special meeting called for that purpose by a plurality of voted at such election.

All vacancies in the Board of Directors not hereinabove provided for may be filled by a majority of the Directors then in office.

Section 8. The notice of the time and place of all annual and special meetings of the stockholders shall be mailed by the secretary to each stockholder twenty (20) days before the date thereof. All annual and special meetings of the Board of Directors shall be held without the giving of written notice.

Meetings of the Board of Directors may be held at any time without notice if all the Directors are present or if those not present waive notice either before or after the meeting. A majority of the whole Board at any meeting shall be the act of the Board, less than such quorum shall have power to adjourn any meeting from time to time without notice.

Section 9. The Board of Directors may, by resolution passed by a majority of the whole Board, designate an executive committee consisting of two or more of the Directors of the Corporation, which, to the extent provided in such resolution, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, including the power to authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee shall make its own rules of procedure and shall keep regular minutes of its proceedings and report the same to the Board when required. The Board of Directors may, by resolution passed a majority of the whole Board, appoint one of its members Chairman of the Board. Such Chairman preside at all meetings of the Board of Directors.

Section 10. The Directors shall not receive any stated salary for their services as Directors or as members of a committee of Directors, but, by resolution of the Board, a fixed fee and expenses of attendance may be allowed for attendance at each meeting of the Board of Directors or at a meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity as officers, agent or otherwise and receiving compensation therefore.

No contract or other transaction between the Corporation and any other Corporation, no act of the Corporation shall in any way be affected or invalidated by the facts that any of the Directors of the Corporation are pecuniarily or otherwise interested in, or are Directors, officers or stockholders of, such other Corporation; any Director individually, or any firm or Corporation of which such directors may be a member, Director officers or stockholder or in which such Director may have any other interest, may be a party to, and may be pecuniarily or otherwise interested in, any contract or transaction of the Corporation, provided that the fact that he or such firm or Corporation is so interested shall be disclosed or shall have been known to the Board of Directors or a majority thereof; and any Director of the Corporation who is also a Director, officer or stockholder of such other Corporation or who is so interested, any be counted in determining the existence of a quorum at any meeting of the Board of Directors of the Corporation which shall authorize such contract or transaction, and vote thereat to authorize such contract or transaction, with like force and effect as if he were not such Director or officer of such other Corporation and not so interested.

Section 11. The Board of Directors, as soon as may be convenient after the election of Directors in each year, shall appoint one of their number President, and shall also appoint a Treasurer and a Secretary and may, from time to time, appoint one or more Vice-Presidents and

such other officers as they may deem proper. The same person may be appointed to more than one office.

Section 12. The term of office of all officers shall be until the next election of Directors and until their successors are chosen and qualify, but any officer may be removed from office at any time by the Board of Directors. Vacancies in the offices shall be filled by the Board of Directors.

Section 13. The President shall be the Chief Executive Officer of the Corporation, shall have general supervision of the affairs of the Corporation and shall report to and be responsible to the Board of Directors and the Stockholders.

The other officers of the Corporation shall have such powers and duties, except as modified by the Board of Directors, as generally pertain to their offices respectively, as well as such powers and duties as from time to time shall be conferred by the Board of Directors.

Section 14. These by-laws may, at any time, be added to, amended or repealed in whole or in part by the affirmative vote of a majority of the number of Directors in office given at a duly convened meeting of the Board, the notice of which includes notice of such proposed action. No such notice need be given if all members of the Board of Directors are present at the meeting.

All by-laws, including any by-laws made, amended or repealed by the Directors, shall be subject to amendment, repeal or re-enactment by the Stockholders entitled to vote at any annual meeting, or at any such meeting called for that purpose.

I, the undersigned, Secretary of Dolgencorp, Inc., Scottsville, Kentucky, do hereby certify that the foregoing is a true and complete copy of the by-laws of said Corporation, and as the same are in force at the date thereof.

IN WITNESS WHEREOF, I hereunto subscribe my name and affixed seal of the corporation, this the 21st day of December, 1973.

Signature: /s/ Hubert Craddock

Name: Hubert Craddock, Secretary

**CERTIFICATE OF INCORPORATION
OF
DOLLAR GENERAL INVESTMENT, INC.**

FIRST: The name of the Corporation is Dollar General Investment, Inc.

SECOND: The Corporation's registered office in the State of Delaware c/o National Registered Agents, Inc., 9 East Lookerman Street, Dover, Delaware 19901. The name of its registered agent at such address is National Registered Agents, Inc.

THIRD: The nature of business of the Corporation and its purpose is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is 2,000 shares of Common Stock, with no par value.

FIFTH: The name and mailing address of the incorporator is as follows:

Yael Lustmann
c/o Debevoise & Plimpton
919 Third Avenue
New York, New York 10022

SIXTH: The following provisions are inserted for the management of the business and for the conduct of the affairs of the Corporation and for the purpose of creating, defining, limiting and regulating the powers of the Corporation and its directors and stockholders:

(a) The number of directors of the Corporation shall be fixed and may be altered from time to time in the manner provided in the By-Laws, and vacancies in the Board of Directors and newly created directorships resulting from any increase in the authorized number of directors may be filled, and directors may be removed, as provided in the By-Laws.

(b) The election of directors may be conducted in any manner approved by the stockholders at the time when the election is held and need not be by written ballot.

(c) All corporate powers and authority of the Corporation (except as at the time otherwise provided by law, by this Certificate of Incorporation or by the By-Laws) shall be vested in and exercised by the Board of Directors.

(d) The Board of Directors shall have the power without the assent or vote of the stockholders to adopt, amend, alter or repeal the By-Laws of the Corporation, except to the extent that the By-Laws or this Certificate of Incorporation otherwise provide.

(c) No director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of his or her fiduciary duty as a director, provided that nothing contained in this Article shall eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (iii) under Section 174 of the General Corporation Law of the State of Delaware or (iv) for any transaction from which the director derived an improper personal benefit.

SEVENTH: The Corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by the laws of the State of Delaware, and all rights herein conferred upon stockholders or directors are granted subject to this reservation.

IN WITNESS WHEREOF, the undersigned, being the incorporator herein above named, for purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, does make and file this Certificate, hereby declaring and certifying that the facts herein stated are true, and accordingly has caused this Certificate of Incorporation to be duly executed this 11th day of June, 2002.

Signature: /s/ Yael Lustmann

Name: Yael Lustmann

DOLLAR GENERAL INVESTMENT, INC.

BY-LAWS

As Adopted on June 11, 2002

DOLLAR GENERAL INVESTMENT, INC.

BY-LAWS

As adopted on June 11, 2002

ARTICLE I

STOCKHOLDERS

Section 1.01. Annual Meetings. Subject to Section 1.10 of these By-Laws, the annual meeting of the stockholders of the Corporation for the election of directors and for the transaction of such other business as properly may come before such meeting shall be held at such place, either within or without the State of Delaware, or, within the sole discretion of the Board of Directors, by remote electronic communication technologies, at such date and hour, as may be fixed from time to time by resolution of the Board of Directors and set forth in the notice or waiver of notice of the meeting. [Sections 211(a), (b).](1)

Section 1.02. Special Meetings. Special meetings of the stockholders may be called at any time by the President (or, in the event of his or her absence or disability, by any Vice President), or by the Board of Directors. A special meeting shall be called by the President (or, in the event of his or her absence or disability, by any Vice President), or by the Secretary, immediately upon receipt of a written request therefor by stockholders holding in the aggregate not less than a majority of the outstanding shares of the Corporation at the time entitled to vote at any meeting of the stockholders. If such officers or the Board of Directors shall fail to call such meeting within twenty days after receipt of such request, any stockholder executing such request may call such meeting. Such special meetings of the stockholders shall be held at such places, within or without the State of Delaware, or, within the sole discretion of the Board of Directors, by remote electronic communication technologies, as shall be specified in the respective notices or waivers of notice thereof. [Section 211(d).]

Section 1.03. Notice of Meetings; Waiver. The Secretary or any Assistant Secretary shall cause written notice of the place, if any, date and hour of each meeting of the stockholders, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which such meeting is called, to be given personally or by mail, not less than ten nor more than sixty days prior to the meeting, to each stockholder of record entitled to vote at such meeting. If a stockholder meeting is to be held via electronic communications and stockholders will take action at such meeting, the notice of such meeting must: (i) specify the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present and vote at such meeting; and (ii) provide the information required to access the stockholder list. [Del. GCL § 219,222]

For notice given by electronic transmission to a stockholder to be effective, such stockholder must consent to the Corporation's giving notice by that particular form of electronic transmission. A stockholder may revoke consent to receive notice by electronic transmission by written notice to the Corporation. A stockholder's consent to notice by electronic transmission is automatically revoked if the Corporation is unable to deliver two consecutive electronic transmission notices and such

(1) Citations are to the General Corporation Law of the State of Delaware as in effect on October 1, 2000 (the "GCL"). The citations are inserted for reference only, and do not constitute a part of the By-Laws. Section 211(b) of the GCL permits election of directors by written consent in lieu of annual meeting, subject to stated requirements.

inability becomes known to the Secretary, Assistant Secretary, the transfer agent or other person responsible for giving notice. [Del. GCL § 232.]

Notices are deemed given (i) if by mail, when deposited in the United States mail, postage prepaid, directed to the stockholder at his or her address as it appears on the record of stockholders of the Corporation, or, if he or she shall have filed with the Secretary of the Corporation a written request that notices to him or her be mailed to some other address, then directed to him or her at such other address; (ii) if by facsimile, when faxed to a number where the stockholder has consented to receive notice; (iii) if by electronic mail, when mailed electronically to an electronic mail address at which the stockholder consented to receive such notice; (iv) if by posting on an electronic network (such as a website or chatroom) together with a separate notice to the stockholder of such specific posting, upon the later to occur of (A) such posting or (B) the giving of the separate notice of such posting; or (v) if by any other form of electronic communication, when directed to the stockholder in the manner consented to by the stockholder. Such further notice shall be given as may be required by law. [Del. GCL § 222, 232.]

A written waiver of any notice of any annual or special meeting signed by the person entitled thereto, or a waiver by electronic transmission by the person entitled to notice, shall be deemed equivalent to notice, whether provided before or after the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in a waiver of notice. The attendance of any stockholder at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened. [Sections 222, 229.]

Section 1.04. Quorum. Except as otherwise required by law or by the Certificate of Incorporation, the presence in person or by proxy of the holders of record of a majority of the shares entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business at such meeting. [Section 216.]

Section 1.05. Voting. If, pursuant to Section 5.05 of these By-Laws, a record date has been fixed, every holder of record of shares entitled to vote at a meeting of stockholders shall be entitled to one vote for each share outstanding in his or her name on the books of the Corporation at the close of business on such record date. If no record date has been fixed, then every holder of record of shares entitled to vote at a meeting of stockholders shall be entitled to one vote for each share of stock standing in his or her name on the books of the Corporation at the close of business on the day next preceding the day on which notice of the meeting is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. Except as otherwise required by law or by the Certificate of Incorporation or by these By-Laws, the vote of a majority of the shares represented in person or by proxy at any meeting at which a quorum is present shall be sufficient for the transaction of any business at such meeting. [Sections 212(a), 216.]

Section 1.06. Voting by Ballot. No vote of the stockholders need be taken by written ballot, or by a ballot submitted by electronic transmission, unless otherwise required by law. Any vote which need not be taken by written ballot, or by a ballot submitted by electronic transmission, may be conducted in any manner approved by the meeting.

Section 1.07. Adjournment. If a quorum is not present at any meeting of the stockholders, the stockholders present in person or by proxy shall have the power to adjourn any such meeting from time to time until a quorum is present. Notice of any adjourned meeting of the stockholders of the Corporation need not be given if the place, if any, date and hour thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, are announced at the meeting at which the adjournment is taken, provided,

however, that if the adjournment is for more than thirty days, or if after the adjournment a new record date for the adjourned meeting is fixed pursuant to Section 5.05 of these By-Laws, a notice of the adjourned meeting, conforming to the requirements of Section 1.03 of these By-Laws, shall be given to each stockholder of record entitled to vote at such meeting. At any adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted on the original date of the meeting. [Section 222(c).]

Section 1.08. Proxies. Any stockholder entitled to vote at any meeting of the stockholders or to express consent to or dissent from corporate action in writing without a meeting may authorize another person or persons to vote at any such meeting and express such consent or dissent for him or her by proxy. A stockholder may authorize a valid proxy by executing a written instrument signed by such stockholder, or by causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature, or by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission to the person designated as the holder of the proxy, a proxy solicitation firm or a like authorized agent. No such proxy shall be voted or acted upon after the expiration of three years from the date of such proxy, unless such proxy provides for a longer period. Every proxy shall be revocable at the pleasure of the stockholder executing it, except in those cases where applicable law provides that a proxy shall be irrevocable. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the Secretary. Proxies by telegram, cablegram or other electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. Any copy, facsimile telecommunication or other reliable reproduction of a writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission. [Sections 212(b), (c), (d), (e).]

Section 1.09. Organization; Procedure. At every meeting of stockholders the presiding officer shall be the President or, in the event of his or her absence or disability, a presiding officer chosen by a majority of the stockholders present in person or by proxy. The Secretary, or in the event of his or her absence or disability, the Assistant Secretary, if any, or if there be no Assistant Secretary, in the absence of the Secretary, an appointee of the presiding officer, shall act as Secretary of the meeting. The order of business and all other matters of procedure at every meeting of stockholders may be determined by such presiding officer.

Section 1.10. Consent of Stockholders in Lieu of Meeting. To the fullest extent permitted by law, whenever the vote of stockholders at a meeting thereof is required or permitted to be taken for or in connection with any corporate action, such action may be taken without a meeting, without prior notice and without a vote of stockholders, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted (but not less than the minimum number of votes otherwise prescribed by law) and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty days of the earliest dated consent delivered in the manner required by law to the Corporation,

written consents signed by a sufficient number of holders to take action are delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. [Section 228(a), (c).]

ARTICLE II

BOARD OF DIRECTORS

Section 2.01. General Powers . Except as may otherwise be provided by law, by the Certificate of Incorporation or by these By-Laws, the property, affairs and business of the Corporation shall be managed by or under the direction of the Board of Directors and the Board of Directors may exercise all the powers of the Corporation. [Section 141(a).]

Section 2.02. Number and Term of Office . The number of Directors constituting the entire Board of Directors shall be at least two, which number may be modified from time to time by resolution of the Board of Directors, but in no event shall the number of Directors be less than one. Each Director (whenever elected) shall hold office until his or her successor has been duly elected and qualified, or until his or her earlier death, resignation or removal. [Section 141(b).]

Section 2.03. Election of Directors . Except as otherwise provided in Sections 2.12 and 2.13 of these By-Laws, the Directors shall be elected at each annual meeting of the stockholders. If the annual meeting for the election of Directors is not held on the date designated therefor, the Directors shall cause the meeting to be held as soon thereafter as convenient. At each meeting of the stockholders for the election of Directors, provided a quorum is present, the Directors shall be elected by a plurality of the votes validly cast in such election. [Sections 211(b), (c), 216.]

Section 2.04. Annual and Regular Meetings . The annual meeting of the Board of Directors for the purpose of electing officers and for the transaction of such other business as may come before the meeting shall be held as soon as possible following adjournment of the annual meeting of the stockholders at the place of such annual meeting of the stockholders. Notice of such annual meeting of the Board of Directors need not be given. The Board of Directors from time to time may by resolution provide for the holding of regular meetings and fix the place (which may be within or without the State of Delaware) and the date and hour of such meetings. Notice of regular meetings need not be given, provided, however, that if the Board of Directors shall fix or change the time or place of any regular meeting, notice of such action shall be mailed promptly, or sent by telegram, radio or cable, to each Director who shall not have been present at the meeting at which such action was taken, addressed to him or her at his or her usual place of business, or shall be delivered to him or her personally. Notice of such action need not be given to any Director who attends the first regular meeting after such action is taken without protesting the lack of notice to him or her, prior to or at the commencement of such meeting, or to any Director who submits a signed waiver of notice, whether before or after such meeting. [Section 141(g).]

Section 2.05. Special Meetings; Notice . Special meetings of the Board of Directors shall be held whenever called by the President or, in the event of his or her absence or disability, by any Vice President, at such place (within or without the State of Delaware), date and hour as may be specified in the respective notices or waivers of notice of such meetings. Special meetings of the Board of Directors may be called on twenty-four hours' notice, if notice is given to each Director personally or by telephone or telegram, or on five days' notice, if notice is mailed to each Director, addressed to him or her at his or her usual place of business. Notice of any special meeting need not be given to any Director who attends such meeting without protesting the lack of notice to him or her, prior to or at the commencement of such

meeting, or to any Director who submits a signed waiver of notice, whether before or after such meeting, and any business may be transacted thereat. [Sections 141(g), 229.]

Section 2.06. Quorum; Voting. At all meetings of the Board of Directors, the presence of a majority of the total authorized number of Directors shall constitute a quorum for the transaction of business. Except as otherwise required by law, the vote of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. [Section 141(b).]

Section 2.07. Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting of the Board of Directors to another time or place. No notice need be given of any adjourned meeting unless the time and place of the adjourned meeting are not announced at the time of adjournment, in which case notice conforming to the requirements of Section 2.05 of these By-Laws shall be given to each Director.

Section 2.08. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors consent thereto in writing or by electronic transmission, and such writing or writings or electronic transmissions are filed with the minutes of proceedings of the Board of Directors. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. [Section 141(f).]

Section 2.09. Regulations; Manner of Acting. To the extent consistent with applicable law, the Certificate of Incorporation and these By-Laws, the Board of Directors may adopt such rules and regulations for the conduct of meetings of the Board of Directors and for the management of the property, affairs and business of the Corporation as the Board of Directors may deem appropriate. The Directors shall act only as a Board, and the individual Directors shall have no power as such.

Section 2.10. Action by Telephonic Communications. Members of the Board of Directors may participate in a meeting of the Board of Directors by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. [Section 141(i).]

Section 2.11. Resignations. Any Director may resign at any time by submitting an electronic transmission or by delivering a written notice of resignation, signed by such Director, to the President or the Secretary. Unless otherwise specified therein, such resignation shall take effect upon delivery. [Section 141(b).]

Section 2.12. Removal of Directors. Any Director may be removed at any time, either for or without cause, upon the affirmative vote of the holders of a majority of the outstanding shares of stock of the Corporation entitled to vote for the election of such Director. Any vacancy in the Board of Directors caused by any such removal may be filled at such meeting by the stockholders entitled to vote for the election of the Director so removed. If such stockholders do not fill such vacancy at such meeting (or in the written instrument effecting such removal, if such removal was effected by consent without a meeting), such vacancy may be filled in the manner provided in Section 2.13 of these By-Laws. [Section 141(k).]

Section 2.13. Vacancies and Newly Created Directorships. If any vacancies shall occur in the Board of Directors, by reason of death, resignation, removal or otherwise, or if the authorized number of Directors shall be increased, the Directors then in office shall continue to act, and such vacancies and newly created directorships may be filled by a majority of the Directors then in office, although less than a quorum.. A Director elected to fill a vacancy or a newly created directorship shall

hold office until his or her successor has been elected and qualified or until his or her earlier death, resignation or removal. Any such vacancy or newly created directorship may also be filled at any time by vote of the stockholders. [Section 223.]

Section 2.14. Compensation. The amount, if any, which each Director shall be entitled to receive as compensation for his or her services as such shall be fixed from time to time by resolution of the Board of Directors. [Section 141(h).]

Section 2.15. Reliance on Accounts and Reports, etc. A Director, or a member of any Committee designated by the Board of Directors shall, in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Corporation and upon information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or Committees designated by the Board of Directors, or by any other person as to the matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation. [Section 141(e).]

ARTICLE III

EXECUTIVE COMMITTEE AND OTHER COMMITTEES

Section 3.01. How Constituted. The Board of Directors may designate one or more Committees, including an Executive Committee, each such Committee to consist of such number of Directors as from time to time may be fixed by the Board of Directors. The Board of Directors may designate one or more Directors as alternate members of any such Committee, who may replace any absent or disqualified member or members at any meeting of such Committee. Thereafter, members (and alternate members, if any) of each such Committee may be designated at the annual meeting of the Board of Directors. Any such Committee may be abolished or re-designated from time to time by the Board of Directors. Each member (and each alternate member) of any such Committee (whether designated at an annual meeting of the Board of Directors or to fill a vacancy or otherwise) shall hold office until his or her successor shall have been designated or until he or she shall cease to be a Director, or until his or her earlier death, resignation or removal. [Section 141(c).]

Section 3.02. Powers. During the intervals between the meetings of the Board of Directors, the Executive Committee, except as otherwise provided in this section, shall have and may exercise all the powers and authority of the Board of Directors in the management of the property, affairs and business of the Corporation, including the power to declare dividends and to authorize the issuance of stock. Each such other Committee, except as otherwise provided in this section, shall have and may exercise such powers of the Board of Directors as may be provided by resolution or resolutions of the Board of Directors. Neither the Executive Committee nor any such other Committee shall have the power or authority:

(a) to amend the Certificate of Incorporation (except that a Committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors as provided in Section 151(a) of the General Corporation Law, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series);

(b) to adopt an agreement of merger or consolidation;

- (c) to recommend to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets;
- (d) to recommend to the stockholders a dissolution of the Corporation or a revocation of a dissolution;
- (e) to amend the By-Laws of the Corporation;
- (f) to remove any President, Vice President, Assistant Secretary or Assistant Treasurer of the Corporation;
- (g) to authorize the borrowing of funds, other than under existing facilities, that is material to the capital structure of the Corporation;
- (h) to authorize any new compensation or benefit program;
- (i) to appoint or discharge the Corporation's independent public accountants;
- (j) to authorize the annual operating plan, annual capital expenditure plan and strategic plan;
- (k) to abolish or usurp the authority of the Board of Directors;
- (l) to declare a dividend; or
- (m) to authorize the issuance of stock.

The Executive Committee shall have, and any such other Committee may be granted by the Board of Directors, power to authorize the seal of the Corporation to be affixed to any or all papers which may require it. [Section 141(c).]

Section 3.03. Proceedings. Each such Committee may fix its own rules of procedure and may meet at such place (within or without the State of Delaware), at such time and upon such notice, if any, as it shall determine from time to time. Each such Committee shall keep minutes of its proceedings and shall report such proceedings to the Board of Directors at the meeting of the Board of Directors next following any such proceedings.

Section 3.04. Quorum and Manner of Acting. Except as may be otherwise provided in the resolution creating such Committee, at all meetings of any Committee the presence of members (or alternate members) constituting a majority of the total authorized membership of such Committee shall constitute a quorum for the transaction of business. The act of the majority of the members present at any meeting at which a quorum is present shall be the act of such Committee. Any action required or permitted to be taken at any meeting of any such Committee may be taken without a meeting, if all members of such Committee shall consent to such action in writing or by electronic transmission, and such writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of the Committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. The members of any such Committee shall act only as a Committee, and the individual members of such Committee shall have no power as such. [Section 141(c), (f).]

Section 3.05. Action by Telephonic Communications. Members of any Committee designated by the Board of Directors may participate in a meeting of such Committee by means of conference telephone or similar communications equipment by means of which all persons participating

in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. [Section 141(i).]

Section 3.06. Absent or Disqualified Members . In the absence or disqualification of a member of any Committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. [Section 141(c).]

Section 3.07. Resignations . Any member (and any alternate member) of any Committee may resign at any time by delivering a written notice of resignation, signed by such member, to the Chairman or the President. Unless otherwise specified therein, such resignation shall take effect upon delivery.

Section 3.08. Removal . Any member (and any alternate member) of any Committee may be removed from his or her position as a member (or alternate member, as the case may be) of such Committee at any time, either for or without cause, by resolution adopted by a majority of the whole Board of Directors.

Section 3.09. Vacancies . If any vacancy shall occur in any Committee, by reason of disqualification, death, resignation, removal or otherwise, the remaining members (and any alternate members) shall continue to act, and any such vacancy may be filled by the Board of Directors.

ARTICLE IV

OFFICERS

Section 4.01. Number . The officers of the Corporation shall be chosen by the Board of Directors and shall be a President, one or more Vice Presidents, a Secretary and a Treasurer. The Board of Directors also may elect one or more Assistant Secretaries and Assistant Treasurers in such numbers as the Board of Directors may determine. Any number of offices may be held by the same person. No officer need be a Director of the Corporation. [Section 142(a), (b).]

Section 4.02. Election . Unless otherwise determined by the Board of Directors, the officers of the Corporation shall be elected by the Board of Directors at the annual meeting of the Board of Directors, and shall be elected to hold office until the next succeeding annual meeting of the Board of Directors. In the event of the failure to elect officers at such annual meeting, officers may be elected at any regular or special meeting of the Board of Directors. Each officer shall hold office until his or her successor has been elected and qualified, or until his or her earlier death, resignation or removal. [Section 142(b).]

Section 4.03. Salaries . The salaries of all officers and agents of the Corporation shall be fixed by the Board of Directors.

Section 4.04. Removal and Resignation; Vacancies . Any officer may be removed for or without cause at any time by the Board of Directors. Any officer may resign at any time by delivering notice of resignation, either in writing signed by such officer or by electronic transmission, to the Board of Directors or the President. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise, shall be filled by the Board of Directors. [Section 142(b), (e).]

Section 4.05. Authority and Duties of Officers. The officers of the Corporation shall have such authority and shall exercise such powers and perform such duties as may be specified in these By-Laws, except that in any event each officer shall exercise such powers and perform such duties as may be required by law. [Section 142(a).]

Section 4.06. The President. The President shall preside at all meetings of the stockholders and directors at which he or she is present, shall have general control and supervision of the policies and operations of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. He or she shall manage and administer the Corporation's business and affairs and shall also perform all duties and exercise all powers usually pertaining to the office of a chief executive officer and a chief operating officer of a corporation. He or she shall have the authority to sign, in the name and on behalf of the Corporation, checks, orders, contracts, leases, notes, drafts and other documents and instruments in connection with the business of the Corporation, and together with the Secretary or an Assistant Secretary, conveyances of real estate and other documents and instruments to which the seal of the Corporation is affixed. He or she shall have the authority to cause the employment or appointment of such employees and agents of the Corporation as the conduct of the business of the Corporation may require, to fix their compensation, and to remove or suspend any employee or agent elected or appointed by the President or the Board of Directors. The President shall perform such other duties and have such other powers as the Board of Directors or the Chairman may from time to time prescribe.

Section 4.07. The Vice President. Each Vice President shall perform such duties and exercise such powers as may be assigned to him or her from time to time by the President. In the absence of the President, the duties of the President shall be performed and his or her powers may be exercised by such Vice President as shall be designated by the President, or failing such designation, such duties shall be performed and such powers may be exercised by each Vice President in the order of their earliest election to that office; subject in any case to review and superseding action by the President.

Section 4.08. The Secretary. The Secretary shall have the following powers and duties:

- (a) He or she shall keep or cause to be kept a record of all the proceedings of the meetings of the stockholders and of the Board of Directors in books provided for that purpose.
- (b) He or she shall cause all notices to be duly given in accordance with the provisions of these By-Laws and as required by law.
- (c) Whenever any Committee shall be appointed pursuant to a resolution of the Board of Directors, he or she shall furnish a copy of such resolution to the members of such Committee.
- (d) He or she shall be the custodian of the records and of the seal of the Corporation and cause such seal (or a facsimile thereof) to be affixed to all certificates representing shares of the Corporation prior to the issuance thereof and to all instruments the execution of which on behalf of the Corporation under its seal shall have been duly authorized in accordance with these By-Laws, and when so affixed he or she may attest the same.
- (e) He or she shall properly maintain and file all books, reports, statements, certificates and all other documents and records required by law, the Certificate of Incorporation or these By-Laws.
- (f) He or she shall have charge of the stock books and ledgers of the Corporation and shall cause the stock and transfer books to be kept in such manner as to show at any time the

number of shares of stock of the Corporation of each class issued and outstanding, the names (alphabetically arranged) and the addresses of the holders of record of such shares, the number of shares held by each holder and the date as of which each became such holder of record.

(g) He or she shall sign (unless the Treasurer, an Assistant Treasurer or an Assistant Secretary shall have signed) certificates representing shares of the Corporation the issuance of which shall have been authorized by the Board of Directors.

(h) He or she shall perform, in general, all duties incident to the office of secretary and such other duties as may be specified in these By-Laws or as may be assigned to him or her from time to time by the Board of Directors, or the President.

Section 4.09. The Treasurer. The Treasurer shall have the following powers and duties:

(a) He or she shall have charge and supervision over and be responsible for the moneys, securities, receipts and disbursements of the Corporation, and shall keep or cause to be kept full and accurate records of all receipts of the Corporation.

(b) He or she shall cause the moneys and other valuable effects of the Corporation to be deposited in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositaries as shall be selected in accordance with Section 8.05 of these By-Laws.

(c) He or she shall cause the moneys of the Corporation to be disbursed by checks or drafts (signed as provided in Section 8.06 of these By-Laws) upon the authorized depositaries of the Corporation and cause to be taken and preserved proper vouchers for all moneys disbursed.

(d) He or she may sign (unless an Assistant Treasurer or the Secretary or an Assistant Secretary shall have signed) certificates representing stock of the Corporation the issuance of which shall have been authorized by the Board of Directors.

(e) He or she shall render to the Board of Directors or the President, whenever requested, a statement of all his or her transactions as Treasurer.

(f) He or she shall perform, in general, all duties incident to the office of treasurer and such other duties as may be specified in these By-Laws or as may be assigned to him or her from time to time by the Board of Directors, or the President.

Section 4.10. Chief Financial Officer. The Chief Financial Officer shall have the following powers and duties:

(a) He or she shall render to the Board of Directors or the President, whenever requested, a statement of the financial condition of the Corporation, and render a full financial report at the annual meeting of the stockholders, if called upon to do so.

(b) He or she shall be empowered from time to time to require from all officers or agents of the Corporation reports or statements giving such information as he or she may desire with respect to any and all financial transactions of the Corporation.

Section 4.11. Additional Officers. The Board of Directors may appoint such other officers and agents as it may deem appropriate, and such other officers and agents shall hold their offices for such terms and shall exercise such powers and perform such duties as may be determined from time to time by the Board of Directors. The Board of Directors from time to time may delegate to any officer or

agent the power to appoint subordinate officers or agents and to prescribe their respective rights, terms of office, authorities and duties. Any such officer or agent may remove any such subordinate officer or agent appointed by him or her, for or without cause. [Section 142(a), (b).]

Section 4.12. Security. The Board of Directors may require any officer, agent or employee of the Corporation to provide security for the faithful performance of his or her duties, in such amount and of such character as may be determined from time to time by the Board of Directors. [Section 142(c).]

ARTICLE V

CAPITAL STOCK

Section 5.01. Certificates of Stock, Uncertificated Shares. The shares of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the stock of the Corporation shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until each certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock in the Corporation represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the Corporation, by the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, representing the number of shares registered in certificate form. Such certificate shall be in such form as the Board of Directors may determine, to the extent consistent with applicable law, the Certificate of Incorporation and these By-Laws. [Section 158.]

Section 5.02. Signatures; Facsimile. All signatures on the certificate referred to in Section 5.01 of these By-Laws may be in facsimile, engraved or printed form, to the extent permitted by law. In case any officer, transfer agent or registrar who has signed, or whose facsimile, engraved or printed signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue. [Section 158.]

Section 5.03. Lost, Stolen or Destroyed Certificates. The Board of Directors may direct that a new certificate be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon delivery to the Board of Directors of an affidavit of the owner or owners of such certificate, setting forth such allegation. The Board of Directors may require the owner of such lost, stolen or destroyed certificate, or his or her legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate. [Section 167.]

Section 5.04. Transfer of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Within a reasonable time after the transfer of uncertificated stock, the Corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 151, 156, 202(a) or 218(a) of the General Corporation Law of the State of Delaware. Subject to the provisions of the Certificate of Incorporation and these By-Laws, the Board of Directors may prescribe such additional rules and regulations as it may deem appropriate relating to the issue, transfer and registration of shares of the Corporation. [Section 151(f).]

Section 5.05. Record Date. In order to determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted by the Board of Directors, and which shall not be more than sixty nor less than ten days before the date of such meeting. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the board of directors is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights of the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. [Section 213.]

Section 5.06. Registered Stockholders. Prior to due surrender of a certificate for registration of transfer, the Corporation may treat the registered owner as the person exclusively entitled to receive dividends and other distributions, to vote, to receive notice and otherwise to exercise all the rights and powers of the owner of the shares represented by such certificate, and the Corporation shall not be bound to recognize any equitable or legal claim to or interest in such shares on the part of any other person, whether or not the Corporation shall have notice of such claim or interests. Whenever any transfer of shares shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer if, when the certificates are presented to the Corporation for transfer or uncertificated shares are requested to be transferred, both the transferor and transferee request the Corporation to do so. [Section 159.]

Section 5.07. Transfer Agent and Registrar. The Board of Directors may appoint one or more transfer agents and one or more registrars, and may require all certificates representing shares to bear the signature of any such transfer agents or registrars.

ARTICLE VI

INDEMNIFICATION

Section 6.01. Nature of Indemnity. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (a "Proceeding"), whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was or has agreed to become a director or officer of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as a director or officer, of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, and may indemnify any person who was or is a party or is threatened to be made a party to such an action, suit or proceeding by reason of the fact that he or she is or was or has agreed to become an employee or agent of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her or on his or her behalf in connection with such action, suit or proceeding and any appeal therefrom, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding had no reasonable cause to believe his or her conduct was unlawful; except that in the case of an action or suit by or in the right of the Corporation to procure a judgment in its favor (1) such indemnification shall be limited to expenses (including attorneys' fees) actually and reasonably incurred by such person in the defense or settlement of such action or suit, and (2) no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper. Notwithstanding the foregoing, but subject to Section 6.05 of these By-Laws, the Corporation shall not be obligated to indemnify a director or officer of the Corporation in respect of a Proceeding (or part thereof) instituted by such director or officer, unless such Proceeding (or part thereof) has been authorized by the Board of Directors.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 6.02. Successful Defense. To the extent that a present or former director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 6.01 of these By-Laws or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Section 6.03. Determination That Indemnification Is Proper. Any indemnification of a present or former director or officer of the Corporation under Section 6.01 of these By-Laws (unless ordered by a court) shall be made by the Corporation only upon a determination that indemnification of such person is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 6.01 of these By-Laws. Any indemnification of a present or former employee or agent of the Corporation under Section 6.01 of these By-Laws (unless ordered by a court) may be made by the Corporation upon a determination that indemnification of the employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 6.01 of

these By-Laws. Any such determination shall be made, with respect to a person who is a director or officer at the time of such determination (1) by a majority vote of the Directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

Section 6.04. Advance Payment of Expenses. Expenses (including attorneys' fees) incurred by a present director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate. The Corporation, or in respect of a present director or officer the Board of Directors, may authorize the Corporation's counsel to represent such present or former director, officer, employee or agent in any action, suit or proceeding, whether or not the Corporation is a party to such action, suit or proceeding.

Section 6.05. Procedure for Indemnification of Directors and Officers. Any indemnification of a director, officer, employee or agent of the Corporation under Sections 6.01 and 6.02 of these By-Laws, or advance of costs, charges and expenses to such person under Section 6.04 of these By-Laws, shall be made promptly, and in any event within thirty days, upon the written request of such person. If a determination by the Corporation that such person is entitled to indemnification pursuant to this Article is required, and the Corporation fails to respond within sixty days to a written request for indemnity, the Corporation shall be deemed to have approved such request. If the Corporation denies a written request for indemnity or advancement of expenses, in whole or in part, or if payment in full pursuant to such request is not made within thirty days, the right to indemnification or advances as granted by this Article shall be enforceable by such person in any court of competent jurisdiction. Such person's costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such action shall also be indemnified by the Corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under Section 6.04 of these By-Laws where the required undertaking, if any, has been received by or tendered to the Corporation) that the claimant has not met the standard of conduct set forth in Section 6.01 of these By-Laws, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors or any committee thereof, its independent legal counsel, and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 6.01 of these By-Laws, nor the fact that there has been an actual determination by the Corporation (including its Board of Directors or any committee thereof, its independent legal counsel, and its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 6.06. Survival; Preservation of Other Rights. The foregoing indemnification provisions shall be deemed to be a contract between the Corporation and each director, officer, employee and agent who serves in any such capacity at any time while these provisions as well as the relevant provisions of the Delaware Corporation Law are in effect and any repeal or modification thereof shall not affect any right or obligation then existing with respect to any state of facts then or previously existing or any action, suit or proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such a "contract right" may not be modified retroactively without the consent of such director, officer, employee or agent.

The indemnification provided by this Article VI shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 6.07. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her or on his or her behalf in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article, provided that such insurance is available on acceptable terms, which determination shall be made by a vote of a majority of the entire Board of Directors.

Section 6.08. Severability. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each director or officer and may indemnify each employee or agent of the Corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VII

OFFICES

Section 7.01. Registered Office. The registered office of the Corporation in the State of Delaware shall be located at Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle.

Section 7.02. Other Offices. The Corporation may maintain offices or places of business at such other locations within or without the State of Delaware as the Board of Directors may from time to time determine or as the business of the Corporation may require.

ARTICLE VIII

GENERAL PROVISIONS

Section 8.01. Dividends. Subject to any applicable provisions of law and the Certificate of Incorporation, dividends upon the shares of the Corporation may be declared by the Board of Directors at any regular or special meeting of the Board of Directors and any such dividend may be paid in cash, property, or shares of the Corporation's Capital Stock.

A member of the Board of Directors, or a member of any Committee designated by the Board of Directors shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or Committees of the Board of Directors, or by any other person as to matters the Director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and

amount of surplus or other funds from which dividends might properly be declared and paid. [Sections 172, 173.]

Section 8.02. Reserves . There may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, thinks proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall think conducive to the interest of the Corporation, and the Board of Directors may similarly modify or abolish any such reserve. [Section 171.]

Section 8.03. Execution of Instruments . The President, any Vice President, the Secretary or the Treasurer may enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. The Board of Directors or the President may authorize any other officer or agent to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. Any such authorization must be in writing or by electronic transmission and may be general or limited to specific contracts or instruments.

Section 8.04. Corporate Indebtedness . No loan shall be contracted on behalf of the Corporation, and no evidence of indebtedness shall be issued in its name, unless authorized by the Board of Directors or the President. Such authorization may be general or confined to specific instances. Loans so authorized may be effected at any time for the Corporation from any bank, trust company or other institution, or from any firm, corporation or individual. All bonds, debentures, notes and other obligations or evidences of indebtedness of the Corporation issued for such loans shall be made, executed and delivered as the Board of Directors or the President shall authorize. When so authorized by the Board of Directors or the President, any part of or all the properties, including contract rights, assets, business or good will of the Corporation, whether then owned or thereafter acquired, may be mortgaged, pledged, hypothecated or conveyed or assigned in trust as security for the payment of such bonds, debentures, notes and other obligations or evidences of indebtedness of the Corporation, and of the interest thereon, by instruments executed and delivered in the name of the Corporation.

Section 8.05. Deposits . Any funds of the Corporation may be deposited from time to time in such banks, trust companies or other depositories as may be determined by the Board of Directors or the President, or by such officers or agents as may be authorized by the Board of Directors or the President to make such determination.

Section 8.06. Checks . All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such agent or agents of the Corporation, and in such manner, as the Board of Directors or the President from time to time may determine.

Section 8.07. Sale, Transfer, etc. of Securities . To the extent authorized by the Board of Directors or by the President, any Vice President, the Secretary or the Treasurer or any other officers designated by the Board of Directors or the President may sell, transfer, endorse, and assign any shares of stock, bonds or other securities owned by or held in the name of the Corporation, and may make, execute and deliver in the name of the Corporation, under its corporate seal, any instruments that may be appropriate to effect any such sale, transfer, endorsement or assignment.

Section 8.08. Voting as Stockholder . Unless otherwise determined by resolution of the Board of Directors, the President or any Vice President shall have full power and authority on behalf of the Corporation to attend any meeting of stockholders of any corporation in which the Corporation may hold stock, and to act, vote (or execute proxies to vote) and exercise in person or by proxy all other rights, powers and privileges incident to the ownership of such stock. Such officers acting on behalf of the

Corporation shall have full power and authority to execute any instrument expressing consent to or dissent from any action of any such corporation without a meeting. The Board of Directors may by resolution from time to time confer such power and authority upon any other person or persons.

Section 8.09. Fiscal Year. The fiscal year of the Corporation shall commence on the Saturday immediately proceeding the Friday which is closest to January 31 (except for the Corporation's first fiscal year which shall commence on the date of incorporation), and the fiscal year shall end on the Friday which is closest to January 31.

Section 8.10. Seal. The seal of the Corporation shall be circular in form and shall contain the name of the Corporation, the year of its incorporation and the words "Corporate Seal" and "Delaware". The form of such seal shall be subject to alteration by the Board of Directors. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or reproduced, or may be used in any other lawful manner.

Section 8.11. Books and Records; Inspection. Except to the extent otherwise required by law, the books and records of the Corporation shall be kept at such place or places within or without the State of Delaware as may be determined from time to time by the Board of Directors.

ARTICLE IX

AMENDMENT OF BY-LAWS

Section 9.01. Amendment. These By-Laws may be amended, altered or repealed

(a) by resolution adopted by a majority of the Board of Directors at any special or regular meeting of the Board if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting; or

(b) at any regular or special meeting of the stockholders if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting. [Section 109(a).]

ARTICLE X

CONSTRUCTION

Section 10.01. Construction. In the event of any conflict between the provisions of these By-Laws as in effect from time to time and the provisions of the Certificate of Incorporation of the Corporation as in effect from time to time, the provisions of such Certificate of Incorporation shall be controlling.

**ARTICLES OF AMENDMENT
TO THE CHARTER
(For-Profit)**

CORPORATE CONTROL NUMBER (IF KNOWN): 0437967

PURSUANT TO THE PROVISIONS OF SECTION 48-20-106 OF THE *TENNESSEE BUSINESS CORPORATION ACT*, THE UNDERSIGNED CORPORATION ADOPTS THE FOLLOWING ARTICLES OF AMENDMENT TO ITS CHARTER:

1. PLEASE INSERT THE NAME OF THE CORPORATION AS IT APPEARS OF RECORD:

Lonestar Administrative Services, Inc.

IF CHANGING THE NAME, INSERT THE NEW NAME ON THE LINE BELOW:

Dollar General Merchandising, Inc.

2. AMENDMENT IS TO BE EFFECTIVE WHEN FILED BY THE SECRETARY OF STATE.

3. PLEASE INSERT ANY CHANGES THAT APPLY:

A. PRINCIPAL ADDRESS:

B. REGISTERED AGENT:

C. REGISTERED ADDRESS:

D. OTHER CHANGES:

4. THE CORPORATION IS FOR PROFIT.

5. THE MANNER (IF NOT SET FORTH IN THE AMENDMENT) FOR IMPLEMENTATION OF ANY EXCHANGE, RECLASSIFICATION, OR CANCELLATION OF ISSUED SHARES IS AS FOLLOWS:

6. THE AMENDMENT WAS DULY ADOPTED ON **November 30, 2004** BY THE SHAREHOLDERS.

Signature: /s/ James H. Romaker

Name: James H. Romaker, Staff Attorney and Assistant Secretary

Date: July, 29, 2005



**CHANGE OF REGISTERED
AGENT/OFFICE
(BY CORPORATION)**

Pursuant to the provisions of Section 48-15-102 or 48-25-108 of the Tennessee Business Corporation Act or Section 48-55-102 or 48-65-108 of the Tennessee Nonprofit Corporation Act, the undersigned corporation hereby submits this application:

1. The name of the corporation is LONESTAR ADMINISTRATIVE SERVICES, INC.

LONESTAR ADMINISTRATIVE SERVICES, INC: (Corp #0437967)

2. The street address of its current registered office is 530 Gay Street, Knoxville, Tennessee 37902.

3. If the current registered office is to be changed, the street address of the new registered office, the zip code of such office and the country in which the office is located is 2908 Poston Avenue, Nashville, Tennessee 37203, Davidson County.

4. The name of the current registered agent is CT Corporation System

5. If the current registered agent is to be changed, the name of the new registered agent is Corporation Service Company.

6. After the change(s), the street addresses of the registered office and the business office of the registered agent will be identical.

Signature: /s/ Susan Lanigan

Name: Susan Lanigan, Vice President, General Counsel, Corporate Secretary

Name of
Corporation: LONESTAR ADMINISTRATIVE SERVICES, INC.

Date: February 6, 2003

CHARTER
(For-Profit Corporation)

The undersigned acting as incorporator(s) of a for-profit corporation under the provisions of the Tennessee Business Corporation Act adopts the following Articles of Incorporation.

1. The name of the corporation is: **Lonestar Administrative Services, Inc.**
2. The number of shares of stock the corporation is authorized to issue is: **1,000 shares/ No par value.**
3. The name and complete address of the corporation's initial registered agent and office located in the State of Tennessee is:

**CT Corporation System
530 Gay Street
Knoxville, Tennessee 37902
County of Knox**

4. List the name and complete address of each incorporator:

**Robert E. Cooper, Jr.
315 Deaderick Street
Suite 2700
Nashville, Tennessee 37238**

5. The complete address of the corporation's principal office is:

**100 Mission Ridge
Goodlettsville, Tennessee 37072**

6. The corporation is for profit.
7. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time are:
8. Other provisions:

The Initial Directors of the Corporation shall be: Donald S. Shaffer, James J. Hagan and Melissa J. Buffington. Any Director may be removed for cause by the affirmative vote of a majority of the entire Board of Directors.

Signature: /s/ Robert E. Cooper, Jr.

Name: Robert E. Cooper Jr., Incorporator

Date: December 10, 2002

BYLAWS
OF
LONESTAR ADMINISTRATIVE SERVICES, Inc. (the “Corporation”)

ARTICLE I
OFFICES

The Corporation may have such offices, either within or without the State of Tennessee, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

ARTICLE II
SHAREHOLDERS

2.1. Annual Meeting.

An annual meeting of the shareholders of the Corporation shall be held on such date as may be determined by the Board of Directors. The business to be transacted at such meeting shall be the election of directors and such other business as shall be properly brought before the meeting.

2.2. Special Meetings.

A special meeting of shareholders shall be held on call of the Board of Directors or if the holders of at least twenty percent (20%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date and deliver to the Corporation’s Secretary one (1) or more written demands for the meeting describing the purpose or purposes for which such special meeting is to be held, including all statements necessary to make any statement of such purpose not incomplete, false or misleading. Only business within the purpose or purposes described in the meeting notice may be conducted at a special shareholders’ meeting unless otherwise approved by the Board of Directors.

2.3. Place of Meetings.

The Board of Directors may designate any place, either within or without the State of Tennessee, as the place of meeting for any annual meeting or for any special meeting. If no place is fixed by the Board of Directors, the meeting shall be held at the principal office of the Corporation.

2.4. Notice of Meetings; Waiver.

(a) Notice. Notice of the date, time and place of each annual and special shareholders’ meeting and, in the case of a special meeting, a description of the purpose or purposes for which the meeting is called, shall be given no fewer than ten (10) days nor more than two (2) months before the date of the meeting. Such notice shall comply with the requirements of Article XI of these Bylaws.

(b) Waiver. A shareholder may waive any notice required by law, the Corporation’s Charter (the “Charter”) or these Bylaws before or after the date and time stated in such notice. Except as provided in the next sentence, the waiver must be in writing, be signed by the shareholder entitled to the notice and be delivered to the Corporation for inclusion in the minutes or filing with the corporate

records. A shareholder's attendance at a meeting: (1) waives objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting (or promptly upon his or her arrival) objects to holding the meeting or transacting business at the meeting; and (2) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

2.5. Record Date.

The Board of Directors shall fix as the record date for the determination of shareholders entitled to notice of a shareholders' meeting, to demand a special meeting, to vote or to take any other action, a date not more than seventy (70) days before the meeting or action requiring a determination of shareholders.

A record date fixed for a shareholders' meeting is effective for any adjournment of such meeting unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than four (4) months after the date fixed for the original meeting.

2.6. Shareholders' List.

After the record date for a meeting has been fixed, the Corporation shall prepare an alphabetical list of the names of all shareholders who are entitled to notice of a shareholders' meeting. Such list will be arranged by voting group and will show the address of and number of shares held by each shareholder. The shareholders' list will be available for inspection by any shareholder, beginning two (2) business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the Corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A shareholder or his or her agent or attorney is entitled on written demand to inspect and, subject to the requirements of the Tennessee Business Corporation Act (the "Act"), to copy the list, during regular business hours and at his or her expense, during the period it is available for inspection.

2.7. Voting of Shares.

Unless otherwise provided by the Act or the Charter, each outstanding share is entitled to one (1) vote on each matter voted on at a shareholders' meeting. Only shares are entitled to vote.

Unless otherwise provided in the Charter, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present.

2.8. Proxies.

A shareholder may vote his or her shares in person or by proxy. A shareholder may appoint a proxy to vote or otherwise act for him or her by signing an appointment either personally or through an attorney-in-fact. An appointment of a proxy is effective when received by the Secretary or other officer or agent authorized to tabulate votes. An appointment is valid for eleven (11) months unless another period is expressly provided in the appointment form. An appointment of a proxy is revocable by the shareholder unless the appointment form conspicuously states that it is irrevocable, and the appointment is coupled with an interest.

2.9. Acceptance of Shareholder Documents.

If the name signed on a shareholder document (a vote, consent, waiver, or proxy appointment) corresponds to the name of a shareholder, the Corporation, if acting in good faith, is entitled to accept

such shareholder document and give it effect as the act of the shareholder. If the name signed on such shareholder document does not correspond to the name of a shareholder, the Corporation, if acting in good faith, is nevertheless entitled to accept such shareholder document and to give it effect as the act of the shareholder if:

- (i) the shareholder is an entity and the name signed purports to be that of an officer or agent of the entity;
- (ii) the name signed purports to be that of a fiduciary representing the shareholder and, if the Corporation requests, evidence of fiduciary status acceptable to the Corporation has been presented with respect to such shareholder document;
- (iii) the name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the Corporation requests, evidence of this status acceptable to the Corporation has been presented with respect to the shareholder document;
- (iv) the name signed purports to be that of a pledgee, beneficial owner or attorney-in-fact of the shareholder and, if the Corporation requests, evidence acceptable to the Corporation of the signatory's authority to sign for the shareholder has been presented with respect to such shareholder document; or
- (v) two or more persons are the shareholder as co-tenants or fiduciaries and the name signed purports to be the name of at least one (1) of the co-owners, and the person signing appears to be acting on behalf of all the co-owners.

The Corporation is entitled to reject a shareholder document if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has a reasonable basis for doubt about the validity of the signature on such shareholder document or about the signatory's authority to sign for the shareholder. The Corporation and its officer or agent who accepts or rejects a vote, consent, waiver, or proxy appointment in good faith and in accordance with the standards in Section 2.9 are not liable in damages to the shareholder for the consequences of the acceptance or rejection. Corporate action based on the acceptance or rejection of a vote, consent, waiver, or proxy appointment under Section 2.9 is valid unless a court of competent jurisdiction determines otherwise.

2.10. Action Without Meeting.

Action required or permitted by the Act to be taken at a shareholders' meeting may be taken without a meeting. If all shareholders entitled to vote on the action consent to taking such action without a meeting, the affirmative vote of the number of shares that would be necessary to authorize or take such action at a meeting is the act of the shareholders.

The action must be evidenced by one (1) or more written consents describing the action taken, at least one of which is signed by each shareholder entitled to vote on the action in one (1) or more counterparts, indicating such signing shareholder's vote or abstention on the action and delivered to the Corporation for inclusion in the minutes or for filing with the corporate records.

If the Act or the Charter requires that notice of a proposed action be given to nonvoting shareholders and the action is to be taken by consent of the voting shareholders, then the Corporation shall give its nonvoting shareholders written notice of the proposed action at least ten (10) days before such action is taken. Such notice shall contain or be accompanied by the same material that would have

been required to be sent to nonvoting shareholders in a notice of a meeting at which the proposed action would have been submitted to the shareholders for action.

2.11. Presiding Officer and Secretary .

Meetings of the shareholders shall be presided over by the Chairman, or if the Chairman is not present or if the Corporation shall not have a Chairman, by the President or Chief Executive Officer, or if neither the Chairman, the President, nor the Chief Executive Officer is present, by a chairman chosen by a majority of the shareholders entitled to vote at such meeting. The Secretary or, in the Secretary's absence, an Assistant Secretary shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, a majority of the shareholders entitled to vote at such meeting shall choose any person present to act as secretary of the meeting.

2.12. Conduct of Meetings .

Meetings of the shareholders shall be conducted in accordance with the rules and principles set forth in the Handbook for the Conduct of Shareholders' Meetings , published by the American Bar Association, Section of Business Law.

**ARTICLE III
DIRECTORS**

3.1. Powers and Duties .

All corporate powers shall be exercised by or under the authority of and the business and affairs of the Corporation managed under the direction of the Board of Directors, subject to any limitation set forth in the Corporation's Charter.

3.2. Number and Term .

(a) Number . The Board of Directors shall consist of no fewer than one (1) or more than fifteen (15) members. The exact number of directors, within the minimum and maximum, or the range for the size of the Board, or whether the size of the Board shall be fixed or variable range, may be fixed, changed or determined from time to time by the Board of Directors.

(b) Term . Directors shall be elected at the first annual shareholders' meeting and at each annual meeting thereafter. The terms of the initial directors shall expire at the first shareholders' meeting at which directors are elected. The terms of all other directors expire at the next annual shareholders' meeting following their election. Despite the expiration of a director's term, he shall continue to serve until his successor is elected and qualifies or until there is a decrease in the number of directors.

3.3. Meetings; Notice .

The Board of Directors may hold regular and special meetings either within or without the State of Tennessee. The Board of Directors may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

(a) Regular Meetings. Unless the Charter otherwise provides, regular meetings of the Board of Directors may be held without notice of the date, time, place or purpose of the meeting.

(b) Special Meetings. Special meetings of the Board of Directors may be called by the Chairman, the President or by any two (2) directors. Unless the Charter otherwise provides, special meetings must be preceded by at least twenty-four (24) hours' notice of the date, time and place of the meeting but need not describe the purpose of such meeting. Such notice shall comply with the requirements of Article XI of these Bylaws.

(c) Adjourned Meetings. Notice of an adjourned meeting need not be given if the time and place to which the meeting is adjourned are fixed at the meeting at which the adjournment is taken, and if the period of adjournment does not exceed one (1) month in any one (1) adjournment.

(d) Waiver of Notice. A director may waive any required notice before or after the date and time stated in the notice. Except as provided in the next sentence, the waiver must be in writing, signed by the director, and filed with the minutes or corporate records. A director's attendance at or participation in a meeting waives any required notice to him or her of such meeting unless the director at the beginning of the meeting (or promptly upon his or her arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

3.4. Quorum.

Unless the Charter requires a greater number, a quorum of the Board of Directors consists of a majority of the fixed number of directors if the Corporation has a fixed board size or a majority of the number of directors prescribed, or if no number is prescribed, the number in office immediately before the meeting begins, if the Corporation has a variable range board.

3.5. Voting.

If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board of Directors, unless the Charter or these Bylaws require the vote of a greater number of directors. A director who is present at a meeting of the Board of Directors when corporate action is taken is deemed to have assented to such action unless:

- (i) he or she objects at the beginning of the meeting (or promptly upon his or her arrival) to holding the meeting or transacting business at the meeting;
- (ii) his or her dissent or abstention from the action taken is entered in the minutes of the meeting; or
- (iii) he or she delivers written notice of his or her dissent or abstention to the presiding officer of the meeting before its adjournment or to the Corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

3.6. Action Without Meeting.

Unless the Charter otherwise provides, any action required or permitted by the Act to be taken at a Board of Directors meeting may be taken without a meeting. If all directors consent to taking such action without a meeting, the affirmative vote of the number of directors that would be necessary to

authorize or take such action at a meeting is the act of the Board of Directors. Such action must be evidenced by one or more written consents describing the action taken, at least one of which is signed by each director, indicating the director's vote or abstention on the action, which consents shall be included in the minutes or filed with the corporate records reflecting the action taken. Action taken by consent is effective when the last director signs the consent, unless the consent specifies a different effective date.

3.7. Resignation.

A director may resign at any time by delivering written notice to the Board of Directors, Chairman, President or Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date.

3.8. Vacancies.

Unless the Charter otherwise provides, if a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of directors or a vacancy resulting from the removal of a director with or without cause, either the shareholders or the Board of Directors may fill such vacancy. If the vacancy is filled by the shareholders, it shall be filled by a plurality of the votes cast at a meeting at which a quorum is present. If the directors remaining in office constitute fewer than a quorum of the Board of Directors, they may fill such vacancy by the affirmative vote of a majority of all the directors remaining in office.

3.9. Removal of Directors.

(a) By Shareholders. The shareholders may remove one (1) or more directors with or without cause unless the Charter provides that directors may be removed only for cause. If cumulative voting is authorized, a director may not be removed if the number of votes sufficient to elect him or her under cumulative voting is voted against his or her removal. If cumulative voting is not authorized, a director may be removed only if the number of votes cast to remove him or her exceeds the number of votes cast not to remove him or her.

(b) By Directors. If so provided by the Charter, any of the directors may be removed for cause by the affirmative vote of a majority of the entire Board of Directors.

(c) General. A director may be removed by the shareholders or directors only at a meeting called for the purpose of removing him or her, and the meeting notice must state that the purpose, or one (1) of the purposes, of the meeting is removal of directors.

ARTICLE IV COMMITTEES

Unless the Charter otherwise provides, the Board of Directors may create one (1) or more committees, each consisting of one (1) or more members. All members of committees of the Board of Directors, which exercise powers of the Board of Directors, must be members of the Board of Directors and serve at the pleasure of the Board of Directors.

The creation of a committee and appointment of a member or members to it must be approved by the greater of (i) a majority of all directors in office when the action is taken or (ii) the number of directors required by the Charter or these Bylaws to take action.

Unless otherwise provided in the Act, to the extent specified by the Board of Directors or in the Charter, each committee may exercise the authority of the Board of Directors. All such committees and their members shall be governed by the same statutory requirements regarding meetings, action without meetings, notice and waiver of notice, quorum and voting requirements as are applicable to the Board of Directors and its members.

ARTICLE V OFFICERS

5.1. Number .

The officers of the Corporation shall be a Chairman, a President, a Chief Executive Officer, a Chief Financial Officer, a Secretary and such other officers, including Vice Presidents, as may be from time to time appointed by the Board of Directors or by the Chairman with the Board of Directors' approval. One person may simultaneously hold more than one office except the President may not simultaneously hold the office of Secretary.

5.2. Appointment .

The principal officers shall be appointed annually by the Board of Directors at the first meeting of the Board following the annual meeting of the shareholders, or as soon thereafter as is conveniently possible. Each officer shall serve at the pleasure of the Board of Directors and until his or her successor shall have been appointed, or until his or her death, resignation or removal.

5.3. Resignation and Removal .

An officer may resign at any time by delivering notice to the Corporation. Such resignation is effective when such notice is delivered unless such notice specifies a later effective date. An officer's resignation does not affect the Corporation's contract rights, if any, with the officer.

The Board of Directors may remove any officer at any time with or without cause, but such removal shall not prejudice the contract rights, if any, of the person so removed.

5.4. Vacancies .

Any vacancy in an office for any reason may be filled for the unexpired portion of the term by the Board of Directors.

5.5. Duties .

(a) Chairman . The Chairman shall preside at all meetings of the shareholders and the Board of Directors and shall see that all orders and resolutions of the Board of Directors are carried into effect.

(b) Chief Executive Officer . The Chief Executive Officer of the Corporation shall have general supervision over the active management of the business of the Corporation.

(c) President . The President shall have the general powers and duties of supervision and management usually vested in the office of the President of a corporation and shall perform such other duties as the Board of Directors may from time to time prescribe.

(d) Vice President. The Vice President or Vice Presidents (if any) shall be active executive officers of the Corporation, shall assist the Chairman, the Chief Executive Officer and the President in the active management of the business, and shall perform such other duties as the Board of Directors may from time to time prescribe.

(e) Chief Financial Officer. The Chief Financial Officer shall have the custody of the Corporation's funds and securities, shall keep or cause to be kept full and accurate account of receipts and disbursements in books belonging to the Corporation, and shall deposit or cause to be deposited all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Chief Financial Officer shall disburse or cause to be disbursed the funds of the Corporation as required in the ordinary course of business or as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Chairman, the President, the Chief Executive Officer, and directors at the regular meetings of the Board, or whenever they may require it, an account of all of his or her or her transactions as Chief Financial Officer and the financial condition of the Corporation. He or she shall perform such other duties as may be incident to the office or as prescribed from time to time by the Board of Directors.

(f) Secretary and Assistant Secretary. The Secretary or Assistant Secretary shall attend all meetings of the Board of Directors and all meetings of the shareholders and shall prepare and record all votes and all minutes of all such meetings in a book to be kept for that purpose. He or she shall also perform like duties for any committee when required. The Secretary or Assistant Secretary shall give, or cause to be given, notice of all meetings of the shareholders and of the Board of Directors when required, and unless directed otherwise by the Board of Directors, shall keep a stock record containing the names of all persons who are shareholders of the Corporation, showing their place of residence and the number of shares held by each of them. The Secretary or Assistant Secretary shall have the responsibility of authenticating records of the Corporation. The Secretary or Assistant Secretary shall perform such other duties as may be prescribed from time to time by the Board of Directors.

(g) Other Officers. Other officers appointed by the Board of Directors shall exercise such powers and perform such duties as may be delegated to them.

(h) Delegation of Duties. In case of the absence or disability of any officer of the Corporation or of any person authorized to act in his or her place, the Board of Directors may from time to time delegate the powers and duties of such officer to any officer, or any director, or any other person whom it may select, during such period of absence or disability.

5.6. Indemnification, Advancement of Expenses and Insurance.

(a) Indemnification and Advancement of Expenses. The Corporation shall indemnify and advance expenses to each director and officer of the Corporation, or any person who may have served at the request of the Corporation's Board of Directors or its President or Chief Executive Officer as a director or officer of another corporation (and, in either case, such person's heirs, executors and administrators), to the full extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted. The Corporation may indemnify and advance expenses to any employee or agent of the Corporation who is not a director or officer (and such person's heirs, executors and administrators) to the same extent as to a director or officer, if the Board of Directors determines that doing so is in the best interests of the Corporation.

(b) Non-Exclusivity of Rights. The indemnification and expense advancement provisions of subsection (a) of this Section 5.6 shall not be exclusive of any other right which any person (and such person's heirs, executors and administrators) may have or hereafter acquire under any statute,

provision of the Charter, provision of these Bylaws, resolution adopted by the shareholders, resolution adopted by the Board of Directors, agreement, or insurance (purchased by the Corporation or otherwise), both as to action in such person's official capacity and as to action in another capacity.

(c) Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any individual who is or was a director, officer, employee or agent of the Corporation, or who, while a director, officer, employee or agent of the Corporation, is or was serving at the request of the Corporation's Board of Directors or its Chief Executive Officer as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee, benefit plan or other enterprise against any expense, liability or loss whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under this Article or the Act.

ARTICLE VI SHARES OF STOCK

6.1. Shares with or without Certificates.

The Board of Directors may authorize that some or all of the shares of any or all of the Corporation's classes or series of stock be evidenced by a certificate or certificates of stock. The Board of Directors may also authorize the issue of some or all of the shares of any or all of the Corporation's classes or series of stock without certificates. The rights and obligations of shareholders with the same class and/or series of stock shall be identical whether or not their shares are represented by certificates.

(a) Shares with Certificates. If the Board of Directors chooses to issue shares of stock evidenced by a certificate or certificates, each individual certificate shall include the following on its face: (i) the Corporation's name, (ii) the fact that the Corporation is organized under the laws of the State of Tennessee, (iii) the name of the person to whom the certificate is issued, (iv) the number of shares represented thereby, (v) the class of shares and the designation of the series, if any, which the certificate represents, and (vi) such other information as applicable law may require or as may be lawful.

If the Corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences and limitations determined for each series (and the authority of the Board of Directors to determine variations for future series) shall be summarized on the front or back of each certificate. Alternatively, each certificate shall state on its front or back that the Corporation will furnish the shareholder this information in writing, without charge, upon request.

Each certificate of stock issued by the Corporation shall be signed (either manually or in facsimile) by any two officers of the Corporation. If the person who signed a certificate no longer holds office when the certificate is issued, the certificate is nonetheless valid.

(b) Shares without Certificates. If the Board of Directors chooses to issue shares of stock without certificates, the Corporation, if required by the Act, shall, within a reasonable time after the issue or transfer of shares without certificates, send the shareholder a written statement of the information required on certificates by Section 6.1(a) of these Bylaws and any other information required by the Act.

6.2. Subscriptions for Shares.

Subscriptions for shares of the Corporation shall be valid only if they are in writing. Unless the subscription agreement provides otherwise, subscriptions for shares, regardless of the time when they are made, shall be paid in full at such time, or in such installments and at such periods, as shall be determined

by the Board of Directors. All calls for payment on subscriptions shall be uniform as to all shares of the same class or of the same series, unless the subscription agreement specifies otherwise.

6.3. Transfers.

Transfers of shares of the capital stock of the Corporation shall be made only on the books of the Corporation by (i) the holder of record thereof, (ii) by his or her legal representative, who, upon request of the Corporation, shall furnish proper evidence of authority to transfer, or (iii) his or her attorney, authorized by a power of attorney duly executed and filed with the Secretary of the Corporation or a duly appointed transfer agent. Such transfers shall be made only upon surrender, if applicable, of the certificate or certificates for such shares properly endorsed and with all taxes thereon paid.

6.4. Lost, Destroyed or Stolen Certificates.

No certificate for shares of stock of the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen except on production of evidence, satisfactory to the Board of Directors, of such loss, destruction or theft, and, if the Board of Directors so requires, upon the furnishing of an indemnity bond in such amount and with such terms and such surety as the Board of Directors may in its discretion require.

**ARTICLE VII
CORPORATE ACTIONS**

7.1. Contracts.

Unless otherwise required by the Board of Directors, the Chairman, the President, the Chief Executive Officer or any Vice President shall execute contracts or other instruments on behalf of and in the name of the Corporation. The Board of Directors may from time to time authorize any other officer, assistant officer or agent to enter into any contract or execute any instrument in the name of and on behalf of the Corporation as it may deem appropriate, and such authority may be general or confined to specific instances.

7.2. Loans.

No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by the Chairman, the President, the Chief Executive Officer, the Chief Financial Officer or the Board of Directors. Such authority may be general or confined to specific instances.

7.3. Checks, Drafts, Etc.

Unless otherwise required by the Board of Directors, all checks, drafts, bills of exchange and other negotiable instruments of the Corporation shall be signed by either the Chairman, the President, the Chief Executive Officer, a Vice President or such other officer, assistant officer or agent of the Corporation as may be authorized so to do by the Board of Directors. Such authority may be general or confined to specific business, and, if so directed by the Board, the signatures of two or more such officers may be required.

7.4. Deposits.

All funds of the Company not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks or other depositories as the Board of Directors may authorize.

7.5. Voting Securities Held by the Corporation.

Unless otherwise required by the Board of Directors, the Chairman, the President or the Chief Executive Officer shall have full power and authority on behalf of the Corporation to attend any meeting of security holders, or to take action on written consent as a security holder, of other corporations in which the Corporation may hold securities. In connection therewith the Chairman, the President, or the Chief Executive Officer shall possess and may exercise any and all rights and powers incident to the ownership of such securities, which the Corporation possesses. The Board of Directors may, from time to time, confer like powers upon any other person or persons.

7.6. Dividends.

The Board of Directors may, from time to time, declare, and the Corporation may pay, dividends on its outstanding shares of capital stock in the manner and upon the terms and conditions provided by applicable law. The record date for the determination of shareholders entitled to receive the payment of any dividend shall be determined by the Board of Directors.

**ARTICLE VIII
FISCAL YEAR**

The fiscal year of the Corporation shall be determined by the Board of Directors, and in the absence of such determination, shall be Dollar General Corporation's fiscal year.

**ARTICLE IX
CORPORATE SEAL**

The Corporation shall not have a corporate seal.

**ARTICLE X
AMENDMENT OF BYLAWS**

These Bylaws may be altered, amended, repealed or restated, and new Bylaws may be adopted, at any meeting of the shareholders by the affirmative vote of a majority of the stock represented at such meeting, or by the affirmative vote of a majority of the members of the Board of Directors who are present at any regular or special meeting.

**ARTICLE XI
NOTICE**

Unless otherwise provided for in these Bylaws, any notice required shall be in writing except that oral notice is effective if it is reasonable under the circumstances and not prohibited by the Charter or these Bylaws. Notice may be communicated in person; by telephone, telegraph, teletype or other form of wire or wireless communication; or by mail or private carrier. If these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published; or by radio, television or other form of public broadcast communication. Written notice to a domestic or foreign corporation authorized to transact business in Tennessee may be addressed to its

registered agent at its registered office or to the corporation or its secretary at its principal office as shown in its most recent annual report or, in the case of a foreign corporation that has not yet delivered an annual report, in its application for a certificate of authority.

Written notice to shareholders, if in a comprehensible form, is effective when mailed, if mailed postpaid and correctly addressed to the shareholder's address shown in the Corporation's current record of shareholders. Except as provided above, written notice, if in a comprehensible form, is effective at the earliest of the following: (a) when received; (b) five (5) days after its deposit in the United States mail, if mailed correctly addressed and with first class postage affixed thereon; (c) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee; or (d) twenty (20) days after its deposit in the United States mail, as evidenced by the postmark if mailed correctly addressed, and with other than first class, registered or certified postage affixed. Oral notice is effective when communicated if communicated in a comprehensible manner.

COMMONWEALTH OF KENTUCKY
TREY GRAYSON
SECRETARY OF STATE

AMENDED CERTIFICATE OF ASSUMED NAME

Pursuant to the provision of KRS Chapter 365, the undersigned hereby amends its certificate of assumed name to change the identity of the partners on behalf of the general partnership named below and for that purpose submits the following statements:

1. The assumed name of the general partnership is **Dollar General Partners**.
2. The certificate of assumed name was filed with the Secretary of State on **June 23, 2004** .
3. The general partnership is organized and existing in the state or country of **Kentucky** .
4. The current principal office address is **100 Mission Ridge, Goodlettsville, Tennessee 37072** .
5. The changed in the identity of the partners are as follows:
Dollar General Corporation and Dollar General Merchandising, Inc. are now the only partners. Dolgencorp, Inc., Dade Lease Management, Inc. and Dollar General Financial, Inc. are no longer partners.

The amended certificate of assumed name is executed by

Signature: /s/ James H. Romaker

Name: James H. Romaker, Asst. Sec. - on behalf of Dollar General Corp. & Dollar General Merchandising; Inc.

Date: 06-27-06

**COMMONWEALTH OF KENTUCKY
TREY GRAYSON
SECRETARY OF STATE**

CERTIFICATE OF ASSUMED NAME

This certifies that the assumed name of
Dollar General Partners

has been adopted by
Dolgencorp, Inc.; Dade Lease Management Inc.; Dollar General Financial, Inc.

which the "real name" of a Domestic General Partnership

organized and existing in the state or country of Kentucky, and whose address is 427 Beech Street, Scottsville KY 42164.

The certificate of assumed name is executed by

Signature: /s/ Robert Lewis

Name: Robert Lewis, On behalf of Dolgencorp, Inc., Vice President and Controller

Date: 06-23-04

AMENDMENT NUMBER 3 TO PARTNERSHIP AGREEMENT

This Amendment Number 3 to Partnership Agreement (“Amendment Three”) is entered into, effective as October 15, 2005 (the “Amendment Three Effective Date”) by and among Dolgencorp, Inc., a Kentucky corporation, with its principle office at 100 Mission Ridge, Goodlettsville, Tennessee 37072 (“Dolgen”), Dollar General Corporation, a Tennessee corporation, with its principle office at 100 Mission Ridge, Goodlettsville, Tennessee 37072 (“DGC”) and Dollar General Merchandising, Inc., a Tennessee corporation, with its principal office located at 100 Mission Ridge, Goodlettsville, Tennessee 37072 (“DG Merchandising” and, collectively with Dolgen and DGC, the “Partners”), all of the partners of Dollar General Partners, a Kentucky general partnership (the “Partnership”).

WHEREAS, Dolgen and Dade Lease Management, Inc. (“Dade”) entered into a Partnership Agreement dated January 14, 1991 (the “Partnership Agreement, pursuant to which the Partnership was established; and

WHEREAS, Dolgen, Dade and Dollar General Financial, Inc. (“DGFin”) entered into an amendment to the Partnership Agreement, pursuant to which DGFin became a partner;

WHEREAS, On September 26, 2005, Dolgen, Dade and DGFin, by written consent, authorized the acquisition by DGC of Dade’s and DGFin’s partnership interests in the Partnership through the merger of DGC with Dade and with DGFin;

WHEREAS, Dade and DGFin each merged with DGC, with DGC being the sole surviving entity, whereby DGC acquired all of the property of Dade and DGFin, including without limitation, the interest in the Partnership previously held by Dade and DGFin;

WHEREAS, DGC agreed to contribute a portion of its interest in the Partnership to DG Merchandising through the contribution agreement, effective as of October 14, 2005, between DGC and DG Merchandising;

WHEREAS, the Partners entered into Amendment Two to the Partnership Agreement, effective as of October 14, 2005, acknowledging and confirming DG Merchandising’s status as a Partner and party to the Partnership Agreement; and

WHEREAS, each of the Partners now desire that the Partnership redeem Dolgen’s interest in the Partnership and to amend the Partnership Agreement to reflect such redemption.

NOW, THEREFORE, in consideration of the matters described above, and of the promises and undertakings set forth hereinafter, the parties hereby agree as follows:

1. Subject to the terms and conditions of this Amendment Three, the Partnership hereby redeems Dolgen’s interest in the Partnership as of the Amendment Three Effective Date.
-

2. Accordingly, effective as of the Amendment Three Effective Date, Paragraph 5 of the Partnership Agreement is hereby amended and restated to read in its entirety as follows:

Capital. The capital of the Partnership shall consist of the property, assets, and effects of the Partnership as of the Amendment Effective Date. The percentage ownership (“Percentage Ownership”) of each of the Partners shall be as follows:

<u>Partner</u>	<u>Percentage Ownership</u>
Dollar General Corporation	1.00%
Dollar General Merchandising, Inc.	99.00%

3. In exchange for Dolgen relinquishing all of its interest in the Partnership, Dolgen shall receive all of the retail stores operated by the Partnership in Indiana and one store operated by the Partnership in Cross Plains, Tennessee, including all real estate (including, without limitation, the assignment of any leases), inventory, fixtures, employee relationships and other assets held by the Partnership in connection with such stores, together with such cash and/or debt as may be necessary or appropriate to equate the tax basis in the partnership interest being redeemed to the tax basis in the assets received by the Dolgen in exchange for such partnership interest, the amount of such cash and/or debt to be determined by the Partners no later than the filing of the final partnership tax return on which the Dolgen is listed as a partner of the Partnership. The Partnership shall not terminate, but shall continue in existence upon the redemption of Dolgen’s interest in the Partnership.
4. All other terms and conditions of the Partnership Agreement shall remain unchanged.

IN WITNESS WHEREOF, the parties have hereunto set their hands effective as of the Amendment Three Effective Date.

SIGNED AND ACKNOWLEDGED BY:

DOLLAR GENERAL MERCHANDISING, INC.

/s/Stonie R. O'Briant

Name: Stonie R. O'Briant

Title: Executive Vice President, Merchandising,
Marketing, and Strategic Planning

DOLGENCORP, INC.

/s/Anita C. Elliott

Name: Anita C. Elliott

Title: Senior Vice President and
Controller

DOLLAR GENERAL CORPORATION

Successor in interest to Dollar General Financial, Inc.
and Dade Lease Management, Inc.

/s/David M. Tehle

Name: David M. Tehle

Title: Executive Vice President and
Chief Financial Officer

AMENDMENT NUMBER 2 TO PARTNERSHIP AGREEMENT

This Amendment Number 2 to Partnership Agreement (“Amendment Two”) is entered into, effective as October 14, 2005 (the “Amendment Two Effective Date”) by and among Dolgencorp, Inc., a Kentucky corporation, with its principle office at 100 Mission Ridge, Goodlettsville, Tennessee 37072 (“Dolgen”), Dollar General Corporation, a Tennessee corporation, with its principle office at 100 Mission Ridge, Goodlettsville, Tennessee 37072 (“DGC”) and Dollar General Merchandising, Inc., a Tennessee corporation, with its principal office located at 100 Mission Ridge, Goodlettsville, Tennessee 37072 (“DG Merchandising” and, collectively with Dolgen and DGC, the “Partners”), all of the partners of Dollar General Partners, a Kentucky general partnership (the “Partnership”).

WHEREAS, Dolgen and Dade Lease Management, Inc. (“Dade”) entered into a partnership agreement dated January 14, 1991 (the “Partnership Agreement”), pursuant to which the Partnership was established; and

WHEREAS, Dolgen, Dade and Dollar General Financial, Inc. (“DGFin”) entered into an amendment to the Partnership Agreement, pursuant to which DGFin became a partner;

WHEREAS, On September 26, 2005, Dolgen, Dade and DGFin, by written consent, authorized the acquisition by DGC of Dade’s and DGFin’s partnership interests in the Partnership through the merger of DGC with Dade and with DGFin;

WHEREAS, Dade and DGFin each merged with DGC, with DGC being the sole surviving entity, whereby DGC acquired all of the property of Dade and DGFin, including without limitation, the interest in the Partnership previously held by Dade and DGFin;

WHEREAS, DGC agreed to contribute a portion of its interest in the Partnership to DG Merchandising through the contribution agreement, effective as of October 14, 2005, between DGC and DG Merchandising; and

WHEREAS, the Partners now desire to amend the Partnership Agreement to include DG Merchandising as a party to the Partnership Agreement, to delineate each Partner’s interest in the Partnership, and to make certain additional modifications.

NOW, THEREFORE, in consideration of the matters described above, and of the promises and undertakings set forth hereinafter, the parties hereby agree as follows:

1. Paragraph 2 of the Partnership Agreement is hereby amended and restated to read in its entirety as follows:

The principal place of business of the Partnership shall be at 100 Mission Ridge, Goodlettsville, Tennessee 37072, or any other location designated by the Partners from time to time.
 2. Effective as of the Amendment Two Effective Date, Paragraph 5 of the Partnership Agreement is hereby amended and restated to read in its entirety as follows:
-

Capital. The capital of the Partnership shall consist of the property, assets, and effects of the Partnership as of the Effective Date. The percentage ownership (“Percentage Ownership”) of each of the Partners shall be as follows:

<u>Partner</u>	<u>Percentage Ownership</u>
Dolgencorp, Inc.	77.00%
Dollar General Corporation	0.23%
Dollar General Merchandising, Inc.	22.77%

3. Effective as of the Amendment Two Effective Date, Paragraph 7 of the Partnership Agreement is hereby amended and restated to read in its entirety as follows:

Allocation of Depreciation or Gain or Loss on Contributed Property. The Partners understand that for income tax purposes, the Partnership’s adjusted basis of some of the contributed property differs from the fair market value at which such property was accepted by the Partnership at the time of its contribution. Nevertheless, the Partners intend that the general allocation rule set forth in Section 704(c)(1) of the Internal Revenue Code of 1986 shall apply, and that the depreciation or gain or loss arising with respect to such property shall be allocated between the Partners in proportion to each Partner’s Percentage Ownership, in determining the taxable income or loss of the Partnership and the distributive share of each Partner, in the same manner as if such property had been purchased by the Partnership at a cost equal to such adjusted tax basis.

4. Effective as of the Amendment Two Effective Date, Paragraph 12 of the Partnership Agreement is hereby amended and restated to read in its entirety as follows:

Profits and Losses. The net profits and surplus of the Partnership shall be divided between the Partners according to each Partner’s Percentage Ownership, and the net losses shall be borne between the Partner’s according to each Partner’s Percentage Ownership.

5. Effective as of the Amendment Two Effective Date, Paragraph 18 of the Partnership Agreement is hereby amended and restated to read in its entirety as follows:

Fiscal Year. The books of account shall be kept on a fiscal year basis commencing on the Saturday following the Friday closest to January 31st and ending on the Friday closest to January 3150.

6. Effective as of the Amendment Two Effective Date, Paragraph 19 of the Partnership Agreement is hereby amended and restated to read in its entirety as follows:

Annual Audit. The books of account may be audited as of the close of each fiscal year by a certified public accountant upon the written request of any one (1) or more Partners.

7. Effective as of the Amendment Two Effective Date, Paragraph 26 of the Partnership Agreement is hereby amended and restated to read in its entirety as follows:

Notices. All notices provided for under this Partnership Agreement shall be in writing and sufficient if hand delivered or sent by registered mail, overnight carrier, or courier to the last known address of the party to whom such notice is to be given.

8. All other terms and conditions of the Partnership Agreement shall remain unchanged.

IN WITNESS WHEREOF, the parties have hereunto set their hands effective as of the Amendment Two Effective Date.

SIGNED AND ACKNOWLEDGED BY:

DOLLAR GENERAL MERCHANDISING, INC.

/s/Stonie R. O'Briant

Name: Stonie R. O'Briant

Title: Executive Vice President, Merchandising,
Marketing, and Strategic Planning

DOLGENCORP, INC.

/s/Anita C. Elliott

Name: Anita C. Elliott

Title: Senior Vice President and
Controller

DOLLAR GENERAL CORPORATION

Successor in interest to Dollar General Financial, Inc.
and Dade Lease Management, Inc.

/s/David M. Tehle

Name: David M. Tehle

Title: Executive Vice President and
Chief Financial Officer

**DOLLAR GENERAL INDIANA PARTNERS
AMENDMENT OF PARTNERSHIP AGREEMENT**

Agreement made the 15th day of December, 1998 between Dolgencorp, Inc. and Dade Lease Management, Inc. (the "Initial Partners"), and Dollar General Financial, Inc., (the "New Partner"). This Agreement shall hereinafter be called "Amendment Agreement."

WHEREAS, the Initial Partners are now and have been carrying on the business of retail sales of general merchandise in partnership ("Former Partnership"), pursuant to an agreement of partnership made between them dated the 14th day of January 1991 ("Partnership Agreement"); and

WHEREAS, an account of all the capital, assets, and liabilities of the Former Partnership has been taken, and the profits shown by such account have been divided between the Initial Partners as of the date hereof, and

WHEREAS, the Initial Partners have agreed to take the New Partner into partnership ("New Partnership") with them in the said business upon the terms hereinafter expressed; and

WHEREAS, it was agreed that the New Partner should contribute to the business of the new partnership the sum of \$821,952 dollars in cash, being 2 % of the estimated and agreed value of the entire property, assets, and effects of the Former Partnership, and in pursuance of this Amendment Agreement, the New Partner has tendered to the Initial Partners in a manner acceptable to the Initial Partners, the sum of \$821,952 dollars, the receipt whereof the Initial Partners hereby acknowledge;

The parties hereby agree as follows:

- (a) **Name.** The Partnership name, Indiana Dollar General Partners, is hereby changed to Dollar General Partners.
- (b) **Duration.** The Initial Partners and the New Partner will in the manner and upon the terms expressed in the Partnership Agreement as modified by this Amendment Agreement, become and remain partners in the said business until such partnership is terminated as provided in the Partnership Agreement or pursuant to the laws of the Commonwealth of Kentucky.
- (c) **Capital.** The capital of the New Partnership shall consist of the property, assets, and effects of the Former Partnership and of the said sum of \$821,952 dollars contributed to the business by the New Partner. The percentage ownership of each of the partners shall be as follows: Dolgencorp, Inc.: 77%; Dade Lease Management, Inc.: 21%; Dollar General Financial, Inc.: 2%.
- (d) **Incorporation by Reference.** The Partnership Agreement shall have full force and effect and regulate the relations of the partnership hereby

formed in all respects as if the Partnership Agreement had contemplated a partnership between three partners as outlined in paragraph (c) herein, except so far as the same shall be necessarily modified or affected by this Amendment Agreement.

IN WITNESS WHEREOF , the parties have executed this Amendment Agreement on the date above written.

PARTNER: DOLGENCORP, INC.

BY: /s/ Cal Turner, Jr. _____
Cal Turner, Jr.
Chairman and Chief Executive Officer

PARTNER: DADE LEASE MANAGEMENT, INC

BY: /s/ Bob Carpenter _____
Bob Carpenter
Executive Vice President

PARTNER: DOLLAR GENERAL FINANCIAL, INC.

BY: /s/ Phil Richards _____
Phil Richards
Vice President - Chief Financial Officer

PARTNERSHIP AGREEMENT

This Partnership Agreement executed this 14th day of January, 1991, between Dolgencorp, Inc., a Kentucky corporation, 427 Beech Street, Scottsville, Kentucky, and Dade Lease Management, Inc., a Delaware corporation, 427 Beech Street, Scottsville, Kentucky.

§ 1. **Name.** The name of the Partnership shall be Indiana Dollar General Partners.

§ 2. **Place of Business.** The principal place of business of the Partnership shall be at 427 Beech Street, Scottsville, Kentucky, or any other location designated by the Partners from time to time.

§ 3. **Nature of Business.** The Partnership shall engage in the business of retail sales of general merchandise, any business of a similar nature, or any other business as may be agreed upon by the Partners.

§ 4. **Duration.** The Partnership shall commence on February 1, 1991, and shall continue until terminated as provided in this Agreement or pursuant to the laws of the Commonwealth of Kentucky.

§ 5. **Capital.** The initial capital of the Partnership shall be \$10,000.00. Each Partner agrees to contribute cash or property at agreed valuation as follows:

<u>Partner</u>	<u>Amount</u>	<u>Percent</u>
Dolgencorp, Inc.	\$ 5,000.00	50%
Dade Lease Management, Inc.	\$ 5,000.00	50%

§ 6. **Contribution of Additional Capital.** The Partners shall contribute in equal shares any additional capital that they may deem to be necessary to the operation of the Partnership business.

§ 7. **Allocation of Depreciation or Gain or Loss on Contributed Property.** The Partners understand that for income tax purposes, the Partnership's adjusted basis of some of the contributed property differs from the fair market value at which such property was accepted by the Partnership at the time of its contribution. Nevertheless, the Partners intend that the general allocation rule set forth in Section 704(c)(1) of the Internal Revenue Code of 1954 shall apply, and that the depreciation or gain or loss arising with respect to such property shall be allocated equally between the Partners, in determining the taxable income or loss of the Partnership and the distributive share of each Partner, in the same manner as if such property had been purchased by the Partnership at a cost equal to such adjusted tax basis.

§ 8. **Capital Account.** An individual capital account shall be maintained for each Partner. The capital of each Partner shall consist of its original contribution of capital, increased by (a) additional capital contributions and (b) any credit balances transferred from its drawing account

to its capital account, and decreased by (a) distributions in reduction of Partnership capital and (b) its share of Partnership losses, if charged to the capital accounts of the Partners.

§ 9. Drawing Accounts. An individual drawing account shall be maintained for each Partner. All withdrawals by a Partner shall be charged to its drawing account. Withdrawals during the year shall be limited to such accounts as the Partners, by a majority vote, shall determine from time to time. Each Partner's share of any Partnership net loss shall be charged to its drawing account, unless the Partners agree to charge such loss to the capital accounts of the Partners. Each Partner's share of Partnership profits shall be credited to its drawing account. The Partners may determine by a majority vote to transfer to Partnership capital all or any portion of the credit balances in the respective drawing accounts of the Partners, provided that the amounts thus transferred shall be in the proportions of the Partners' interests in profits or losses of the Partnership.

§ 10. Salaries. No Partner shall receive any salary for services rendered to the Partnership.

§ 11. Form. The Partners form this General Partnership pursuant to the laws of the Commonwealth of Kentucky.

§ 12. Profits and Losses. The net profits and surplus of the Partnership shall be divided equally between the Partners and the net losses shall be borne equally by them.

§ 13. Management. The Partners shall have equal rights in the management of the Partnership business.

§ 14. Duties. Each Partner shall devote an amount of time necessary to the conduct of the business of the Partnership.

§ 15. Limitations on Partners' Powers. Neither Partner shall, without the consent of the other Partner:

- (a) Borrow money in the firm name for firm purposes or utilize collateral owned by the Partnership as security for any loans;
- (b) Assign, transfer, pledge, compromise or release any of the claims of or debts due the Partnership except upon payment in full, or arbitrate or consent to the arbitration of any of the disputes or controversies of the Partnership;
- (c) Make, execute or deliver any assignment for the benefit of creditors or any bond, confession of judgment, chattel mortgage, deed, guarantee, indemnity bond, surety bond, or contract to sell or contract of sale of all or substantially all the property of the Partnership;
- (d) Lease or mortgage any Partnership real estate or any interest therein or enter into any contract for any such purpose;
- (e) Pledge or hypothecate or in any manner transfer its interest in the Partnership, except to the other party to this Agreement;

(f) Become a surety, guarantor, or accommodation party to any obligation.

§ 16. Books of Account. The Partnership shall maintain adequate accounting records. All books, records and accounts of the Partnership shall be open at all times to inspection by the Partners.

§ 17. Accounting Basis. The books of account shall be kept on an accrual basis.

§ 18. Fiscal Year. The books of account shall be kept on a fiscal year basis commencing February 1 and ending January 31, and shall be closed and balanced at the end of each fiscal year.

§ 19. Annual Audit. The books of account shall be audited as of the close of each fiscal year by a certified public accountant chosen by the Partners.

§ 20. Banking. All funds of the Partnership shall be deposited in its name in a checking account or accounts as shall be designated by the Partners. Checks shall be drawn on the Partnership bank account for Partnership purposes only and shall be signed by either Partner.

§ 21. Retirement. Either Partner may retire from the Partnership upon 60 days' prior notice to the other Partner.

§ 22. Election of Remaining Partner to Continue Business. In the event of the retirement, death or insanity of a Partner, the remaining Partner shall have the right to continue the business of the Partnership under its present name, either by itself or in conjunction with any other person or persons it may select, but it shall pay to the retiring Partner, or to the legal representatives of the deceased or insane Partner, as the case may be, the value of its interest in the Partnership, as provided in the following paragraph.

§ 23. Valuation of Partner's Interest. The value of the interest of a retiring, deceased or insane Partner shall be the sum of (a) its capital account, (b) any unpaid loans due it, (c) its proportionate share of accrued net profits remaining undistributed in its drawing account, and (d) its interest in any prior agreed appreciation in the value of the Partnership property over its book value. No value for good will shall be included in determining the value of the Partner's interest.

§ 24. Payment of Purchase Price. The value of the Partner's interest as determined in the above paragraph shall be paid without interest to the retiring Partner, or to the legal representatives of the deceased or insane Partner, as the case may be, in sixty (60) monthly installments, commencing on the first day of the second month after the effective date of the purchase.

§ 25. Termination. In the event the remaining Partner does not elect to purchase the interest of the retiring, deceased or insane Partner, or in the event the Partners mutually agree to dissolve the Partnership, the Partnership shall terminate and the Partners shall proceed with reasonable promptness to liquidate the business of the Partnership. The assets of the Partnership shall first be used to pay or provide for all debts of the Partnership. Thereafter, all moneys remaining undistributed in the drawing accounts of the Partners shall be paid to the Partners respectively entitled thereto. Then the remaining assets shall be divided according to the proportionate interests of the Partners on the basis of their respective capital accounts as they stood upon the

date of such termination after crediting or debiting thereto the net profit or loss accrued or incurred, as the case may be, from the date of the last accounting to the date of termination.

§ 26. Notices. All notices provided for under this Agreement shall be in writing and sufficient if sent by registered mail to the last known address of the party to whom such notice is to be given.

§ 27. Arbitration. Any controversy or claim arising out of or relating to this contract or the breach thereof shall be settled by arbitration in accordance with the rules of the American Arbitration Association and judgment upon the award rendered may be entered in any court having jurisdiction thereof.

§ 28. Headings. Headings of the paragraphs are added for convenient reference only and shall not to any extent have the effect of modifying, amending or changing the express terms and provisions of this Partnership Agreement.

§ 29. Words and Gender or Number. As used herein, unless the context clearly indicates the contrary, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

§ 30. Execution in Counterpart. This Partnership Agreement may be executed in any number of counterparts, each of which shall be taken to be an original.

§ 31. Severability. In the event any parts of this Agreement are found to be void, the remaining provisions of this Agreement shall nevertheless be binding with the same effect as though the void parts were deleted.

§ 32. Waiver. No waiver of any provisions of this Agreement shall be valid unless in writing and signed by the person or party against whom charged.

§ 33. Applicable Law. This Agreement shall be subject to and governed by the laws of the Commonwealth of Kentucky.

§ 34. Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and its respective legal representatives, successors and assigns.

In Witness Whereof, the Partners have executed this Agreement on the date above written.

Witnesses

PARTNER: DOLGENCORP, INC.

/s/ Janet Rasmussen

BY: /s/ Cal Turner, Jr.
Cal Turner, Jr.
President and Chairman

/s/ Saléca L. Wise

Witnesses

/s/ Robyn Kaye Icalise

/s/ Melanie B. Urf

PARTNER: DADE LEASE MANAGEMENT,
INC

BY: /s/ Bruce A. Quinnell

Bruce A. Quinnell

Vice President- Finance

CERTIFICATE OF FORMATION

of

SOUTH BOSTON FF&E, LLC

This Certificate of Formation of SOUTH BOSTON FF&E, LLC dated as of January 19, 2007, is being filed to form a limited liability company under the Delaware Limited Liability Company Act (6 Del.C. § 18-101, et seq.).

FIRST: The name of the limited liability company is South Boston FF&E, LLC.

SECOND: The address of the registered office of the limited liability company in the State of Delaware is c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808. The name and address of the registered agent at this address for service of process on the limited liability company in the State of Delaware is Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808. Corporation Service Company is located in the County of New Castle.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation as of the date first above written.

SOUTH BOSTON HOLDINGS, INC.

Signature: /s/ Wade Smith

Name: Wade Smith, Treasurer

OPERATING AGREEMENT

This **OPERATING AGREEMENT** (“Agreement”) is made and entered into as of the 19th day of January, 2007, by Sun-Dollar, L.P., a California limited partnership, as the sole member (the “Member”) of South Boston FF&E, LLC, a Delaware limited liability company (the “Company”).

BACKGROUND

WHEREAS, the Company was formed by the filing of a Certificate of Formation (the “Certificate of Formation”) in the Office of the Secretary of State of the State of Delaware on January 19, 2007; and

WHEREAS, the Member desires to enter into this Agreement to define and express its rights and obligations with respect to the operation of the Company as a limited liability company under the Delaware Limited Liability Company Act, as the same may be amended (the “Act”);

AGREEMENT

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements set forth herein, the parties agree as follows:

1. Effective Date; Term.

1.1 Effective Date. This Agreement shall be effective for all purposes upon the filing of the Certificate of Formation with the Office of the Secretary of State of the State of Delaware (the “Effective Date”).

1.2 Term. The existence of the Company shall commence upon the Effective Date and shall be perpetual unless dissolved sooner pursuant to the Act and **Section 14** of this Agreement.

2. Purpose. The Company has as its purpose engaging in all lawful business for which limited liability companies may be organized under the Act.

3. Registered Office; Registered Agent. The address of the Company’s principal office is 100 Mission Ridge, Goodlettsville, Tennessee 37072. The name and address of the Company’s registered agent in the State of Delaware is c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808.

4. Management

4.1 Board of Managers. The Member shall appoint Managers to a Board of Managers, consisting of such number of Managers of the Company as the Member may from time to time determine by resolution. Vacancies on the Board of Managers may be filled by the remaining members of the Board of Managers or by the Member.

4.2 Power and Authority. The Board of Managers shall manage the business and affairs of the Company. Only Managers and agents of the Company authorized by the Board of Managers shall have the authority to bind the Company. The Board of Managers, on behalf of the Company, shall have the power to do any and all acts necessary to, convenient for, or in furtherance of the business and affairs of the Company; provided, however, that the Board of Managers shall not, without the prior consent of the Member, (a) sell all or substantially all of the assets of the Company, (b) make any amendment to this Agreement or the Certificate of Formation, (c) cause the Company to consolidate, merge, or take any

similar action, or (d) cause the Company to dissolve or file on behalf of the Company a voluntary petition in bankruptcy.

4.3 Officers and Agents . The officers of the Company shall be a President, a Vice President, a Controller, a Secretary, a Treasurer, and Assistant Treasurer, and such other officers, including other Vice Presidents, as may be from time to time appointed by the Board of Managers or by the Member. One person may simultaneously hold more than one office except the President may not simultaneously hold the office of Secretary. Each officer shall serve at the pleasure of the Board of Managers or the Member and until his or her successor shall have been appointed, or until his or her death, resignation or removal. An officer may resign at any time by delivering notice to the Company. Such resignation is effective when such notice is delivered unless such notice specifies a later effective date. An officer's resignation does not affect the Company's contract rights, if any, with the officer.

4.4 Duties of Officers .

a. President . The President of the Company shall have general supervision over the active management of the business of the Company. The President shall have the general powers and duties of supervision and management usually vested in the office of the President of a company and shall perform such other duties as the Board of Managers or Member may from time to time prescribe.

b. Vice President . The Vice President or Vice Presidents (if any) shall be active executive officers of the Company, shall assist the President in the active management of the business, and shall perform such other duties as the Board of Managers or the Member may from time to time prescribe.

c. Treasurer and Assistant Treasurer . The Treasurer or Assistant Treasurer shall have custody of the Company's funds and securities, shall deposit or cause to be deposited all monies and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Board of Managers or the Member. The Treasurer or Assistant Treasurer shall disburse or cause to be disbursed the funds of the Company as required in the ordinary course of business or as may be ordered by the Board of Managers or member, taking proper vouchers for such disbursements, and shall render to the President, the Member, and Board of Managers at the regular meetings of the Board of Managers, or whenever they may require it, an account of all of his or her or her transactions as Treasurer or Assistant Treasurer and the financial condition of the Company. He or she shall perform such other duties as may be incident to the office or as prescribed from time to time by the Board of Managers.

d. Controller . The Controller shall keep or cause to be kept full and accurate account of receipts, disbursements, assets and liabilities, in books belonging to the Company in accordance with generally accepted accounting principles.

e. Secretary . The Secretary shall attend all meetings of the Board of Managers and all meetings of the Members and shall prepare and record all votes and all minutes of all such meetings in a book to be kept for that purpose. He or she shall also perform like duties for any committee when required. The Secretary shall give, or cause to be given, notice of all meetings of the Members and of the Board of Managers when required, and unless directed otherwise by the Board of Managers, shall keep a record containing the names of all persons who are Members of the Company, showing their place of residence and the percentage ownership of each of them. The Secretary shall have the

responsibility of authenticating records of the Company. The Secretary shall perform such other duties as may be prescribed from time to time by the Board of Managers.

f. **Other Officers.** Other officers appointed by the Board of Managers or Member shall exercise such powers and perform such duties as may be delegated to them. The Member or the Board of Managers shall appoint, by written resolution, officers and agents of the Company to whom the Member or the Board of Managers may delegate, by written resolution, such duties, responsibilities, and authority as the Member or the Board of Managers may desire. Any officer may be removed by the Member or the Board of Managers at any time by written resolution. The removal shall be without prejudice to the contract rights, if any, of any person so removed.

5. **Contributions.** The Member shall not be obligated to make capital contributions to the Company.

6. **Allocation of Profits and Losses.** The Company's profits and losses shall be allocated to the Member.

7. **Distributions.** Distributions shall be made to the Member at such times and in such amounts as determined by the Member and permitted by applicable law.

8. **Elections.** The Member may make any tax elections for the Company that are permitted under the Internal Revenue Code of 1986, as amended, under the tax laws of any state or other jurisdiction having taxing authority over the Company.

9. **Transferability of Membership Interest.** Except as the Member may agree in writing, the interest of the Member in the Company is transferable, either voluntarily or by operation of law. The Member may sell, assign, transfer, exchange, mortgage, pledge, grant, hypothecate, encumber, or otherwise transfer all or a portion of its interest in the Company (including as security). Upon the transfer of the interest, the transferee shall be admitted as a member of the Company.

10. **Admission of Additional Members.** Additional members may be admitted to the Company at the Member's direction. In the event that any additional member is admitted, this Agreement shall be construed to apply to all members and the additional member(s) shall be required to enter into, ratify, or approve this Agreement or execute a new operating agreement upon the termination of this Agreement by the Member. Unless otherwise stated herein or required by the Act (or any other law or regulation to which the Company is subject), if additional members have been admitted to the Company and this Agreement has not been terminated or modified, the decisions of the members owning at least a majority of the membership interests in the Company shall constitute the decisions of the Member for the purposes of the interpretation of this Agreement.

11. **Liability of the Member.** The Member shall not have any liability for the debts, obligations or liabilities of the Company or for the acts or omissions of any other member, director, officer, agent or employee of the Company except to the extent provided in the Act. The failure of the Member to observe any formalities or requirements relating to the exercise of the powers of the Member or the management of the business and affairs of the Company under this Agreement or the Act shall not be grounds for imposing personal liability on the Member for liabilities of the Company.

12. **Title to Company Property.** All real and personal property shall be acquired in the name of the Company, and title to any property so acquired shall vest in the Company rather than in the Member.

13. Indemnification. The Company shall indemnify the Member and those authorized agents of the Company identified in writing by the Member as entitled to be indemnified under this section for all costs, losses, liabilities and damages paid or accrued by the Member or any such agent in connection with the business of the Company, to the fullest extent provided or allowed by the Act and the other laws of the State of Delaware. In addition, the Company may advance costs of defense of any proceeding to the Member or any such agent upon receipt by the Company of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Company.

14. Dissolution; Winding Up.

14.1 Dissolution. The Company shall dissolve and its affairs shall be wound up upon the first to occur of the following: (a) the written direction of the Member or (b) the entry of a decree of judicial dissolution under Section 18-802 of the Act. The bankruptcy of the Member or the occurrence of any other event that terminates the continued membership of the Member shall not cause a dissolution of the Company.

14.2 Certificate of Dissolution. Upon dissolution, the Company shall cease carrying on any and all business, but the existence of the Company shall continue until its affairs have been wound up and a certificate of dissolution has been filed pursuant to the Act.

14.3 Final Distributions. Upon the winding up of the Company, the Company's property shall be distributed as follows: (a) first to creditors, including the Member if the Member is a creditor, to the extent permitted by law, in satisfaction of the Company's liabilities; and (b) then to the Member. Such distributions shall be in cash, property, or both cash and property, as determined by the Member.

15. Governing Law. This Agreement shall be governed by, and construed under, the laws of the State of Delaware, without giving effect to any of the conflicts of laws or choice of law provisions thereof that would compel the application of the substantive laws of any other jurisdiction.

16. Entire Agreement. This Agreement and the Contribution Agreement constitute the entire agreement and understanding between the Member and the Company relating to the subject matter hereof.

17. Amendment. The Member may amend or modify this Agreement from time to time by written instrument, duly executed.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF , this Agreement has been executed by the undersigned as of the date first above written.

SUN-DOLLAR, L.P., Sole Member

By: South Boston Holdings, Inc., General Partner

By: _____
David M. Tehle, President

[Signature page to Operating Agreement]

**STATE OF DELAWARE
CERTIFICATE OF INCORPORATION
A STOCK CORPORATION**

First: The name of this Corporation is South Boston Holdings, Inc.

Second: Its registered office in the State of Delaware is to be located at 2711 Centerville Rd., Suite 400, in Wilmington, New Castle, 19808. The registered agent in charge thereof is Corporation Service Company.

Third: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

Fourth: The amount of the total stock of this corporation is authorized to issue is 1000 shares (number of authorized shares) with par value of "no par" per share.

Fifth: The name and mailing address of the incorporator are as follows:

Name: James H. Romaker

Mailing Address: 100 Mission ridge, Goodlettsville, Tennessee, 37072

I, The Undersigned, for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 29th day of June, A.D. 2006.

Signature: /s/ James H. Romaker

Name: James H. Romaker, Incorporator

SOUTH BOSTON HOLDINGS, INC.

BY-LAWS

As adopted on June 29, 2006

ARTICLE ISTOCKHOLDERS

Section 1.01. Annual Meetings. Subject to Section 1.10 of these By-Laws, the annual meeting of the stockholders of the Corporation for the election of directors and for the transaction of such other business as properly may come before such meeting shall be held at such place, either within or without the State of Delaware, or, within the sole discretion of the Board of Directors, by remote electronic communication technologies, at such date and hour, as may be fixed from time to time by resolution of the Board of Directors and set forth in the notice or waiver of notice of the meeting. [Sections 211(a), (b).](1)

Section 1.02. Special Meetings. Special meetings of the stockholders may be called at any time by the President (or, in the event of his or her absence or disability, by any Vice President), or by the Board of Directors. A special meeting shall be called by the President (or, in the event of his or her absence or disability, by any Vice President), or by the Secretary, immediately upon receipt of a written request therefor by stockholders holding in the aggregate not less than a majority of the outstanding shares of the Corporation at the time entitled to vote at any meeting of the stockholders. If such officers or the Board of Directors shall fail to call such meeting within twenty days after receipt of such request, any stockholder executing such request may call such meeting. Such special meetings of the stockholders shall be held at such places, within or without the State of Delaware, or, within the sole discretion of the Board of Directors, by remote electronic communication technologies, as shall be specified in the respective notices or waivers of notice thereof. [Section 211(d).]

Section 1.03. Notice of Meetings; Waiver. The Secretary or any Assistant Secretary shall cause written notice of the place, if any, date and hour of each meeting of the stockholders, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which such meeting is called, to be given personally or by mail, not less than ten nor more than sixty days prior to the meeting, to each stockholder of record entitled to vote at such meeting. If a stockholder meeting is to be held via electronic communications and stockholders will take action at such meeting, the notice of such meeting must: (i) specify the means of remote communications, if any, by which stockholders and proxy

(1) Citations are to the General Corporation Law of the State of Delaware as in effect on October 1, 2000 (the "GCL"). The citations are inserted for reference only, and do not constitute a part of the By-Laws. Section 211(b) of the GCL permits election of directors by written consent in lieu of annual meeting, subject to stated requirements.

holders may be deemed to be present and vote at such meeting; and (ii) provide the information required to access the stockholder list. [Del. GCL § 219, 222.]

For notice given by electronic transmission to a stockholder to be effective, such stockholder must consent to the Corporation's giving notice by that particular form of electronic transmission. A stockholder may revoke consent to receive notice by electronic transmission by written notice to the Corporation. A stockholder's consent to notice by electronic transmission is automatically revoked if the Corporation is unable to deliver two consecutive electronic transmission notices and such inability becomes known to the Secretary, Assistant Secretary, the transfer agent or other person responsible for giving notice. [Del. GCL § 232.]

Notices are deemed given (i) if by mail, when deposited in the United States mail, postage prepaid, directed to the stockholder at his or her address as it appears on the record of stockholders of the Corporation, or, if he or she shall have filed with the Secretary of the Corporation a written request that notices to him or her be mailed to some other address, then directed to him or her at such other address; (ii) if by facsimile, when faxed to a number where the stockholder has consented to receive notice; (iii) if by electronic mail, when mailed electronically to an electronic mail address at which the stockholder consented to receive such notice; (iv) if by posting on an electronic network (such as a website or chatroom) together with a separate notice to the stockholder of such specific posting, upon the later to occur of (A) such posting or (B) the giving of the separate notice of such posting; or (v) if by any other form of electronic communication, when directed to the stockholder in the manner consented to by the stockholder. Such further notice shall be given as may be required by law. [Del. GCL § 222, 232.]

A written waiver of any notice of any annual or special meeting signed by the person entitled thereto, or a waiver by electronic transmission by the person entitled to notice, shall be deemed equivalent to notice, whether provided before or after the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in a waiver of notice. The attendance of any stockholder at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened. [Sections 222, 229.]

Section 1.04. Quorum. Except as otherwise required by law or by the Certificate of Incorporation, the presence in person or by proxy of the holders of record of a majority of the shares entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business at such meeting. [Section 216.]

Section 1.05. Voting. If, pursuant to Section 5.05 of these By-Laws, a record date has been fixed, every holder of record of shares entitled to vote at a meeting of stockholders shall be entitled to one vote for each share outstanding in his or her name on the books of the Corporation at the close of business on such record date. If no record date has been fixed, then every holder of record of shares entitled to vote at a meeting of stockholders shall be entitled to one vote for each share of stock standing in his or her name on the books of the Corporation at the close of business on the day next preceding the day on which notice of the meeting is given,

or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. Except as otherwise required by law or by the Certificate of Incorporation or by these By-Laws, the vote of a majority of the shares represented in person or by proxy at any meeting at which a quorum is present shall be sufficient for the transaction of any business at such meeting. [Sections 212(a), 216.]

Section 1.06. Voting by Ballot. No vote of the stockholders need be taken by written ballot, or by a ballot submitted by electronic transmission, unless otherwise required by law. Any vote which need not be taken by written ballot, or by a ballot submitted by electronic transmission, may be conducted in any manner approved by the meeting.

Section 1.07. Adjournment. If a quorum is not present at any meeting of the stockholders, the stockholders present in person or by proxy shall have the power to adjourn any such meeting from time to time until a quorum is present. Notice of any adjourned meeting of the stockholders of the Corporation need not be given if the place, if any, date and hour thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, are announced at the meeting at which the adjournment is taken, provided, however, that if the adjournment is for more than thirty days, or if after the adjournment a new record date for the adjourned meeting is fixed pursuant to Section 5.05 of these By-Laws, a notice of the adjourned meeting, conforming to the requirements of Section 1.03 of these By-Laws, shall be given to each stockholder of record entitled to vote at such meeting. At any adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted on the original date of the meeting. [Section 222(c).]

Section 1.08. Proxies. Any stockholder entitled to vote at any meeting of the stockholders or to express consent to or dissent from corporate action in writing without a meeting may authorize another person or persons to vote at any such meeting and express such consent or dissent for him or her by proxy. A stockholder may authorize a valid proxy by executing a written instrument signed by such stockholder, or by causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature, or by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission to the person designated as the holder of the proxy, a proxy solicitation firm or a like authorized agent. No such proxy shall be voted or acted upon after the expiration of three years from the date of such proxy, unless such proxy provides for a longer period. Every proxy shall be revocable at the pleasure of the stockholder executing it, except in those cases where applicable law provides that a proxy shall be irrevocable. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the Secretary. Proxies by telegram, cablegram or other electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. Any copy, facsimile telecommunication or other reliable reproduction of a writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall

be a complete reproduction of the entire original writing or transmission. [Sections 212(b), (c), (d), (e).]

Section 1.09. Organization; Procedure. At every meeting of stockholders the presiding officer shall be the President or, in the event of his or her absence or disability, a presiding officer chosen by a majority of the stockholders present in person or by proxy. The Secretary, or in the event of his or her absence or disability, the Assistant Secretary, if any, or if there be no Assistant Secretary, in the absence of the Secretary, an appointee of the presiding officer, shall act as Secretary of the meeting. The order of business and all other matters of procedure at every meeting of stockholders may be determined by such presiding officer.

Section 1.10. Consent of Stockholders in Lieu of Meeting. To the fullest extent permitted by law, whenever the vote of stockholders at a meeting thereof is required or permitted to be taken for or in connection with any corporate action, such action may be taken without a meeting, without prior notice and without a vote of stockholders, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted (but not less than the minimum number of votes otherwise prescribed by law) and shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty days of the earliest dated consent delivered in the manner required by law to the Corporation, written consents signed by a sufficient number of holders to take action are delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. [Section 228(a), (c).]

ARTICLE II

BOARD OF DIRECTORS

Section 2.01. General Powers. Except as may otherwise be provided by law, by the Certificate of Incorporation or by these By-Laws, the property, affairs and business of the Corporation shall be managed by or under the direction of the Board of Directors and the Board of Directors may exercise all the powers of the Corporation. [Section 141(a).]

Section 2.02. Number and Term of Office. The number of Directors constituting the entire Board of Directors shall be at least two, which number may be modified from time to time by resolution of the Board of Directors, but in no event shall the number of Directors be less

than one. Each Director (whenever elected) shall hold office until his or her successor has been duly elected and qualified, or until his or her earlier death, resignation or removal. [Section 141(b).]

Section 2.03. Election of Directors. Except as otherwise provided in Sections 2.12 and 2.13 of these By-Laws, the Directors shall be elected at each annual meeting of the stockholders. If the annual meeting for the election of Directors is not held on the date designated therefor, the Directors shall cause the meeting to be held as soon thereafter as convenient. At each meeting of the stockholders for the election of Directors, provided a quorum is present, the Directors shall be elected by a plurality of the votes validly cast in such election. [Sections 211(b), (c), 216.]

Section 2.04. Annual and Regular Meetings. The annual meeting of the Board of Directors for the purpose of electing officers and for the transaction of such other business as may come before the meeting shall be held as soon as possible following adjournment of the annual meeting of the stockholders at the place of such annual meeting of the stockholders. Notice of such annual meeting of the Board of Directors need not be given. The Board of Directors from time to time may by resolution provide for the holding of regular meetings and fix the place (which may be within or without the State of Delaware) and the date and hour of such meetings. Notice of regular meetings need not be given, provided, however, that if the Board of Directors shall fix or change the time or place of any regular meeting, notice of such action shall be mailed promptly, or sent by telegram, radio or cable, to each Director who shall not have been present at the meeting at which such action was taken, addressed to him or her at his or her usual place of business, or shall be delivered to him or her personally. Notice of such action need not be given to any Director who attends the first regular meeting after such action is taken without protesting the lack of notice to him or her, prior to or at the commencement of such meeting, or to any Director who submits a signed waiver of notice, whether before or after such meeting. [Section 141(g).]

Section 2.05. Special Meetings; Notice. Special meetings of the Board of Directors shall be held whenever called by the President or, in the event of his or her absence or disability, by any Vice President, at such place (within or without the State of Delaware), date and hour as may be specified in the respective notices or waivers of notice of such meetings. Special meetings of the Board of Directors may be called on twenty-four hours' notice, if notice is given to each Director personally or by telephone or telegram, or on five days' notice, if notice is mailed to each Director, addressed to him or her at his or her usual place of business. Notice of any special meeting need not be given to any Director who attends such meeting without protesting the lack of notice to him or her, prior to or at the commencement of such meeting, or to any Director who submits a signed waiver of notice, whether before or after such meeting, and any business may be transacted thereat. [Sections 141(g), 229.]

Section 2.06. Quorum; Voting. At all meetings of the Board of Directors, the presence of a majority of the total authorized number of Directors shall constitute a quorum for the transaction of business. Except as otherwise required by law, the vote of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. [Section 141(b).]

Section 2.07. Adjournment. A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting of the Board of Directors to another time or place. No notice need be given of any adjourned meeting unless the time and place of the adjourned meeting are not announced at the time of adjournment, in which case notice conforming to the requirements of Section 2.05 of these By-Laws shall be given to each Director.

Section 2.08. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors consent thereto in writing or by electronic transmission, and such writing or writings or electronic transmissions are filed with the minutes of proceedings of the Board of Directors. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. [Section 141(f).]

Section 2.09. Regulations; Manner of Acting. To the extent consistent with applicable law, the Certificate of Incorporation and these By-Laws, the Board of Directors may adopt such rules and regulations for the conduct of meetings of the Board of Directors and for the management of the property, affairs and business of the Corporation as the Board of Directors may deem appropriate. The Directors shall act only as a Board, and the individual Directors shall have no power as such.

Section 2.10. Action by Telephonic Communications. Members of the Board of Directors may participate in a meeting of the Board of Directors by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. [Section 141(i).]

Section 2.11. Resignations. Any Director may resign at any time by submitting an electronic transmission or by delivering a written notice of resignation, signed by such Director, to the President or the Secretary. Unless otherwise specified therein, such resignation shall take effect upon delivery. [Section 141(b).]

Section 2.12. Removal of Directors. Any Director may be removed at any time, either for or without cause, upon the affirmative vote of the holders of a majority of the outstanding shares of stock of the Corporation entitled to vote for the election of such Director. Any vacancy in the Board of Directors caused by any such removal may be filled at such meeting by the stockholders entitled to vote for the election of the Director so removed. If such stockholders do not fill such vacancy at such meeting (or in the written instrument effecting such removal, if such removal was effected by consent without a meeting), such vacancy may be filled in the manner provided in Section 2.13 of these By-Laws. [Section 141(k).]

Section 2.13. Vacancies and Newly Created Directorships. If any vacancies shall occur in the Board of Directors, by reason of death, resignation, removal or otherwise, or if the authorized number of Directors shall be increased, the Directors then in office shall continue to act, and such vacancies and newly created directorships may be filled by a majority of the Directors then in office, although less than a quorum. A Director elected to fill a vacancy or a newly created directorship shall hold office until his or her successor has been elected and

qualified or until his or her earlier death, resignation or removal. Any such vacancy or newly created directorship may also be filled at any time by vote of the stockholders. [Section 223.]

Section 2.14. Compensation. The amount, if any, which each Director shall be entitled to receive as compensation for his or her services as such shall be fixed from time to time by resolution of the Board of Directors. [Section 141(h).]

Section 2.15. Reliance on Accounts and Reports, etc. A Director, or a member of any Committee designated by the Board of Directors shall, in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Corporation and upon information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or Committees designated by the Board of Directors, or by any other person as to the matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation. [Section 141(e).]

ARTICLE III

EXECUTIVE COMMITTEE AND OTHER COMMITTEES

Section 3.01. How Constituted. The Board of Directors may designate one or more Committees, including an Executive Committee, each such Committee to consist of such number of Directors as from time to time may be fixed by the Board of Directors. The Board of Directors may designate one or more Directors as alternate members of any such Committee, who may replace any absent or disqualified member or members at any meeting of such Committee. Thereafter, members (and alternate members, if any) of each such Committee may be designated at the annual meeting of the Board of Directors. Any such Committee may be abolished or re-designated from time to time by the Board of Directors. Each member (and each alternate member) of any such Committee (whether designated at an annual meeting of the Board of Directors or to fill a vacancy or otherwise) shall hold office until his or her successor shall have been designated or until he or she shall cease to be a Director, or until his or her earlier death, resignation or removal. [Section 141(c).]

Section 3.02. Powers. During the intervals between the meetings of the Board of Directors, the Executive Committee, except as otherwise provided in this section, shall have and may exercise all the powers and authority of the Board of Directors in the management of the property, affairs and business of the Corporation, including the power to declare dividends and to authorize the issuance of stock. Each such other Committee, except as otherwise provided in this section, shall have and may exercise such powers of the Board of Directors as may be provided by resolution or resolutions of the Board of Directors. Neither the Executive Committee nor any such other Committee shall have the power or authority:

- (a) to amend the Certificate of Incorporation (except that a Committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors as provided in Section 151(a) of the General Corporation Law, fix the designations and any of the preferences or rights of such shares

relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series);

- (b) to adopt an agreement of merger or consolidation;
- (c) to recommend to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets;
- (d) to recommend to the stockholders a dissolution of the Corporation or a revocation of a dissolution;
- (e) to amend the By-Laws of the Corporation;
- (f) to remove any President, Vice President, Assistant Secretary or Assistant Treasurer of the Corporation;
- (g) to authorize the borrowing of funds, other than under existing facilities, that is material to the capital structure of the Corporation;
- (h) to authorize any new compensation or benefit program;
- (i) to appoint or discharge the Corporation's independent public accountants;
- (j) to authorize the annual operating plan, annual capital expenditure plan and strategic plan;
- (k) to abolish or usurp the authority of the Board of Directors;
- (l) to declare a dividend; or
- (m) to authorize the issuance of stock.

The Executive Committee shall have, and any such other Committee may be granted by the Board of Directors, power to authorize the seal of the Corporation to be affixed to any or all papers which may require it. [Section 141(c).]

Section 3.03. Proceedings. Each such Committee may fix its own rules of procedure and may meet at such place (within or without the State of Delaware), at such time and upon such notice, if any, as it shall determine from time to time. Each such Committee shall keep minutes of its proceedings and shall report such proceedings to the Board of Directors at the meeting of the Board of Directors next following any such proceedings.

Section 3.04. Quorum and Manner of Acting. Except as may be otherwise provided in the resolution creating such Committee, at all meetings of any Committee the presence of members (or alternate members) constituting a majority of the total authorized

membership of such Committee shall constitute a quorum for the transaction of business. The act of the majority of the members present at any meeting at which a quorum is present shall be the act of such Committee. Any action required or permitted to be taken at any meeting of any such Committee may be taken without a meeting, if all members of such Committee shall consent to such action in writing or by electronic transmission, and such writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of the Committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. The members of any such Committee shall act only as a Committee, and the individual members of such Committee shall have no power as such. [Section 141(c), (f).]

Section 3.05. Action by Telephonic Communications. Members of any Committee designated by the Board of Directors may participate in a meeting of such Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. [Section 141(i).]

Section 3.06. Absent or Disqualified Members. In the absence or disqualification of a member of any Committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. [Section 141(c).]

Section 3.07. Resignations. Any member (and any alternate member) of any Committee may resign at any time by delivering a written notice of resignation, signed by such member, to the Chairman or the President. Unless otherwise specified therein, such resignation shall take effect upon delivery.

Section 3.08. Removal. Any member (and any alternate member) of any Committee may be removed from his or her position as a member (or alternate member, as the case may be) of such Committee at any time, either for or without cause, by resolution adopted by a majority of the whole Board of Directors.

Section 3.09. Vacancies. If any vacancy shall occur in any Committee, by reason of disqualification, death, resignation, removal or otherwise, the remaining members (and any alternate members) shall continue to act, and any such vacancy may be filled by the Board of Directors.

ARTICLE IV

OFFICERS

Section 4.01. Number. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President, one or more Vice Presidents, a Secretary and a Treasurer. The Board of Directors also may elect one or more Assistant Secretaries and Assistant Treasurers in such numbers as the Board of Directors may determine. Any number of offices

may be held by the same person. No officer need be a Director of the Corporation. [Section 142(a), (b).]

Section 4.02. Election . Unless otherwise determined by the Board of Directors, the officers of the Corporation shall be elected by the Board of Directors at the annual meeting of the Board of Directors, and shall be elected to hold office until the next succeeding annual meeting of the Board of Directors. In the event of the failure to elect officers at such annual meeting, officers may be elected at any regular or special meeting of the Board of Directors. Each officer shall hold office until his or her successor has been elected and qualified, or until his or her earlier death, resignation or removal. [Section 142(b).]

Section 4.03. Salaries . The salaries of all officers and agents of the Corporation shall be fixed by the Board of Directors.

Section 4.04. Removal and Resignation; Vacancies . Any officer may be removed for or without cause at any time by the Board of Directors. Any officer may resign at any time by delivering notice of resignation, either in writing signed by such officer or by electronic transmission, to the Board of Directors or the President. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise, shall be filled by the Board of Directors. [Section 142(b), (e).]

Section 4.05. Authority and Duties of Officers . The officers of the Corporation shall have such authority and shall exercise such powers and perform such duties as may be specified in these By-Laws, except that in any event each officer shall exercise such powers and perform such duties as may be required by law. [Section 142(a).]

Section 4.06. The President . The President shall preside at all meetings of the stockholders and directors at which he or she is present, shall have general control and supervision of the policies and operations of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. He or she shall manage and administer the Corporation's business and affairs and shall also perform all duties and exercise all powers usually pertaining to the office of a chief executive officer and a chief operating officer of a corporation. He or she shall have the authority to sign, in the name and on behalf of the Corporation, checks, orders, contracts, leases, notes, drafts and other documents and instruments in connection with the business of the Corporation, and together with the Secretary or an Assistant Secretary, conveyances of real estate and other documents and instruments to which the seal of the Corporation is affixed. He or she shall have the authority to cause the employment or appointment of such employees and agents of the Corporation as the conduct of the business of the Corporation may require, to fix their compensation, and to remove or suspend any employee or agent elected or appointed by the President or the Board of Directors. The President shall perform such other duties and have such other powers as the Board of Directors or the Chairman may from time to time prescribe.

Section 4.07. The Vice President . Each Vice President shall perform such duties and exercise such powers as may be assigned to him or her from time to time by the President. In the absence of the President, the duties of the President shall be performed and his or her powers

may be exercised by such Vice President as shall be designated by the President, or failing such designation, such duties shall be performed and such powers may be exercised by each Vice President in the order of their earliest election to that office; subject in any case to review and superseding action by the President.

Section 4.08. The Secretary. The Secretary shall have the following powers and duties:

- (a) He or she shall keep or cause to be kept a record of all the proceedings of the meetings of the stockholders and of the Board of Directors in books provided for that purpose.
- (b) He or she shall cause all notices to be duly given in accordance with the provisions of these By-Laws and as required by law.
- (c) Whenever any Committee shall be appointed pursuant to a resolution of the Board of Directors, he or she shall furnish a copy of such resolution to the members of such Committee.
- (d) He or she shall be the custodian of the records and of the seal of the Corporation and cause such seal (or a facsimile thereof) to be affixed to all certificates representing shares of the Corporation prior to the issuance thereof and to all instruments the execution of which on behalf of the Corporation under its seal shall have been duly authorized in accordance with these By-Laws, and when so affixed he or she may attest the same.
- (e) He or she shall properly maintain and file all books, reports, statements, certificates and all other documents and records required by law, the Certificate of Incorporation or these By-Laws.
- (f) He or she shall have charge of the stock books and ledgers of the Corporation and shall cause the stock and transfer books to be kept in such manner as to show at any time the number of shares of stock of the Corporation of each class issued and outstanding, the names (alphabetically arranged) and the addresses of the holders of record of such shares, the number of shares held by each holder and the date as of which each became such holder of record.
- (g) He or she shall sign (unless the Treasurer, an Assistant Treasurer or an Assistant Secretary shall have signed) certificates representing shares of the Corporation the issuance of which shall have been authorized by the Board of Directors.
- (h) He or she shall perform, in general, all duties incident to the office of secretary and such other duties as may be specified in these By-Laws or as may be assigned to him or her from time to time by the Board of Directors, or the President.

Section 4.09. The Treasurer. The Treasurer shall have the following powers and duties:

(a) He or she shall have charge and supervision over and be responsible for the moneys, securities, receipts and disbursements of the Corporation, and shall keep or cause to be kept full and accurate records of all receipts of the Corporation.

(b) He or she shall cause the moneys and other valuable effects of the Corporation to be deposited in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositaries as shall be selected in accordance with Section 8.05 of these By-Laws.

(c) He or she shall cause the moneys of the Corporation to be disbursed by checks or drafts (signed as provided in Section 8.06 of these By-Laws) upon the authorized depositaries of the Corporation and cause to be taken and preserved proper vouchers for all moneys disbursed.

(d) He or she may sign (unless an Assistant Treasurer or the Secretary or an Assistant Secretary shall have signed) certificates representing stock of the Corporation the issuance of which shall have been authorized by the Board of Directors.

(e) He or she shall render to the Board of Directors or the President, whenever requested, a statement of all his or her transactions as Treasurer.

(f) He or she shall perform, in general, all duties incident to the office of treasurer and such other duties as may be specified in these By-Laws or as may be assigned to him or her from time to time by the Board of Directors, or the President.

Section 4.10. Controller. The Controller shall have the following powers and duties:

(a) He or she shall render to the Board of Directors or the President, whenever requested, a statement of the financial condition of the Corporation, and render a full financial report at the annual meeting of the stockholders, if called upon to do so.

(b) He or she shall be empowered from time to time to require from all officers or agents of the Corporation reports or statements giving such information as he or she may desire with respect to any and all financial transactions of the Corporation.

Section 4.11. Additional Officers. The Board of Directors may appoint such other officers and agents as it may deem appropriate, and such other officers and agents shall hold their offices for such terms and shall exercise such powers and perform such duties as may be determined from time to time by the Board of Directors. The Board of Directors from time to time may delegate to any officer or agent the power to appoint subordinate officers or agents and to prescribe their respective rights, terms of office, authorities and duties. Any such officer or agent may remove any such subordinate officer or agent appointed by him or her, for or without cause. [Section 142(a), (b).]

Section 4.12. Security. The Board of Directors may require any officer, agent or employee of the Corporation to provide security for the faithful performance of his or her duties,

in such amount and of such character as may be determined from time to time by the Board of Directors. [Section 142(c).]

ARTICLE V

CAPITAL STOCK

Section 5.01. Certificates of Stock, Uncertificated Shares. The shares of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the stock of the Corporation shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until each certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock in the Corporation represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the Corporation, by the Chairperson or Vice Chairperson of the Board of Directors, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, representing the number of shares registered in certificate form. Such certificate shall be in such form as the Board of Directors may determine, to the extent consistent with applicable law, the Certificate of Incorporation and these By-Laws. [Section 158.]

Section 5.02. Signatures; Facsimile. All signatures on the certificate referred to in Section 5.01 of these By-Laws may be in facsimile, engraved or printed form, to the extent permitted by law. In case any officer, transfer agent or registrar who has signed, or whose facsimile, engraved or printed signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue. [Section 158.]

Section 5.03. Lost, Stolen or Destroyed Certificates. The Board of Directors may direct that a new certificate be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon delivery to the Board of Directors of an affidavit of the owner or owners of such certificate, setting forth such allegation. The Board of Directors may require the owner of such lost, stolen or destroyed certificate, or his or her legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate. [Section 167.]

Section 5.04. Transfer of Stock. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Within a reasonable time after the transfer of uncertificated stock, the Corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 151, 156, 202(a) or 218(a) of the General Corporation Law of the State of Delaware. Subject to the provisions of the

Certificate of Incorporation and these By-Laws, the Board of Directors may prescribe such additional rules and regulations as it may deem appropriate relating to the issue, transfer and registration of shares of the Corporation. [Section 151(f).]

Section 5.05. Record Date. In order to determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted by the Board of Directors, and which shall not be more than sixty nor less than ten days before the date of such meeting. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the board of directors is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights of the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. [Section 213.]

Section 5.06. Registered Stockholders. Prior to due surrender of a certificate for registration of transfer, the Corporation may treat the registered owner as the person exclusively entitled to receive dividends and other distributions, to vote, to receive notice and otherwise to exercise all the rights and powers of the owner of the shares represented by such certificate, and the Corporation shall not be bound to recognize any equitable or legal claim to or interest in such shares on the part of any other person, whether or not the Corporation shall have notice of such

claim or interests. Whenever any transfer of shares shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer if, when the certificates are presented to the Corporation for transfer or uncertificated shares are requested to be transferred, both the transferor and transferee request the Corporation to do so. [Section 159.]

Section 5.07. Transfer Agent and Registrar. The Board of Directors may appoint one or more transfer agents and one or more registrars, and may require all certificates representing shares to bear the signature of any such transfer agents or registrars.

ARTICLE VI

INDEMNIFICATION

Section 6.01. Nature of Indemnity. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (a "Proceeding"), whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was or has agreed to become a director or officer of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as a director or officer, of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, and may indemnify any person who was or is a party or is threatened to be made a party to such an action, suit or proceeding by reason of the fact that he or she is or was or has agreed to become an employee or agent of the Corporation, or is or was serving or has agreed to serve at the request of the Corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her or on his or her behalf in connection with such action, suit or proceeding and any appeal therefrom, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding had no reasonable cause to believe his or her conduct was unlawful; except that in the case of an action or suit by or in the right of the Corporation to procure a judgment in its favor (1) such indemnification shall be limited to expenses (including attorneys' fees) actually and reasonably incurred by such person in the defense or settlement of such action or suit, and (2) no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper. Notwithstanding the foregoing, but subject to Section 6.05 of these By-Laws, the Corporation shall not be obligated to indemnify a director or officer of the Corporation in respect of a Proceeding (or part thereof) instituted by such director or officer, unless such Proceeding (or part thereof) has been authorized by the Board of Directors.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a

presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 6.02. Successful Defense. To the extent that a present or former director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 6.01 of these By-Laws or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Section 6.03. Determination That Indemnification Is Proper. Any indemnification of a present or former director or officer of the Corporation under Section 6.01 of these By-Laws (unless ordered by a court) shall be made by the Corporation only upon a determination that indemnification of such person is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 6.01 of these By-Laws. Any indemnification of a present or former employee or agent of the Corporation under Section 6.01 of these By-Laws (unless ordered by a court) may be made by the Corporation upon a determination that indemnification of the employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 6.01 of these By-Laws. Any such determination shall be made, with respect to a person who is a director or officer at the time of such determination (1) by a majority vote of the Directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

Section 6.04. Advance Payment of Expenses. Expenses (including attorneys' fees) incurred by a present director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation as authorized in this Article. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate. The Corporation, or in respect of a present director or officer the Board of Directors, may authorize the Corporation's counsel to represent such present or former director, officer, employee or agent in any action, suit or proceeding, whether or not the Corporation is a party to such action, suit or proceeding.

Section 6.05. Procedure for Indemnification of Directors and Officers. Any indemnification of a director, officer, employee or agent of the Corporation under Sections 6.01 and 6.02 of these By-Laws, or advance of costs, charges and expenses to such person under Section 6.04 of these By-Laws, shall be made promptly, and in any event within thirty days, upon the written request of such person. If a determination by the Corporation that such person is entitled to indemnification pursuant to this Article is required, and the Corporation fails to

respond within sixty days to a written request for indemnity, the Corporation shall be deemed to have approved such request. If the Corporation denies a written request for indemnity or advancement of expenses, in whole or in part, or if payment in full pursuant to such request is not made within thirty days, the right to indemnification or advances as granted by this Article shall be enforceable by such person in any court of competent jurisdiction. Such person's costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such action shall also be indemnified by the Corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under Section 6.04 of these By-Laws where the required undertaking, if any, has been received by or tendered to the Corporation) that the claimant has not met the standard of conduct set forth in Section 6.01 of these By-Laws, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors or any committee thereof, its independent legal counsel, and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Section 6.01 of these By-Laws, nor the fact that there has been an actual determination by the Corporation (including its Board of Directors or any committee thereof, its independent legal counsel, and its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 6.06. Survival; Preservation of Other Rights. The foregoing indemnification provisions shall be deemed to be a contract between the Corporation and each director, officer, employee and agent who serves in any such capacity at any time while these provisions as well as the relevant provisions of the Delaware Corporation Law are in effect and any repeal or modification thereof shall not affect any right or obligation then existing with respect to any state of facts then or previously existing or any action, suit or proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such a "contract right" may not be modified retroactively without the consent of such director, officer, employee or agent.

The indemnification provided by this Article VI shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 6.07. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her or on his or her behalf in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article, provided that such insurance is available on acceptable terms, which determination shall be made by a vote of a majority of the entire Board of Directors.

Section 6.08. Severability. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each director or officer and may indemnify each employee or agent of the Corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VII

OFFICES

Section 7.01. Registered Office. The registered office of the Corporation in the State of Delaware shall be located at Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle.

Section 7.02. Other Offices. The Corporation may maintain offices or places of business at such other locations within or without the State of Delaware as the Board of Directors may from time to time determine or as the business of the Corporation may require.

ARTICLE VIII

GENERAL PROVISIONS

Section 8.01. Dividends. Subject to any applicable provisions of law and the Certificate of Incorporation, dividends upon the shares of the Corporation may be declared by the Board of Directors at any regular or special meeting of the Board of Directors and any such dividend may be paid in cash, property, or shares of the Corporation's Capital Stock.

A member of the Board of Directors, or a member of any Committee designated by the Board of Directors shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or Committees of the Board of Directors, or by any other person as to matters the Director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid. [Sections 172, 173.]

Section 8.02. Reserves. There may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, thinks proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall think conducive to the interest of the

Corporation, and the Board of Directors may similarly modify or abolish any such reserve. [Section 171.]

Section 8.03. Execution of Instruments . The President, any Vice President, the Secretary or the Treasurer may enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. The Board of Directors or the President may authorize any other officer or agent to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. Any such authorization must be in writing or by electronic transmission and may be general or limited to specific contracts or instruments.

Section 8.04. Corporate Indebtedness . No loan shall be contracted on behalf of the Corporation, and no evidence of indebtedness shall be issued in its name, unless authorized by the Board of Directors or the President. Such authorization may be general or confined to specific instances. Loans so authorized may be effected at any time for the Corporation from any bank, trust company or other institution, or from any firm, corporation or individual. All bonds, debentures, notes and other obligations or evidences of indebtedness of the Corporation issued for such loans shall be made, executed and delivered as the Board of Directors or the President shall authorize. When so authorized by the Board of Directors or the President, any part of or all the properties, including contract rights, assets, business or good will of the Corporation, whether then owned or thereafter acquired, may be mortgaged, pledged, hypothecated or conveyed or assigned in trust as security for the payment of such bonds, debentures, notes and other obligations or evidences of indebtedness of the Corporation, and of the interest thereon, by instruments executed and delivered in the name of the Corporation.

Section 8.05. Deposits . Any funds of the Corporation may be deposited from time to time in such banks, trust companies or other depositories as may be determined by the Board of Directors or the President, or by such officers or agents as may be authorized by the Board of Directors or the President to make such determination.

Section 8.06. Checks . All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such agent or agents of the Corporation, and in such manner, as the Board of Directors or the President from time to time may determine.

Section 8.07. Sale, Transfer, etc. of Securities . To the extent authorized by the Board of Directors or by the President, any Vice President, the Secretary or the Treasurer or any other officers designated by the Board of Directors or the President may sell, transfer, endorse, and assign any shares of stock, bonds or other securities owned by or held in the name of the Corporation, and may make, execute and deliver in the name of the Corporation, under its corporate seal, any instruments that may be appropriate to effect any such sale, transfer, endorsement or assignment.

Section 8.08. Voting as Stockholder . Unless otherwise determined by resolution of the Board of Directors, the President or any Vice President shall have full power and authority on behalf of the Corporation to attend any meeting of stockholders of any corporation in which the Corporation may hold stock, and to act, vote (or execute proxies to vote) and exercise in

person or by proxy all other rights, powers and privileges incident to the ownership of such stock. Such officers acting on behalf of the Corporation shall have full power and authority to execute any instrument expressing consent to or dissent from any action of any such corporation without a meeting. The Board of Directors may by resolution from time to time confer such power and authority upon any other person or persons.

Section 8.09. Fiscal Year. The fiscal year of the Corporation shall commence on the Saturday immediately proceeding the Friday which is closest to January 31 (except for the Corporation's first fiscal year which shall commence on the date of incorporation), and the fiscal year shall end on the Friday which is closest to January 31.

Section 8.10. Seal. The seal of the Corporation shall be circular in form and shall contain the name of the Corporation, the year of its incorporation and the words "Corporate Seal" and "Delaware". The form of such seal shall be subject to alteration by the Board of Directors. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or reproduced, or may be used in any other lawful manner.

Section 8.11. Books and Records; Inspection. Except to the extent otherwise required by law, the books and records of the Corporation shall be kept at such place or places within or without the State of Delaware as may be determined from time to time by the Board of Directors.

ARTICLE IX

AMENDMENT OF BY-LAWS

Section 9.01. Amendment. These By-Laws may be amended, altered or repealed

(a) by resolution adopted by a majority of the Board of Directors at any special or regular meeting of the Board if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting; or

(b) at any regular or special meeting of the stockholders if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting. [Section 109(a).]

ARTICLE X

CONSTRUCTION

Section 10.01. Construction. In the event of any conflict between the provisions of these By-Laws as in effect from time to time and the provisions of the Certificate of Incorporation of the Corporation as in effect from time to time, the provisions of such Certificate of Incorporation shall be controlling.

CERTIFICATE OF MERGER

(Corporations Code sections 1113(g), 6019.1, 8019.1, 9640, 12540.1, 16915(b) and 17552)

IMPORTANT –Read instructions before completing form.

1. NAME OF SURVIVING ENTITY	2. TYPE OF ENTITY	3. CA SECRETARY OF STATE FILE NUMBER	4. JURISDICTION
Sun-Dollar, L.P.	Limited Partnership	199711200016	CA
5. NAME OF DISAPPEARING ENTITY	6. TYPE OF ENTITY	7. CA SECRETARY OF STATE FILE NUMBER	8. JURISDICTION
Dolgen Remainder, L.L.C.	Limited Liability Company		DE

9. THE PRINCIPAL TERMS OF THE AGREEMENT OF MERGER WHERE APPROVED BY A VOTE OF THE NUMBER OF INTERESTS OR SHARES OF EACH CLASS THAT EQUALED OR EXCEEDED THE VOTE REQUIRED. IF A VOTE WAS REQUIRED, SPECIFY THE CLASS AND THE NUMBER OF OUTSTANDING INTERESTS OF EACH CLASS ENTITLED TO VOTE ON THE MERGER AND THE PERCENTAGE VOTE REQUIRED OF EACH CLASS. ATTACH ADDITIONAL PAGES, IF NECESSARY.

SURVIVING ENTITY

DISAPPEARING ENTITY

CLASS AND NUMBER AND PERCENTAGE VOTE REQUIRED

CLASS AND NUMBER AND PERCENTAGE VOTE REQUIRED

1 Limited Partner > 50%

None (Managing Member’s Sole Discretion)

1 General Partner > 50%

10. IF EQUITY SECURITIES OF A PARENT PARTY ARE TO BE ISSUED IN THE MERGER, CHECK THE APPLICABLE STATEMENT
No vote of the shareholders of the parent party was required **The required vote of the shareholders of the**

11. IF THE SURVIVING ENTITY IS A DOMESTIC LIMITED LIABILITY COMPANY, LIMITED PARTNERSHIP, OR PARTNERSHIP, PROVIDE THE REQUISITE CHANGES (IF ANY) TO THE INFORMATION SET FORTH IN THE SURVIVING ENTITY’S ARTICLES OF ORGANIZATION, CERTIFICATE OF LIMITED PARTNERSHIP OR STATEMENT OF PARTNERSHIP AUTHORITY RESULTING FROM THE MERGER. ATTACH ADDITIONAL PAGES, IF NECESSARY.

None

12. IF A DISAPPEARING ENTITY IS A DOMESTIC LIMITED LIABILITY COMPANY, LIMITED PARTNERSHIP, OR PARTNERSHIP, AND THE SURVIVING ENTITY IS NOT A DOMESTIC ENTITY OF THE SAME TYPE, ENTER THE PRINCIPAL ADDRESS OF THE SURVIVING ENTITY.

13. OTHER INFORMATION REQUIRED TO BE STATED IN THE CERTIFICATE OF MERGER BY THE LAWS UNDER WHICH EACH CONSTITUENT OTHER BUSINESS ENTITY IS ORGANIZED, ATTACH ADDITIONAL PAGES, IF NECESSARY.

None

14. STATUTORY OR OTHER BASIS UNDER WHICH A FOREIGN OTHER BUSINESS ENTITY IS AUTHORIZED TO EFFECT THE MERGER.

Delaware Limited Liability Company Act, Section 18-209

15. FUTURE EFFECTIVE DATE

16. ADDITIONAL INFORMATION SET FORTH ON ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE PART OF THIS CERTIFICATE.

17. I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT OF MY OWN KNOWLEDGE. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.



Signature: /s/ David M. Tehle

Name: David M. Tehle, President of South Boston Holdings, Inc., as General Partner

Signature: /s/ David M. Tehle

Name: David M. Tehle, President of Sun-Dollar, L.P.

Date: January 16, 2007

AMENDMENT TO CERTIFICATE OF LIMITED PARTNERSHIP

A \$30.00 filing fee must accompany this form

IMPORTANT – Read instructions before completing this form

1. SECRETARY OF STATE FILING NUMBER

199711200016

2. NAME OF LIMITED PARTNERSHIP

Sun Dollar, L.P.

3. COMPLETE ONLY THE BOXES WHERE INFORMATION IS BEING CHANGED, ADDITIONAL PAGES MAY BE ATTACHED, IF NECESSARY:

A. LIMITED PARTNERSHIP NAME (END THE NAME WITH THE WORDS "LIMITED PARTNERSHIP" OR THE ABBREVIATION "L.P.")

B. THE STREET ADDRESS OR PRINCIPAL EXECUTIVE OFFICE

100 Mission Ridge

CITY AND STATE

Goodlettsville, Tennessee

ZIP CODE

37072

C. THE STREET ADDRESS IN CALIFORNIA WHERE RECORDS ARE KEPT

19100 Von Karman Avenue, Suite 900

CITY

Irvine

STATE

CA

ZIP CODE

92612

D. THE ADDRESS OF THE GENERAL PARTNER(S)

NAME

ADDRESS

CITY AND STATE

ZIP CODE

E. NAME CHANGE OF GENERAL PARTNER(S)

FROM:

TO:

F. GENERAL PARTNER(S) CESSATION

Sun-Dollar, Inc.

G. NAME OF GENERAL PARTNER(S) ADDED

ADDRESS

CITY AND STATE

ZIP CODE

South Boston Holdings, Inc.

100 Mission Ridge

Goodlettsville, Tennessee

37072

H. THE PERSON(S) AUTHORIZED TO WIND UP THE AFFAIRS OF THE LIMITED PARTNERSHIP

NAME

ADDRESS

CITY AND STATE

ZIP CODE

I. THE NAME OF THE AGENT FOR SERVICE OF PROCESS

Corporation Service Company which will do business in California as CSC-Lawyers Incorporating Service

J. ADDRESS OF AGENT FOR SERVICE OF PROCESS IN CALIFORNIA, IF AN INDIVIDUAL

K. NUMBER OF GENERAL PARTNERS' SIGNATURE REQUIRED FOR FILING CERTIFICATES OF AMENDMENT, RESTATEMENT, MERGER, DISSOLUTION, CONTINUATION AND CANCELLATION:

L. OTHER MATTERS (ATTACH ADDITIONAL PAGES IF NECESSARY):

4. I DECLARE THAT I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.

Signature: /s/ James H. Romaker

Name: James H. Romaker

Position or
Title of
Authorized
Person
(General
Partner): Assistant Secretary of South Boston Holdings, Inc.

Date: July 27, 2006

CERTIFICATE OF LIMITED PARTNERSHIP

IMPORTANT – Read instructions on back before completing this form

This Certificate is presented for filing pursuant to Section 15621 California Corporations Code.

Sun-Dollar, L.P.

1. NAME OF LIMITED PARTNERSHIP

1 SunAmerica Center

2. STREET ADDRESS OF PRINCIPAL EXECUTIVE OFFICE

Los Angeles, CA
CITY AND STATE

90067-6022
ZIP CODE

3. STREET ADDRESS OF CALIFORNIA OFFICE IF EXECUTIVE OFFICE IS IN ANOTHER STATE

CITY

ZIP CODE

4. COMPLETE IF LIMITED PARTNERSHIP WAS FORMED PRIOR TO JULY 1, 1984 AND IS IN EXISTENCE ON DATE THIS CERTIFICATE IS EXECUTED

5. NAMES AND ADDRESS OF ALL GENERAL PARTNERS: (CONTINUE OF SECOND PAGE , IF NECESSARY)

A. NAME: Sun-Dollar, Inc.

ADDRESS: 1 SunAmerica Center

CITY: Los Angeles **STATE:** CA **ZIP CODE:** 90067

6. NAME AND ADDRESSES OF AGENT FOR SERVICE OF PROCESS:

NAME: Susan L. Harris

ADDRESS: 1 SunAmerica Center

CITY: Los Angeles

STATE: CA

ZIP CODE: 90067-6021

7. ANY OTHER MATTERS TO BE INCLUDED IN THIS CERTIFICATE MAY BE NOTED ON SEPARATE PAGES AND BY REFERENCE NUMBER HEREIN ARE A PART OF THE CERTIFICATE.

8. INDICATE THE NUMBER OF GENERAL PARTNERS SIGNATURES REQUIRED FOR FILING CERTIFICATES OF AMENDMENT, RESTATEMENT, DISSOLUTION, CONTINUATION AND CANCELLATION.

NUMBER OF PARTNERS ATTACHED 0

NUMBER OF GENERAL PARTNER(S)

SIGNATURES IS/ARE 1

9. IT IS HEREBY DECLARED THAT I AM (WE ARE) THE PERSON(S) WHO EXECUTED THIS CERTIFICATE OF LIMITED PARTNERSHIP WHICH EXECUTION IS MY (OUR) ACT AND DEED (SEE INSTRUCTIONS)

Signature: /s/ Alan Nussenblatt

Name: Alan Nussenblatt, President

Date: April 21, 1997

Second Amendment
to
Agreement of Limited Partnership
of
Sun-Dollar, L.P.

This Second Amendment to Agreement of Limited Partnership (the "Amendment"), made as of June , 2007, is by and between South Boston Holdings, Inc., a Delaware corporation ("General Partner"), and Dolgencorp, Inc., a Kentucky corporation ("Limited Partner" and, together with General Partner, the "Partners").

WHEREAS, the Partners are parties to that certain Agreement of Limited Partnership dated April 22, 1997, as amended by the First Amendment to Agreement of Limited Partnership dated June 30, 2006 (the "Partnership Agreement"); and

WHEREAS, the Partners desire to amend the Partnership Agreement on the terms and subject to the conditions set forth in this Amendment.

NOW, THEREFORE, the Partners, for their mutual convenience and protection, and in consideration of the mutual covenants and benefits herein contained, do hereby agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Partnership Agreement.

2. Amendments to Partnership Agreement.

a. Section 1.1.30 of the Partnership Agreement is hereby amended and restated to read in its entirety as follows:

1.1.30. "Transfer" shall mean any encumbrance, gift, assignment, sale or other transfer of all or any part of an interest in the Partnership, excluding any pledge or encumbrance for the sole purpose of securing any borrowing or indebtedness of such Partner, any parent or subsidiary of such Partner, or any affiliate under common control with such Partner.

b. Section 1.3 of the Partnership Agreement is hereby amended and restated to read in its entirety as follows:

1.3. Business. The business and purpose of the Partnership is to engage in all lawful business in which a limited partnership may engage under the California Revised Limited Partnership Act, and to perform such other activities that are necessary and incidental to the foregoing. The Partnership shall have the authority to do all things necessary or convenient to operate its business. The Partners do not intend by this Agreement to create a partnership relationship among themselves with respect to any activity not clearly undertaken in the name of the Partnership. No Partner shall have the power to bind another Partner except with respect to the business of the Partnership as specifically provided in this Agreement.

- c. Section 5.1.1. of the Partnership Agreement is hereby amended to add the following:
 - (m) To pledge or encumber the assets of the Partnership for the purpose of securing any borrowing or indebtedness of any Partner, any parent or subsidiary of a Partner, or any affiliate under common control with a Partner.
 - (n) To guarantee loans or other extensions of credit to any Partner, any parent or subsidiary of a Partner, or any affiliate under common control with a Partner.

3. Continuation of Partnership; No Other Effect. The existence and business of the Partnership shall continue. Except as specifically amended hereby, all provisions of the Partnership Agreement shall remain in full force and effect and are hereby ratified and confirmed; the Partnership Agreement, as amended by this Amendment, shall be read as a single, integrated document incorporating the changes effected by this Agreement.

4. Further Amendment. No provision of this Amendment shall be modified, waived or terminated except in the manner specified in the Partnership Agreement.

5. Assignment. This Amendment shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

6. Governing Law. This Amendment and the rights and obligations in respect hereto shall be governed by, and construed and interpreted in accordance with, the laws of the State of California.

IN WITNESS WHEREOF, the General Partner and Limited Partner each have caused this Amendment to be duly executed and delivered in their respective names and behalves, all by authority duly given, as of the day and year first above written.

GENERAL PARTNER:

SOUTH BOSTON HOLDINGS, INC.

By: /s/ Wade Smith
Wade Smith, Treasurer

LIMITED PARTNER:

DOLGENCORP, INC.

By: /s/ Wade Smith
Wade Smith, Treasurer

First Amendment
to
Agreement of Limited Partnership
of
Sun-Dollar, L.P.

THIS FIRST AMENDMENT TO AGREEMENT OF LIMITED PARTNERSHIP (the “Amendment”), made as of June 30, 2006, is by and between SOUTH BOSTON HOLDINGS, INC., a Delaware corporation (“General Partner”), and DOLGENCORP, INC., a Kentucky corporation (“Limited Partner” and, together with General Partner, the “Partners”).

WHEREAS, the Agreement of Limited Partnership (the “Partnership Agreement”) of Sun-Dollar, L.P., a California limited partnership (the “Partnership”) originally was entered into as of April 22, 1997 between Sun-Dollar, Inc., a California corporation as the original general partner of the Partnership (the “Original General Partner”) and Sun America Life Insurance Company, an Arizona corporation (the “Original Limited Partner”); and

WHEREAS, as of the date hereof, the Partners have acquired all of the interests of the Partnership (the “Interests”) from the Original General Partner and Original Limited Partner pursuant to a Purchase and Sale Agreement among the Partners, Sun America Investments, Inc., the Original General Partner and the Original Limited Partner (the “Purchase Agreement”); and

WHEREAS, the Partners desire to amend the Partnership Agreement to reflect (i) the Partners’ purchase of the Interests and (ii) the fact that the existence and business of the Partnership will continue, on the terms and subject to the conditions set forth in this Amendment.

NOW THEREFORE, the Partners, for their mutual convenience and protection and in consideration of the mutual covenants and benefits herein contained, do hereby agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Partnership Agreement.

2. New Partners of the Partnership. General Partner is the general partner of the Partnership holding one percent (1%) of the Interests, and Limited Partner is the limited partner of the Partnership holding the remaining ninety-nine percent (99%) of the Interests.

3. Amendments to Partnership Agreement. (a) All references in the Partnership Agreement to the Original General Partner and Original Limited Partner are hereby amended to refer to the General Partner and the Limited Partner, respectively.

(b) Section 1.4 of the Partnership Agreement is hereby amended and restated to read in its entirety as follows:

“1.4 Place of Business. The principal place of business of located at 100 Mission Ridge, Goodlettsville, Tennessee 37072, unless changed by the General Partner. If such address is changed by the General Partner, it will provide prompt notice of such change to the Limited Partner. The Partnership may maintain such other

offices at such other place as the General Partner may from time to time determine in its sole discretion. In addition to the foregoing, the Partnership shall at all times maintain in the State of California (i) an office at which the records required by Cal. Corp. Code Section 15615 will be maintained and (ii) an agent for the service of process on the limited partnership.”

(c) Section 1.6 of the Partnership Agreement is hereby amended and restated to read in its entirety as follows:

“1.6 Agent for Service of Process. The name and address of the agent for service of process on the Partnership in the State of California is CSC - Lawyers Incorporating Service, 2730 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833. The agent for service of process on the Partnership in the State of California may be changed from time to time by the General partner in its sole and absolute discretion, subject to applicable law.”

(d) Exhibit A to the Partnership Agreement is hereby amended and restated in its entirety to read as follows:

“ EXHIBIT A

PARTNERS

	<u>Name and Address</u>	<u>Percentage Interest</u>
General Partner:	South Boston Holdings, Inc. 100 Mission Ridge Goodlettsville, Tennessee 37072 Attention: [Treasurer] Fax Number: (615) 855 - 4973 TIN: 20-5220571	1 %
Limited Partner:	Dolgencorp, Inc. 100 Mission Ridge Goodlettsville, Tennessee 37072 Attention: [Treasurer] Fax Number: (615) 855 - 4973 TIN: 61-0852764”	99 %

4. Continuation of Partnership; No Other Effect. The existence and business of the Partnership shall continue. Except as specifically amended hereby, all provisions of the Partnership Agreement shall remain in full force and effect and are hereby ratified and confirmed; the Partnership Agreement, as amended by this Amendment, shall be read as a single, integrated document incorporating the changes effected by the Amendment.

5. Further Amendment. No provision of this Amendment shall be modified, waived or terminated except in the manner specified in the Partnership Agreement.

6. Counterparts. This Amendment may be signed in any number of counterparts, each of which shall be deemed to be an original with the same effect as if the signatures hereto and thereto were on the same instrument. This Amendment shall be binding upon and insure to the benefit of the parties hereto, their successors and permitted assigns.

7. Governing Law. This Amendment and the rights and obligations in respect hereto shall be governed by, and construed and interpreted in accordance with the laws of the State of California.

[signatures appear on the following page]

IN WITNESS WHEREOF, the General Partner and Limited Partner have each caused this Amendment to be duly executed and delivered in their respective names and behalves, all by authority duly given, as of the day and year first above written.

GENERAL PARTNER:

SOUTH BOSTON HOLDINGS, INC.,
a Delaware corporation

By: /s/ Wade Smith

Name: Wade Smith

Title: Treasurer

LIMITED PARTNER:

DOLGENCORP, INC.,
a Kentucky corporation

By: /s/ Wade Smith

Name: Wade Smith

Title: Treasurer

AGREEMENT OF LIMITED PARTNERSHIP

OF

SUN-DOLLAR, L.P.

As of March , 1997

THE PARTNERSHIP INTERESTS ACQUIRED PURSUANT TO THIS PARTNERSHIP AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY JURISDICTION. WITHOUT SUCH REGISTRATION, NO PARTNERSHIP INTEREST MAY BE SOLD, OFFERED FOR SALE OR OTHERWISE TRANSFERRED AT ANY TIME WHATSOEVER, EXCEPT UPON DELIVERY TO THE PARTNERSHIP OF AN OPINION OF COUNSEL SATISFACTORY TO THE GENERAL PARTNER AND COUNSEL FOR THE PARTNERSHIP THAT REGISTRATION IS NOT REQUIRED FOR SUCH SALE OR TRANSFER OR THE SUBMISSION TO THE PARTNERSHIP OF SUCH OTHER EVIDENCE AS MAY BE SATISFACTORY TO THE GENERAL PARTNER AND COUNSEL FOR THE PARTNERSHIP TO THE EFFECT THAT ANY SUCH SALE OR TRANSFER WILL NOT BE IN VIOLATION OF THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY JURISDICTION, OR ANY RULE OR REGULATION PROMULGATED THEREUNDER. THERE ARE SUBSTANTIAL RESTRICTIONS ON TRANSFER CONTAINED IN THIS PARTNERSHIP AGREEMENT.

AGREEMENT OF LIMITED PARTNERSHIP
OF
SUN-DOLLAR., L.P.

THIS AGREEMENT OF LIMITED PARTNERSHIP (this "Agreement"), made as of the 22nd day of April, 1997, is by and between SUN-DOLLAR, INC., a California corporation ("General Partner"), and SUNAMERICA LIFE INSURANCE COMPANY, an Arizona corporation ("Limited Partner").

BACKGROUND

- A. All capitalized and previously undefined terms in this Background section are defined in Section I.1 below.
- B. The Partners have formed this limited partnership for the purpose of obtaining title to an estate for years and improvements in certain property located in Halifax County, Virginia, and to otherwise deal with, operate, lease, purchase and sell such property.
- C. Limited Partner acknowledges that General Partner has made no representations or guaranties whatsoever regarding the potential profitability of the Partnership, either by way of cash flow or profits from operation. Limited Partner has made its own independent inquiry regarding these matters.
- D. This Agreement sets forth the understanding among the parties with respect to the terms and conditions of the management and operation of the Partnership.

AGREEMENT

General Partner and Limited Partner hereby form this limited partnership pursuant to the provisions of the California Revised Limited Partnership Act (Chapter 3 of Title 2 of the California Corporations Code), as amended, for their mutual convenience and protection and in consideration of the mutual covenants and benefits herein contained and hereby agree as follows:

ARTICLE I
GENERAL PROVISIONS

1.1 Definitions. The terms and words of art which are defined in this Section 1.1 and which are designated by the capitalization of the first letter thereof when used in this Agreement shall have the following meanings, unless the context requires otherwise:

1.1.1 "Act" shall mean the California Revised Limited Partnership Act contained in Chapter 3 of Title 2 of the California Corporations Code, as amended.

1.1.2 "Adjusted Capital Account Deficit" shall mean with respect to any Partner, the deficit balance, if any, in such Partner's Capital Account as of the end of any Fiscal Year after giving effect to the following adjustments:

(a) Credit to such Capital Account of the sum of (i) any amount which such Partner is obligated to restore to such Capital Account pursuant to any provision of this Agreement, plus (ii) an amount equal to such Partner's share of Partnership Minimum Gain as determined under Regulation §§1.704-2(g), plus (iii) any amounts which such Partner is deemed to be obligated to restore pursuant to Regulation § 1.704-1(b)(2)(ii)(c); and

(b) Debit to such Capital Account the items described in Regulation §§1.704-1(b)(2)(ii)(d)(4), (5) and (6).

1.1.3 "Adjusted Capital Contribution" of a Partner shall mean the aggregate of such Partner's capital contributions to the Partnership, reduced, but not below zero, by distributions to such Partner pursuant to Section 4.1(b) hereof.

1.1.4 "Agreed Value" with respect to any property contributed to the Partnership by a Partner shall mean the fair market value of such property as determined by mutual agreement of the Partners; provided, however, that if the Partners are unable to agree as to the fair market value of any property contributed to the Partnership, then said fair market value shall be determined and certified to the Partnership by the firm of independent certified public accountants regularly employed by the Partnership.

1.1.5 "Agreement" shall mean this Agreement of Limited Partnership, as originally executed and as amended, supplemented, modified or further restated from time to time, as the context requires.

1.1.6 "Available Cash" shall mean, for any period of time, Partnership cash on hand or in banks at the end of the period after provision has been made for Cash Reserves, less amounts constituting Liquidation Proceeds. Available Cash shall include the proceeds from the sale of any portion of the Property in excess of the indebtedness on the Property sold; or proceeds from refinancing of the Property to the extent that those proceeds exceed the indebtedness to which the Property was subject and all expenses incident to acquisition of such proceeds.

1.1.7 "Bankruptcy" shall mean:

- (a) The commencement by a Partner of any voluntary proceedings under the United States bankruptcy laws;
- (b) The failure of a Partner to terminate any involuntary proceeding under the United States bankruptcy laws within thirty (30) days following the commencement thereof;
- (c) A general assignment for the benefit of a Partner's creditors; or
- (d) The issuance of a charging order against the interest of a Partner without the removal thereof within thirty (30) days following said issuance.

1.1.8 “Capital Account” shall mean an account maintained for each Partner throughout the term of the Partnership in accordance with the rules of Regulation §§1.704-1(b) as in effect from time to time and, to the extent not inconsistent therewith, to which the following provisions apply:

(a) To each Partner’s Capital Account there shall be credited (i) the amount of cash contributed by such Partner to the Partnership (including liabilities of the Partnership assumed by such Partner as provided in Regulation §1.704-1(b)(2)(iv)(c)); (ii) the fair market value of any property contributed to the Partnership by such Partner (net of liabilities secured by such contributed property that the Partnership is considered to assume or take subject to under Code §752); and (iii) such Partner’s share of the Partnership’s Profit and items of income and gain that are specially allocated.

(b) To each Partner’s Capital Account there shall be debited (i) the amount of cash distributed to such Partner by the Partnership (including liabilities of such Partner assumed by the Partnership as provided in Regulation §1.704-1(b)(2)(iv)(c)) other than amounts which are in repayment of debt obligations of the Partnership to such Partner; (ii) the fair market value of property distributed to such Partner (net of liabilities secured by such property that such Partner is considered to assume or take subject to); and (iii) such Partner’s share of the Partnership’s Loss or items of loss or deduction that are specially allocated.

(c) To each Partner’s Capital Account there shall be credited, in the case of an increase, or debited, in the case of a decrease, such Partner’s share of any adjustment to the adjusted basis of Partnership assets pursuant to Code §734(b) or §743(b) to the extent provided by Regulation §1.704-1(b)(2)(iv)(m).

(d) The Capital Account of a Transferee Partner shall include the appropriate portion of the Capital Account of the Partner from whom the Transferee Partner’s interest was obtained.

1.1.9 “Cash Reserves” shall mean such amounts as may be estimated by the General Partner, in its sole discretion, for payment of costs, expenses and liabilities incident to the business of the Partnership and for which the cash to make such payments will not, in the sole discretion of the General Partner, be expected to be available to the Partnership at or about the time such payments are required to be made, and which therefore, in the sole discretion of the General Partner, require that cash be set aside periodically to make such payments.

1.1.10 “Code” shall mean the Internal Revenue Code of 1986, as amended, from time to time.

1.1.11 “Dissolution Event” shall mean the happening of any event described in Section 8.1 hereof.

1.1.12 “Fiscal Year” shall mean the taxable year of the Partnership as required by Code §706(b)(1) and the Regulations thereunder.

1.1.13 “General Partner” shall mean Sun-Dollar, Inc., a California corporation, or any other person or entity who has been admitted to the Partnership as an additional or successor General Partner in accordance with the terms of this Agreement or pursuant to applicable law.

1.1.14 “Limited Partner” shall mean SunAmerica Life Insurance Company, an Arizona corporation, in its capacity as a limited partner of the Partnership, or any other person or entity who has been admitted to the Partnership as an additional or substituted Limited Partner in accordance with the terms of this Agreement or pursuant to applicable law, and “Limited Partners” shall mean all such persons.

1.1.15 “Liquidation Proceeds” shall mean all of the cash held by the Partnership at the time of the happening of a Dissolution Event and all cash received by the Partnership after the happening of a Dissolution Event (irrespective of whether such cash was or otherwise would have been considered Available Cash under the terms of this Agreement).

1.1.16 “Mortgage” shall mean a security agreement, mortgage or deed of trust, as applicable to the appropriate collateral being pledged.

1.1.17 “Nonrecourse Deductions” shall mean the Partnership deductions which are characterized as “nonrecourse deductions” under Regulation §1.704-2(b)(1).

1.1.18 “Nonrecourse Liability” has the meaning provided in Regulation §1.704-2(b) (3).

1.1.19 “Partner” shall mean the General Partner or one of the Limited Partners, and “Partners” shall mean all of such persons.

1.1.20 “Partner Nonrecourse Deductions” shall mean the Partnership deductions which are characterized as “partner nonrecourse deductions” under Regulation §§1.704-2(i).

1.1.21 “Partner Nonrecourse Loan” shall mean a loan made to, or credit arrangement for the benefit of, the Partnership by a Partner or by a person related to a Partner (as defined in Regulation §1.752-4(b)), which by its terms exculpates the Partners from personal liability on the debt, but under which such Partner or related person bears the ultimate economic risk of loss within the meaning of Regulation §1.752-2.

1.1.22 “Partnership” shall mean the partnership created by this Agreement,

1.1.23 “Partnership Minimum Gain” shall mean the excess of liabilities to which property of the Partnership is subject and for which no Partner has any economic risk of loss, over the adjusted basis of such property for federal income tax purposes or, if there has been a revaluation of the assets as permitted or required under Regulation §1.704-1(b)(2)(iv)(d), (f) or (r), over the adjusted “book value” of the assets computed as required under Regulation § 1.704-2(b)(2)(iv)(g).

1.1.24 “Percentage Interest” shall mean the ownership percentage of a Partner in the Partnership, as set forth on Exhibit A attached hereto and by this reference incorporated herein.

1.1.25 “Permitted Investments” shall mean (a) obligations of the United States of America, or obligations fully guaranteed as to interest and principal by the United States of America, maturing in not more than six months from the date such investment is made, (b) certificates of deposit having a final maturity of not more than thirty (30) days after the date of issuance thereof of any commercial bank incorporated under the laws of the United States of America or any state thereof or the District of Columbia, which bank is a member of the Federal Reserve System and has a combined capital and surplus of not less than \$300,000,000 and with a senior unsecured debt credit rating of A by Standard & Poor’s Ratings Group, (c) commercial paper, rated A1 (or better) by Standard & Poor’s Ratings Group, having a remaining term until maturity of not more than ninety (90) days from the date such investment is made, and (d) investments in shares of a money market fund or investment fund the assets of which consist only of the types of investments described in clause (i) above, which fund is rated at least BBB+m or BBB+m-G by Standard & Poor’s Ratings Group.

1.1.26 “Profit” or “Loss” of the Partnership shall mean an amount equal to the Partnership’s taxable income or loss under Code §703(a) and Regulation §1.703-1 for the Fiscal Year, adjusted as follows:

- (a) All items of income, gain, loss or deduction required to be separately stated pursuant to Code §703(a) (1) shall be included;
- (b) Tax-exempt income as described in Code §705(a)(1)(B) realized by the Partnership during such Fiscal Year shall be taken into account as if it were taxable income;
- (c) Expenditures of the Partnership described in Code §705(a)(2)(B) for such Fiscal Year, including items treated under Regulation §1.704-1(b)(2)(iv)(i) as items described in Code §705(a)(2)(B), shall be taken into account as if they were deductible items;
- (d) Items that are specially allocated to the Partners under Section 3.2 hereof shall be excluded;
- (e) With respect to property (other than money) which has been contributed to the capital of the Partnership, Profit and Loss shall be computed in accordance with the provisions of Regulation §1.704-1(b)(2)(iv)(g) by computing depreciation, amortization, gain or loss upon the Agreed Value of such property on the books of the Partnership;
- (f) With respect to any property of the Partnership which has been revalued as required or permitted by Regulations under Code §704(b), Profit or Loss shall be determined based upon the fair market value of such property as determined in such revaluation; and
- (g) The difference between the adjusted basis for federal income tax purposes and the fair market value of any Partnership asset shall be treated as gain or loss from the disposition of such asset in the event (i) any new or existing Partner acquires an additional interest in the Partnership in exchange for a contribution to capital of the

Partnership, or (ii) such Partnership asset is distributed to a Partner as consideration for a reduction of such Partner's interest in the Partnership or in Liquidation of such interest as defined in Regulation §1.704-1(b)(2)(ii)(g).

Interest paid on loans made to the Partnership by a Partner and salaries, fees and other compensation paid to any Partner shall be deducted in computing Profit and Loss. Profit and Loss shall not include Nonrecourse Deductions or Partner Nonrecourse Deductions.

1.1.27 “Property” shall mean the Partnership's interest in the Real Estate, and any other property owned by the Partnership.

1.1.28 “Real Estate” shall mean the real property, and all improvements located thereon, located in Halifax County, Virginia, upon which is located a distribution facility for Dollar General Corporation.

1.1.29 “Regulations” shall mean the federal income tax regulations promulgated by the Treasury Department under the Code, as such regulations may be amended from time to time. All references herein to a specific section of the Regulations shall be deemed also to refer to any corresponding provisions of the Regulations.

1.1.30 “Transfer” shall mean any encumbrance, gift, assignment, sale or other transfer of all or any part of an interest in the Partnership.

1.1.31 “Transferee Partner” shall mean any Partner who has acquired any portion of an interest in the Partnership from another Partner.

1.2 Name. The Partnership name is Sun-Dollar, L.P. The Partnership's business may be conducted under such name or any other name or names deemed advisable by the General Partner. The General Partner will comply or cause the Partnership to comply with all applicable laws and other requirements relating to fictitious or assumed names.

1.3 Business. The sole business and purpose of the Partnership is to obtain the Real Estate and related improvements and rights, and to perform such other activities which are necessary and incidental to the foregoing. The Partnership shall have the authority to do all things necessary or convenient to operate its business. The Partnership shall not engage in any other business or activity without the consent of all Partners. The Partners do not intend by this Agreement to create a partnership relation among themselves with respect to any activity other than those specified in this Section 1.3. No Partner shall have the power to bind another Partner except with respect to the business of the Partnership as specifically provided in this Agreement.

1.4 Place of Business. The principal place of business of the Partnership shall be located at 1 SunAmerica Center, Century City, 38th Floor, Los Angeles, California 90067-6022, unless changed by the General Partner by giving written notice to the Limited Partners of any change in location not less than ten (10) days preceding any such change. The Partnership may maintain such other offices at such other places, within or outside the State of California, as the General Partner may from time to time determine in its sole discretion.

1.5 Filings. General Partner shall cause a Certificate of Limited Partnership of the Partnership on Form LP-1 to be executed and filed with the California Secretary of State in accordance with the Act and any other applicable governmental agencies as may be required by applicable law, and shall amend such Certificate of Limited Partnership from time to time as may be required by the Act. General Partner shall also qualify the Partnership to do business in any other jurisdiction as may be required by the laws of such other jurisdiction.

1.6 Agent for Service of Process. The name and address of the initial agent for service of process of the Partnership in the State of California to be designated on the Certificate of Limited Partnership is _____, 1 SunAmerica Center, Century City, 37th Floor, Los Angeles, California 90067-6022. The agent for service of process of the Partnership may be changed from time to time by the General Partner in its sole and absolute discretion, subject to applicable law.

1.7 Number of Partners; Names and Addresses. There shall be no more than ten (10) Partners of the Partnership. The name, residence address and fax number of each Partner is set forth on Exhibit A attached hereto.

1.8 Duration. The Partnership shall commence as of the date of filing the Certificate of Limited Partnership on Form LP-1 with the California Secretary of State in accordance with the Act and shall continue until December 31, 2069, unless sooner terminated as herein provided or by operation of law.

ARTICLE II CONTRIBUTIONS, LOANS AND PARTNERS' INTERESTS

2.1 Capital Contributions.

2.1.1 Concurrently with the execution and delivery of this Agreement, the Partners shall make contributions to the capital of the Partnership in cash in the amounts set forth on Exhibit B attached hereto and by this reference incorporated herein.

2.1.2 In the event the Partnership is required to withhold taxes with respect to the Profits of a Partner who is a foreign person or entity or a non-California resident, General Partner may require an additional capital contribution of such Partner in the amount of the required withholding amount.

2.1.3 No Partner shall at any time be obligated or required to make any contribution to the capital of the Partnership except as provided in this Section 2.1.

2.1.4 No interest shall accrue on any contribution to the capital of the Partnership, and no Partner shall have the right to withdraw or reduce or to be repaid any capital contributed except for distributions of Available Cash provided in Article IV of this Agreement and distributions of net assets upon the dissolution of the Partnership as provided in Article VIII of this Agreement.

2.2. Loans by Partners.

2.2.1 Upon request from the General Partner, the Limited Partner may make loans to the Partnership in such amounts as are needed in excess of the capital contributions to the Partnership and the proceeds available to the Partnership from operating income of the Partnership for necessary working capital, for necessary expenditures which are not otherwise provided for and generally to meet the costs, expenses, obligations, liabilities and other charges resulting from the ownership, management and operation of the Property (“Optional Advances”). Nothing herein shall create any obligation on the part of the Limited Partner to make any Optional Advances, and any such Optional Advances shall be made in the Limited Partner’s sole and absolute discretion.

2.2.2 Amounts loaned to the Partnership by Limited Partner under this Section 2.2 shall bear interest, payable quarterly, at an annual rate equal to the prime rate charged by Bank of America, Los Angeles, California, or its successor, on short-term commercial loans to its most credit-worthy customers, as shall be in effect from time to time, plus four percent (4.0%); provided, however, that the rate payable by the Partnership on such loans shall not exceed the maximum interest rate allowed by law.

2.2.3 The loans provided for in this Section 2.2 by Limited Partner to the Partnership may be secured by a Mortgage covering all of the assets of the Partnership.

2.2.4 Upon any failure of Limited Partner to make any loan to the Partnership as contemplated herein, General Partner may, but shall not be obligated to, make such loan to the Partnership on the same terms and conditions as herein set forth.

2.2.5 Loans by a Partner to the Partnership shall not be considered capital contributions to the Partnership for purposes of this Agreement and shall not increase such Partner’s Capital Account or entitle such Partner to any greater share of the Profits, Losses or distributions of the Partnership than such Partner is otherwise entitled to under this Agreement.

2.3 Partners’ Interests. The Percentage Interests of the Partners are as set forth on Exhibit A attached hereto.

2.4 Nature of Partners’ Interests. The Partners’ interests in the Partnership are personal property. Partnership assets are owned by the Partnership as an entity and no Partner, individually, has any ownership of such assets.

ARTICLE III
ALLOCATIONS

3.1 Profit and Loss. Except as provided in Section 3.2 of this Agreement, Profits and Loss shall be allocated as follows:

3.1.1 Profit shall be allocated to the Partners pro rata in accordance with their respective Percentage Interests.

3.1.2 Losses shall be allocated to the Partners pro rata in accordance with their respective Percentage Interests.

3.2 Overriding Allocations .

3.2.1 Regulatory Allocations. Notwithstanding any other provision of this Agreement, the following allocations shall be made prior to any other allocations under this Agreement and in the following order of priority:

(a) Minimum Gain Chargeback. If there is a net decrease in Partnership Minimum Gain during any Fiscal Year so that an allocation is required by Regulation §1.704-2(f), items of income and gain shall be allocated to the Partners in the manner and to the extent required by such provision of the Regulations. This provision is intended to be a minimum gain chargeback within the meaning of Regulation §1.704-2(f) and shall be interpreted and applied consistently therewith.

(b) Partner Minimum Gain Chargeback. If there is a net decrease in the minimum gain attributable to a Partner Nonrecourse Loan during any Fiscal Year so that an allocation is required by Regulation §1.704-2(i)(4) (minimum gain chargeback attributable to a partner nonrecourse debt), items of income and gain shall be allocated in the manner and to the extent required by such provision of the Regulations.

(c) Qualified Income Offset. If a Partner unexpectedly receives any adjustment, allocation or distribution (described in Regulation §1.704-1(b)(2)(ii)(d)(4), (5) or (6)), items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Partner as quickly as possible, provided that an allocation pursuant to this paragraph (c) shall be made only if, and to the extent that, such Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in Section 3.1 or this Section 3.2 of this Agreement tentatively have been made as if this paragraph (c) were not in this Agreement.

(d) Nonrecourse Deductions. Nonrecourse Deductions shall be allocated to the Partners pro rata in accordance with their respective Percentage Interests.

(e) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions shall be allocated to the Partner who bears the economic risk of loss with respect to the loan giving rise to such deduction as required under Regulation § 1.704-2(i).

3.2.2 Section 704(c) Allocation. For income tax purposes, any item of income, gain, loss, deduction or credit with respect to any property (other than money) that has been contributed by a Partner to the capital of the Partnership and which is required to be allocated to the Partners for income tax purposes under Code §704(c) so as to take into account the variation between the tax basis of such property and its Agreed Value at the time of its contribution, shall be allocated to the Partners for income tax purposes in the manner required by such Code provision and the Regulations promulgated thereunder If and when the Capital Accounts of the Partners are required to be adjusted pursuant to Regulation §1.704-1(b)(2)(iv)(f) or (g) with respect to a revaluation of any asset of the Partnership, subsequent allocations of income, gain,

loss and deduction, including, without limitation, depreciation or deductions for cost recovery with respect to such asset, shall take account of any variation between the then existing adjusted basis of such asset for federal income tax purposes and the Agreed Value as adjusted of such asset, as such computations may be required under Code §704(b) and Code §704(c) and principles thereof.

ARTICLE IV
PARTNERSHIP CASH

4.1 Distribution of Available Cash . Available Cash, if any, for each calendar month shall be distributed by the General Partner to the Partners each month as follows and in the following order of priority:

(a) To repay any sums which have been advanced by any Partner as contemplated by Section 2.2 of this Agreement, such repayments to be made in the same percentage in which such sums were advanced by the Partners, with such payments intended to be repayments of loans and not distributions of such Partner's distributive share of Available Cash;

(b) To the Partners with positive Adjusted Capital Contributions in proportion to those Adjusted Capital Contributions until the Adjusted Capital Contribution of each Partner is zero; and

(c) The remaining Available Cash with respect to any period of time to the Partners in proportion to their Percentage Interests.

General Partner shall not be required to (but may, if it so elects) make more than one distribution of Available Cash in any thirty (30) day period.

ARTICLE V
POWERS AND DUTIES OF THE PARTNERS

5.1 Authority of General Partner .

5.1.1 General Partner shall devote such time and effort to the Partnership business as may be necessary to promote adequately the interests of the Partnership and the mutual interests of the Partners. Except as otherwise expressly provided in this Agreement, all decisions with respect to any matter set forth herein or otherwise affecting or arising out of the conduct of the business of the Partnership shall be made by General Partner, who shall have the exclusive right and full authority to manage, conduct and operate the Partnership business and shall have all rights and powers generally conferred by law or necessary, advisable or convenient in connection therewith. Specifically, but not by way of limitation, General Partner shall have the following specific rights and powers on behalf of the Partnership:

(a) To acquire an interest in the Real Estate;

(b) To negotiate and enter into, on behalf of the Partnership, any and all documents required to obtain an estate for years and option in the Real Estate, to

operate the Real Estate, to lease the Real Estate to Dollar General Corporation, to obtain loans secured by the Partnership's interest in the Real Estate, and to otherwise perform all acts necessary to obtain, operate, lease, finance and otherwise deal with the Property;

(c) To borrow money from any person, including any Partner, and, if security is required therefor, to mortgage or subject to any other security device any portion of the assets of the Partnership, to obtain replacements of any Mortgage or other security device, and to pay in whole or in part, refinance, increase, modify, consolidate or extend any Mortgage or other security device, all of the foregoing on such terms, in such amounts and by such means as General Partner deems, in its sole discretion, to be in the best interests of the Partnership;

(d) To manage the operation of the Partnership in a manner which satisfies in all respects the obligations imposed on the Partnership by this Agreement;

(e) To employ persons in the management and operation of the Partnership business and assets, including, but not limited to, consultants, engineers, accountants and attorneys, on such terms and for such compensation as General Partner may determine;

(f) To amend, modify or restate any agreement of the Partnership;

(g) To pay or ensure payment of any and all taxes, charges, assessments and levies assessed or imposed upon any of the assets of the Partnership, unless the same are properly contested by General Partner;

(h) To pay on or before the due date thereof all amounts legitimately due and payable by the Partnership to any person or entity, including, without limitation, expenses in connection with an audit or review of Partnership information returns or a Partnership matter in a Partner's tax return, and to make all decisions relative to Partnership accounting, including, without limitation, determining the source of Partnership disbursements and whether disbursements are to be made from Partnership operating income or from some other source such as Partnership reserves, proceeds from sale of Partnership interests or proceeds from sale or refinancing of Partnership property;

(i) To be reimbursed by, or to charge, the Partnership for reasonable expenses incurred by the General Partner on behalf of the Partnership. General Partner shall endeavor to have Partnership expenses billed directly to the Partnership whenever feasible;

(j) To establish Cash Reserves for contingencies as the General Partner deems advisable;

(k) To invest the idle funds of the Partnership in United States Treasury obligations or in prime quality commercial paper, certificates of deposit, interest-bearing accounts or other obligations of insured commercial banks, savings banks or savings and loan associations; and

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(l) To make such elections (or revocations thereof) under federal or state tax law as General Partner, in its sole discretion, believes to be necessary or desirable.

5.1.2 With respect to all of its obligations, powers and responsibilities under this Agreement, General Partner is authorized to prepare, execute, acknowledge, record, file and/or deliver, for and on behalf of the Partnership, such notes and other evidences of indebtedness, contracts, agreements, assignments, leases, loan agreements, Mortgages and other security instruments, deeds and any and all other documents and instruments as it deems proper, all on such terms and conditions as it deems to be in the best interests of the Partnership.

5.1.3 Notwithstanding any other provision of this Agreement to the contrary, General Partner shall not have the authority, without the vote or written consent of Limited Partners owning more than fifty percent (50%) of the aggregate Percentage Interests of all Limited Partners, to:

(a) Except as otherwise expressly provided in this Agreement, admit any person as a General Partner or a Limited Partner, provided, however, that where there is no remaining General Partner, the Limited Partners, by unanimous consent, shall have the right to elect to continue the business of the Partnership and to elect a new General Partner as more fully set forth in Section 7.4 hereof;

(b) Except as otherwise expressly provided in this Agreement, transfer such General Partner's interest as the General Partner of the Partnership; or

(c) Obtain an extension of the date for filing the income tax returns of the Partnership.

5.1.4 Notwithstanding any other provision of this Agreement to the contrary, General Partner shall not have the authority, without the vote or written consent of all Partners, to:

(a) file a bankruptcy or insolvency petition or otherwise institute insolvency proceedings;

- (b) dissolve, liquidate, consolidate, merge or sell all or substantially all of the assets of the Partnership;
- (c) cause the Partnership to engage in any business or activity not delineated in Section 1.3 hereof; or
- (d) amend this Agreement.

5.1.5 Notwithstanding any other provision of this Agreement to the contrary, General Partner shall not have the authority to take any action with respect to the matters set forth in Section 5.9 or Article XI hereof without obtaining the requisite vote or written consent of Partners required thereunder.

5.1.6 Except as provided in Sections 5.1.3, 5.1.4 and 5.1.5 above, Limited Partners shall not have any rights to vote on or consent to any matters, including, but not limited to, the matters described in Section 15632 of the Act.

5.2 Management Fee. General Partner shall not receive any management fee for its services performed hereunder, provided, however, that the Partnership shall pay as an expense of the Partnership all direct expenses incurred by General Partner in operating and managing the affairs of the Partnership, including the expense of keeping the books and records of the Partnership as contemplated by Article VI of this Agreement. Direct expenses shall not include any allocable portion of general overhead expense of General Partner or any salaries or fees paid to the employees of General Partner.

5.3 Compensation of Partners. None of the Partners shall receive a regular salary or fee for services rendered in connection with the ownership, management or operation of the Property except as herein set forth.

5.4 Liability of General Partner. General Partner shall not be liable, responsible or accountable in damages or otherwise to the Partnership or to the Limited Partners for any acts performed within the scope of the authority conferred on the General Partner by this Agreement, except for loss or damage resulting from the willful misfeasance, bad faith, gross negligence or reckless disregard of its duties hereunder or from breach of its fiduciary obligations hereunder.

5.5 Fiduciary Relationship. The relationship of General Partner to the other Partners is that of a fiduciary, and General Partner has a fiduciary obligation to conduct the business of the Partnership in such manner as will serve the best interests of the Partnership and its Partners, including the safekeeping and use of all Partnership funds and assets for the sole and exclusive benefit of the Partnership.

5.6 Limitations on Limited Partners. No Limited Partner shall (i) be permitted to take part in the control of the business or affairs of the Partnership; (ii) have any voice in the management or operation of the Property; or (iii) have the authority or power in the capacity of a Limited Partner to act as agent for or on behalf of the Partnership, to bind the Partnership or to incur any expenditures with respect to the Partnership.

5.7 Liability of Limited Partners. Notwithstanding anything in this Agreement to the contrary, the liability of each Limited Partner for Partnership losses shall in no event exceed the aggregate amount of contributions which such Partner has agreed to make to the capital of the Partnership, and in no event shall any Limited Partner be obligated under any circumstances to make any additional contributions to the capital of the Partnership for the purpose of restoring a negative balance in a capital account, or for any other purpose whatsoever, except as expressly provided in Article II of this Agreement. This provision is intended for the benefit of the Partners and cannot be relied on by any third party.

5.8 Independent Ventures. No Partner shall be required to devote full time to the Partnership business and any Partner may, at any time and from time to time, engage in and possess an interest in other business ventures of any and every type and description, independently or with others, including, without limitation, the ownership, development,

operation, leasing and management of properties, some or all of which may be in competition with the Property, and neither the Partnership nor any other Partner shall have, by virtue of this Agreement, and they do hereby expressly waive, relinquish and renounce, any right, title or interest in or to such independent ventures or to the income or profits derived therefrom.

5.9 Dealings with the Partnership. Any Partner or an entity in which any Partner, or a partner, officer or employee of such Partner, holds a material ownership interest may deal with the Partnership as an independent contractor or as an agent for others or for the Partnership in connection with the business of the Partnership and may receive from the Partnership or such others normal profits, compensation, commissions or other income incident to such dealings, provided that: (i) any amounts payable by the Partnership shall not be greater than the amount which the Partnership would have to pay under an arm's length contract with a non-related entity; (ii) such Partner shall disclose in advance and in writing to the Partners the existence of such relationship and the compensation or price to be received by such related entity; and (iii) such Partner shall obtain from the other Partners written consent to such dealing. If any Partner fails to make the required disclosures or to obtain the required consent, such Partner shall remit to the Partnership, on demand of any other Partner, all profits, compensation, commissions and income derived by such Partner and any such related entity from such dealing.

5.10 Indemnity. The Partnership shall indemnify each Partner (and the officers and directors of each Partner) against judgments, fines, amounts paid in settlement and expenses (including, without limitation, attorneys' fees) reasonably incurred by them in any civil, criminal or administrative proceeding in which they are involved, or threatened to be involved, by reason of being a Partner in the Partnership, provided that the Partner acted in good faith, within what such Partner reasonably believed to be the scope of such Partner's authority, and for a purpose which such Partner reasonably believed to be in the best interests of the Partnership or the Partners. To the extent that a Partner has been successful on the merits or otherwise in defense of any such proceeding or in defense of any claim or matter therein, such Partner shall be deemed to have acted in good faith and in a manner such Partner believed to be in the best interests of the Partnership or the Partners. Under any other circumstances, the determination of whether a Partner acted in good faith, within what such Partner reasonably believed to be the scope of such Partner's authority, and for a purpose which such Partner reasonably believed to be in the best interests of the Partnership or the Partners shall be made by independent legal counsel selected by General Partner (who may be the regular counsel for the Partnership) in a written opinion.

ARTICLE VI BOOKS, RECORDS AND ACCOUNTS

6.1 Books and Records. General Partner shall, at the Partnership's sole cost and expense, maintain adequate books and records containing a true and complete account of the operation of the Partnership, wherein shall be recorded and reflected, with the method of accounting determined by the General Partner, all of the capital contributions made by the Partners to the Partnership, all of the income, expenses and transactions of the Partnership and a list of the name and addresses and the Percentage Interests in the Partnership held by the Partners, in alphabetical order. Such books shall be maintained at the principal place of business of the Partnership and all Partners shall have access to such books during normal business hours.

6.2 Audits, Statements, Returns

6.2.1 Within sixty (60) days after the end of each Fiscal Year, an audit of the books of the Partnership shall be made and the necessary federal, state and local income tax returns required of the Partnership shall be prepared, all at the expense of the Partnership, by such firm of independent certified public accountants as shall be designated by General Partner. Such accountants shall prepare, certify and furnish to the Partnership and to each Partner a balance sheet and a statement of profit and loss of the Partnership for the Fiscal Year, and a report verifying the computation and distribution of the Available Cash from Partnership operations, and the computation and payment of all other amounts payable to the Partners and affiliates of the Partners. Any Partner may, at any time, at such Partner's own expense, cause an audit of the Partnership books to be made by a certified public accountant of such Partner's own selection, and if such audit discloses substantial and material differences from the audit made by the accountants designated by General Partner, the expense of the audit so conducted on behalf of a Partner shall be borne by the Partnership.

6.2.2 Copies of all income tax returns of the Partnership proposed to be filed for any Fiscal Year shall be furnished to each Partner at least fifteen (15) days prior to the date for filing such return, and if the return as filed by the Partnership is different from the return so furnished, a copy of each such return as filed shall be furnished to each Partner within fifteen (15) days after it is filed. Such returns shall be filed by General Partner on or before the due date thereof, and no extension of the date for filing such returns shall be obtained by the Partnership except with the vote or written consent of the General Partner and Limited Partners owning more than fifty percent (50%) of the aggregate Percentage Interests of all Limited Partners in the Partnership.

6.2.3 All elections available to the Partnership under the Code shall be made by General Partner, provided, however, that at the request of any Partner, the Partnership shall make an election under Code §754 if such requesting Partner pays the additional bookkeeping and accounting costs which result from such election. Each of the Partners shall supply to the Partnership the information necessary to properly give effect to such election.

6.3 Bank Accounts. General Partner shall be responsible for causing one or more accounts to be maintained in a bank (or banks) into which shall be deposited the revenues from the operation of the Property and any and all other cash receipts relating to the Property, and from which shall be paid the expenditures incurred by General Partner in connection with the business of the Partnership. All such revenues, proceeds and receipts shall be and remain the property of the Partnership, may be invested by the General Partner in Permitted Investments, and shall be received, held and disbursed by General Partner as a trust fund for the purposes specified in this Agreement. There shall not be deposited in any of said accounts any amounts other than funds belonging to the Partnership, and no other funds shall be commingled in any way with such trust funds. All withdrawals from said accounts shall be made upon checks signed by General Partner.

ARTICLE VII
TRANSFERABILITY OF INTERESTS

7.1 Restrictions on Transfers.

7.1.1 No Limited Partner shall Transfer its interest in the Partnership, in whole or in part.

7.1.2 General Partner may not Transfer all or any portion of its General Partner interest in the Partnership, whether voluntarily, by operation of law, at judicial sale or otherwise, without the vote or written consent of Limited Partners owning more than fifty percent (50%) of the aggregate Percentage Interests of all Limited Partners or if such Transfer would constitute a default under any Mortgage to which the Partnership is a party, provided that if the same does not constitute a default under such Mortgage, General Partner may (i) Transfer its interest to an affiliated business entity owned or controlled by SunAmerica Inc., or (ii) hypothecate its interest in connection with borrowings for general corporate purposes.

7.1.3 Any Transfer of an interest in the Partnership must be made in accordance with and subject to the provisions of this Agreement. Any Transfer of an interest in the Partnership not made in accordance with the terms of this Article VII shall be null and void.

7.1.4 Any Transferee Partner obtaining a Partner's interest in accordance with the terms of this Article VII shall be bound by all of the terms and provisions of this Agreement, including, without limitation, the provisions of this Article VII.

7.2 Substituted Partners.

7.2.1 A Transferee Partner shall become a mere assignee if and only if all of the following conditions are satisfied:

(a) General Partner shall have received a written notice from the transferor and the Transferee Partner stating the date of Transfer of such interest and such other information with respect to the Transfer as the General Partner may reasonably require;

(b) The Transferee Partner shall have delivered to the General Partner an opinion of counsel in form and substance satisfactory to the General Partner and counsel for the Partnership, or such other evidence as may be satisfactory to the General Partner and counsel for the Partnership, to the effect that the Transfer of such interest may be made without violating the Securities Act of 1933, as amended, or the securities laws of any jurisdiction, or any rule or regulation promulgated thereunder and that the Transfer will not cause the Partnership to terminate for Federal income tax purposes under Code §708; and

(c) The Transferee Partner shall have paid to the Partnership a transfer fee which is sufficient to cover all reasonable costs and expenses incurred by the Partnership in connection with such Transfer, including, specifically, without limitation, costs incurred in amending the Certificate of Limited Partnership.

7.2.2 A Transferee Partner shall become a “substituted Partner” (limited or general, as the case may be) in place of his transferor if and only if, in addition to satisfying all of the other applicable requirements set forth herein, all of the following conditions are satisfied:

(a) The transferor and the Transferee Partner shall have executed, acknowledged and delivered to the General Partner such instruments of transfer, assignment and agreement, in form and substance satisfactory to General Partner, as General Partner deems necessary or desirable to effect such substitution and to confirm the agreement of the Transferee Partner to be bound by all of the terms and provisions of this Agreement;

(b) The Transferee Partner shall have executed, acknowledged and delivered to the General Partner a certificate acknowledging and affirming all of the covenants, representations and warranties set forth in Section 9.1 of this Agreement, if applicable; and

(c) This Agreement and the Certificate of Limited Partnership shall have been appropriately amended and filed or recorded in accordance with applicable law.

7.2.3 A Transferee Partner who does not become a substituted Partner has no right to require any information or account of the Partnership transactions, to inspect the Partnership books or to vote on or consent to any of the matters as to which a Limited Partner would be entitled to vote or consent pursuant to the terms of this Agreement. A mere assignee shall be entitled only to receive the allocations of Profits, Losses and other items and the share of cash distributions to which his transferor would otherwise be entitled.

7.2.4 If a Transfer of any Partnership interest occurs during any accounting period in compliance with the provisions of this Agreement, Profits, Losses, each item thereof and all other items attributable to such interest for such period shall be divided and allocated between the transferor and the Transferee Partner by taking into account their varying interests during the period in accordance with Code §706 (d), using any convention permitted by law selected by General Partner. All distributions on or before the date of such Transfer shall be made to the transferor, and all distributions thereafter shall be made to the Transferee Partner. Solely for purposes of making such allocations and distributions, the Partnership shall recognize such Transfer not later than the end of the calendar month during which the provisions of Section 72.1 above are satisfied, provided, however, that if the Partnership does not receive, within thirty (30) days after the end of the accounting period during which the Transfer occurs, a written notice from the transferor and the Transferee Partner stating the date of Transfer of such interest and such other information with respect to the Transfer as the General Partner may reasonably require, then all of such items shall be allocated and all distributions shall be made to the persons who, according to the books and records of the Partnership on the last day of the accounting period during which the Transfer occurred, was the owner of the Partnership interest. Neither the Partnership nor any General Partner shall incur any liability for making allocations and distributions in accordance with the provisions of this Section 7.2.4, whether or not the Partnership or any General Partner has actual knowledge of any Transfer.

7.3 Death or Incapacity of a Partner.

7.3.1 The Partnership shall not terminate upon the death, insanity, legal incompetency, incapacity, Bankruptcy or liquidation of a Partner. A deceased Partner may designate by such deceased Partner's last will and testament any one or more persons to succeed such deceased Partner as a member of the Partnership, and in the absence of such designation the estate of the deceased Partner shall be the successor Partner. In every case, whether the Partner was a Limited Partner or a General Partner, the interest shall become a Limited Partnership interest and the successor shall become a Limited Partner, not a General Partner.

7.3.2 If the death, insanity, legal incompetency, incapacity, Bankruptcy or liquidation of any Partner shall for any purpose be treated as a termination of the Partnership, this Section 7.3 shall be construed as an agreement to enter into a new partnership upon the terms and conditions of this Agreement, and each party to this Agreement hereby expressly agrees for such party and such party's executor, administrator, heirs, assigns and legal representatives to enter into such new partnership and to execute any and all instruments necessary therefor.

7.4 No General Partner. Upon the death, insanity, legal incompetency, incapacity, Bankruptcy or liquidation of the last General Partner (including any successor General Partner) (a "Dissolution Event"), the Partnership shall be dissolved unless all remaining Partners agree in writing to continue the business of the Partnership and to admit one or more General Partners within sixty (60) days of the date of such Dissolution Event.

7.5 Withdrawal of a Partner. No Partner shall withdraw or retire from the Partnership until the Partnership is terminated, liquidated and dissolved, except as the result of a permitted Transfer of such Partner's interest in the Partnership pursuant to this Article VII; provided, however, a Limited Partner may withdraw from the Partnership if one or more additional Limited Partners are admitted to the Partnership and (i) make a capital contribution equal in amount to the amount paid to the withdrawing Limited Partner on such Partner's withdrawal, and (ii) make loans to the Partnership equal in amount to loans made by the withdrawing Limited Partner that are repaid on such Partner's withdrawal. A Limited Partner who withdraws as permitted hereunder shall be entitled to receive the amounts for which the Partnership is indebted to such Partner for loans made by such Partner to the Partnership and the positive balance in the withdrawing Limited Partner's Capital Account.

ARTICLE VIII
DISSOLUTION AND TERMINATION,

8.1 Dissolution Events. The Partnership shall be dissolved:

- (a) Upon the mutual consent of General Partner and all of the Limited Partners;
- (b) Upon the mutual consent of General Partner and all of the Limited Upon the retirement, Bankruptcy, legal incapacity, disability, death, dissolution or termination of the last General Partner, unless, within sixty (60) days after the occurrence of any such event, all of the remaining Partners elect to continue the business of the Partnership and designate a successor General Partner in accordance with the provisions

of Section 7.4 of this Agreement. In the event of an election to continue the business of the Partnership and the designation of a successor General Partner, a new or amended Certificate of Limited Partnership shall be filed or recorded in accordance with applicable law;

(c) Upon the sale by the Partnership of all of its right, title and interest in and to the Property and the receipt by the Partnership of the purchase price and the proceeds of any “carry-back” promissory note or notes in full and in cash; or

(d) In any event, at 12:00 midnight on December 31, 2069.

8.2 Continuation of the Partnership. If a Dissolution Event occurs under Section 8.1(b) hereof, but there is an election to continue the business of the Partnership and a successor General Partner is designated as contemplated under Section 7.4 and Section 8.1(b) of this Agreement, then the business of the Partnership shall continue in a reconstituted form as a successor limited partnership upon the same terms and conditions as set forth in this Agreement, and each Limited Partner hereby agrees to such continuation and reconstitution if a successor General Partner is designated as provided herein. In connection therewith, the successor General Partner shall assume the obligations of the predecessor General Partner and shall indemnify the predecessor General Partner and hold the predecessor General Partner harmless from and against any and all loss, damage, liability and expense, including, without limitation, costs and reasonable attorneys’ fees, to which the predecessor General Partner may be put or which the predecessor General Partner may incur by reason of or in connection with any of the debts, obligations or liabilities of the Partnership theretofore or thereafter made, incurred or created as a result of the willful or negligent acts or omissions of the successor General Partner.

8.3 Winding Up of the Partnership. Upon dissolution of the Partnership, General Partner shall, with reasonable promptness, wind up the affairs and liquidate the assets of the Partnership. After paying or providing for liabilities owing to creditors other than Partners, General Partner shall establish Cash Reserves deemed reasonably necessary, in General Partner’s sole discretion, for contingent or unforeseen liabilities or obligations of the Partnership and may deposit such Cash Reserves with a bank to be held in escrow for the purpose of paying such contingent or unforeseen liabilities or obligations. The remaining net assets of the Partnership and, after expiration of such period as may be deemed advisable by the General Partner, the balance of such Cash Reserves shall be distributed to the Partners as follows:

(a) First, in payment of secured indebtedness owed by the Partnership to any Partner in accordance with the relative priority of each secured indebtedness, and with respect to secured indebtedness of equal priority, pro rata among the Partners to whom that indebtedness is owed in proportion to the amount of such secured indebtedness held by each Partner;

(b) Next, in payment of unsecured indebtedness owed by the Partnership to any Partner in proportion to the amount of unsecured indebtedness held by each Partner; and

(c) Next, to the Partners pro rata in proportion to the positive balances in their respective Capital Accounts, after giving effect to all contributions, distributions and allocations for all periods.

Cash shall be distributed first and any notes receivable or other non-cash assets of the Partnership shall be distributed last.

8.4 Right to Receive Property. Limited Partners shall have no right to demand or receive property other than cash in return for their capital contributions to the Partnership, and each Limited Partner agrees to and shall look solely to the assets of the Partnership for the return of such Limited Partner's capital contributions to the Partnership. If the assets of the Partnership remaining after discharge of the debts and liabilities of the Partnership are insufficient to return the then unreimbursed capital contributions of a Limited Partner, such Limited Partner shall not have, and hereby waives, any recourse against the General Partner. The winding up of the affairs of the Partnership and the liquidation and distribution of its assets shall be conducted exclusively by General Partner, who is hereby authorized to do any and all acts and things authorized by law for such purposes at the expense of the Partnership. If there is no General Partner, the winding up of the affairs of the Partnership shall be conducted as otherwise provided by law.

8.5 Compliance With Timing Requirements of Regulations. In the event the Partnership is "liquidated" within the meaning of Regulation § 1.704-1(b)(ii)(g), if the General Partner's Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations for all taxable years), General Partner shall contribute to the capital of the Partnership the amount necessary to restore such deficit balance to zero in compliance with Regulation § 1.704-1(b)(ii)(b)(3). If any Limited Partner has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years), such Limited Partner shall have no obligation to make any contribution to the capital of the Partnership with respect to such deficit, and such deficit shall not be considered a debt owed to the Partnership or to any other person for any purpose whatsoever.

8.6 Deemed Distribution and Recontribution. Notwithstanding any other provision of this Article VIII, in the event the Partnership is "liquidated" within the meaning of Regulation § 1.704-1(b)(2)(ii)(g) but no Dissolution Event has occurred, the Property shall not be liquidated, the Partnership's liability shall not be paid or discharged and the Partnership's affairs shall not be wound up. Instead, solely for federal income tax purposes, the Partnership shall be deemed to have distributed the Property in kind to the Partners who shall be deemed to have assumed and taken subject to all Partnership liabilities, all in accordance with their respective Capital Accounts. Immediately thereafter, the Partners shall be deemed to have recontributed the Property in kind to the Partnership which shall be deemed to have assumed and taken subject to all such liabilities.

8.7 Sale not Causing a Dissolution. Notwithstanding anything to the contrary set forth elsewhere in this Agreement, a sale of the Property pursuant to which the Partnership shall "carry-back" a portion of the purchase price thereof in the form of one or more promissory notes shall not dissolve the Partnership until such time as said promissory notes have been paid in full and all amounts to be distributed hereunder pursuant to the provisions of Section 4.1 have been made as required therein.

ARTICLE IX
INVESTMENT REPRESENTATIONS; SPECIAL POWER OF FORNEY

9.1.1 Investment Representations of the Limited Partners. Each Limited Partner, by executing this Agreement, hereby acknowledges, covenants, represents and warrants to the Partnership and the General Partner, and each of them, as follows:

9.1.2 Such Limited Partner is experienced in business affairs and capable of evaluating the merits and risks of this investment.

9.1.3 Each Limited Partner realizes that such Limited Partner's investment in the Partnership involves an element of substantial uncertainty as to the potential for profitability of the business of the Partnership. Each Limited Partner has made its own independent investigation as to the nature of this investment and has not relied upon oral representations of the General Partner or other Limited Partners in determining whether to invest.

9.1.4 The General Partner has not requested a tax ruling on behalf of the Partnership to the effect that the Partnership will be taxed as a partnership for federal income tax purposes nor does the General Partner intend to request such a ruling. In the absence of a ruling, there can be no assurance that the Internal Revenue Service will not deem the Partnership to be an association taxable as a corporation. In the event that the Partnership were taxed as a corporation rather than as a partnership, the Partners would incur certain significant adverse income tax consequences.

9.1.5 Each Limited Partner understands that the interests in the Partnership have not been registered with the Securities and Exchange Commission or qualified with the California Department of Corporations or any other state securities agency, in reliance upon exemptions therefrom which are predicated, in part, upon the information previously provided by each of the Limited Partners and the following representations:

(a) Each Limited Partner understands that, in addition to the restrictions imposed by applicable Federal and state securities laws, the right to Transfer Partnership interests is restricted by the terms of this Agreement. No Transfer will be permitted if, in the opinion of counsel for the Partnership, such Transfer will violate applicable Federal or state securities laws. The burden and expense will be borne by a Limited Partner to satisfy the General Partner that all of the conditions of Transfer have been satisfied. In addition, even if a Limited Partner meets all of these requirements, there is no present market for Partnership interests and none is anticipated to develop;

(b) Each Limited Partner represents that such Limited Partner is acquiring such Limited Partner's interest in the Partnership for investment purposes and for such Limited Partner's own account, with no present intention of dividing the same with others or reselling or otherwise distributing such interest, and such Limited Partner will not sell or otherwise dispose of such interest in violation of the Securities Act of 1933, as amended, or the California Corporations Code or the securities laws of any other jurisdiction, or any rules or regulations promulgated thereunder;

(c) Each Limited Partner represents that such Limited Partner is capable of bearing the economic risk of such Limited Partner's investment in the Partnership (meaning such Limited Partner can afford either a complete loss of the investment or hold it indefinitely without materially adversely affecting such Limited Partner's standard of living, causing financial difficulties, or impairing such Limited Partner's ability to meet current needs and possible personal contingencies);

(d) Each Limited Partner is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933;

(e) Each Limited Partner represents that such Limited Partner either has a preexisting personal or business relationship with the General Partner or, by reason of such Limited Partner's business or financial experience or the business or financial experience of such Limited Partner's professional advisors who are unaffiliated with and not compensated by the General Partner or any affiliate or any selling agent of the General Partner, has the capacity to protect such Limited Partner's interest in the Partnership;

That prior to the execution hereof, each of the Limited Partners had knowledge that the persons listed upon Exhibit A attached hereto would become members of the Partnership upon their execution hereof, and each desires and consents to the association of each of them as Partners of this Partnership;

(f) Each Limited Partner recognizes that the Partnership will be newly organized and therefore has no financial or operating history. For this reason and others, purchase of interests in the Partnership as an investment involves special risks; and

(g) Each Limited Partner is a bona-fide resident of the state in which the principal residence or domicile of such Limited Partner is located, as set forth on Exhibit A attached hereto.

9.2 Special Power of Attorney

9.2.1 Each Limited Partner hereby constitutes and appoints the General Partner, as attorney-in-fact for such Limited Partner, with power and authority to act in such Limited Partner's name, place and stead and on such Limited Partner's behalf in the execution, acknowledgment and filing of documents, as follows:

(a) The Certificate of Limited Partnership and any amendments thereto made in accordance with the terms of this Agreement, under the laws of the State of California or the laws of any other states in which such a certificate is required to be filed;

(b) Any other instrument which may be required to be filed by the Partnership under the laws of any state or by any governmental agency, or which the General Partner deems advisable to file; and

(c) Any documents which may be required to effect the continuation of the Partnership, the admission of an additional or substitute Limited Partner or the dissolution and termination of the Partnership, provided such continuation, admission or dissolution and termination is in accordance with the terms of this Agreement and is authorized by the requisite vote or written consent of Limited Partners as provided herein.

9.2.2 The power of attorney granted by each Limited Partner to the General Partner as hereinabove provided:

(a) Is a special power of attorney coupled with an interest, is irrevocable, shall survive the death or disability of a Limited Partner and is limited to the matters as set forth in Section 9.2.1 hereof;

(b) May be exercised by the General Partner for each Limited Partner by a facsimile signature of the General Partner or by listing each Limited Partner executing any instrument with a facsimile signature of the General Partner acting as attorney-in-fact for all of the Limited Partners; and

(c) Shall survive the delivery of an assignment by a Limited Partner of the whole or any portion of such Limited Partner's interest in the Partnership, except that, where the Transferee Partner has been approved for admission to the Partnership as a substitute Limited Partner, the special power of attorney shall survive the delivery of such assignment for the sole purposes of enabling the General Partner to execute, acknowledge and file any instrument necessary to effect such substitution.

ARTICLE X PARTNERSHIP MEETINGS

10.1 Call and Place of Meetings. Meetings of the Partners may be called at the principal executive office of the Partnership or at any other place designated by the General Partner and pursuant to the written request of any General Partner or of Limited Partners representing more than ten percent (10%) of the aggregate Percentage Interests of all Limited Partners for consideration of any of the matters as to which Limited Partners are entitled to vote or consent pursuant to this Agreement.

10.2 Notice of Meeting. Immediately upon receipt of a written request to the General Partner requesting a meeting pursuant to Section 10.1 above on a specific date (which date shall not be less than thirteen (13) days nor more than sixty (60) days after the receipt of the request by the General Partner), General Partner shall give notice to all Partners entitled to vote on or consent to the business to be transacted at the meeting. Valid notice may not be given less than ten (10) days nor more than sixty (60) days prior to the date of the meeting, and shall state the place, date and hour of the meeting and the general nature of the business to be transacted. No business other than the business stated in the notice of the meeting may be transacted at the meeting. Notice shall be given personally or by mail, addressed to each Partner to whom notice must be sent as above provided at the address for such Partner appearing on the books of the Partnership.

10.3 Quorum. At any duly held or called meeting of Partners, Limited Partners owning more than fifty percent (50%) of the aggregate Percentage Interests of all Limited Partners represented in person or by proxy shall constitute a quorum. The Partners present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Limited Partners to leave less than a quorum, if any action taken, other than adjournment, is approved by Limited Partners owning the requisite percentage of the Percentage Interests.

10.4 Adjournment of Meetings. A Partnership meeting at which a quorum is present may be adjourned to another time or place and any business which might have been transacted at the original meeting may be transacted at the adjourned meeting. If a quorum is not present at an original meeting, that meeting may be adjourned by the vote of Limited Partners owning more than fifty percent (50%) of the aggregate Percentage Interests of all Limited Partners represented either in person or by proxy at the meeting to be adjourned. Notice of the adjourned meeting need not be given to Partners entitled to notice if the time and place thereof are announced at the meeting at which the adjournment is taken, unless the adjournment is for more than forty-five (45) days or if, after the adjournment, a new record date is fixed for the adjourned meeting, in which case notice of the adjourned meeting shall be given to each Partner of record entitled to vote on or consent to the business to be transacted at the adjourned meeting.

10.5 Meeting Not Duly Called, Noticed or Held. The transactions of any meeting of Partners, however called and noticed, and wherever held, shall be as valid as though consummated at a meeting duly held after regular call and notice, if a quorum is present at that meeting, either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote on or consent to the business transacted at the meeting, not present in person or by proxy, signs either a written waiver of notice, a consent to the holding of the meeting or an approval of the minutes of the meeting.

10.6 Waiver of Notice. Attendance of a Partner at a meeting shall constitute waiver of notice, except when that Partner objects, at the beginning of the meeting, to the transaction or any business on the ground that the meeting was not lawfully called or convened. Attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be described in the notice of the meeting and not so included, if the objection is expressly made at the meeting. Any Partner approval at a meeting as to those matters specified in Section 5.1.3 hereof (other than unanimous approval by Limited Partners) shall be valid only if the general nature of the proposal so approved is stated in the notice of meeting or in any written waiver of notice.

10.7 Consent of Action Without Meeting. Any action that may be taken at any meeting of the Partners may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by Partners having not less than, the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all Partners entitled to vote thereon were present and voted. In the event the Limited Partners are requested to consent to a matter without a meeting, each Partner shall be given notice of the matter to be voted upon in the manner described in Section 10.1 hereof. In the event that any General Partner, or Limited Partners representing more than ten percent (10%) of the aggregate Percentage Interests of all Limited Partners, within ten (10) days of the giving of said notice, request a meeting for the

purpose of discussing or voting on the matter so noticed, notice of a meeting shall be given pursuant to Section 10.1 hereof and no action shall be taken until the meeting is held. Unless delayed by a request for and the conduct of a meeting, any action taken without a meeting shall be effective fifteen (15) days after the required minimum number of Partners have signed consents to action without a meeting; however, unless so delayed, the action shall be effective immediately if the General Partner and all of the Limited Partners sign consent to action without a meeting.

ARTICLE XI
TAX MATTERS PARTNER

11.1 Designation.

11.1.1 The Tax Matters Partner for the Partnership shall be the General Partner or such other person as may be designated from time to time under Section 11.1.2 below.

11.1.2 The Tax Matters Partner shall have the right to resign by giving thirty (30) days' written notice to each Partner. Upon the resignation, death, legal incompetency or Bankruptcy of the person serving as the Tax Matters Partner, a successor to serve in such capacity shall be designated by vote of Partners holding a majority of the total Percentage Interests in the Partnership.

11.2 Duties of the Tax Matters Partner.

11.2.1 The Tax Matters Partner shall employ experienced tax counsel to represent the Partnership in connection with any audit or investigation of the Partnership by the Internal Revenue Service, and in connection with all subsequent administrative and judicial proceedings arising out of such audit. The fees and expenses of such counsel shall be a Partnership expense and shall be paid by the Partnership. Such counsel shall be responsible for representing the Partnership; it shall be the responsibility of General Partner and of Limited Partners, at their own expense, to employ tax counsel to represent their respective separate interests.

11.2.2 The Tax Matters Partner shall keep the Partners informed of all administrative and judicial proceedings as required by Code §6623(g) and shall furnish to each Partner a copy of each notice or other communication received by the Tax Matters Partner from the Internal Revenue Service except such notice or communication sent directly to the Partners by the Internal Revenue Service. All expenses incurred by the Tax Matters Partner in serving in such capacity shall be Partnership expenses and shall be paid by the Partnership.

11.2.3 The Tax Matters Partner shall not do any of the following unless such action has been approved by the vote of Partners holding a majority of the total Percentage Interests in the Partnership:

- (a) Enter into a settlement agreement with the Internal Revenue Service which purports to hind Partners other than the Tax Matters Partner;
- (b) File a petition as contemplated in Code §6226(a) or Code §6228;

- (c) Intervene in any action as contemplated in Code §6226(b);
- (d) File any request contemplated in Code §6227(b); or
- (e) Enter into an agreement extending the period of limitations as contemplated in Code §6229(b)(1)(B).

11.3 Fiduciary Relationship. The relationship of the Tax Matters Partner to Limited Partners is that of a fiduciary, and the Tax Matters Partner has a fiduciary obligation to perform the duties of the Tax Matters Partner in such manner as will serve the best interests of the Partnership and the Partners.

11.4 Indemnification. The Partnership shall indemnify the Tax Matters Partner (including the officers and directors of a corporate Tax Matters Partner) against judgments, fines, amounts paid in settlement and expenses (including, without limitation, attorneys' fees) reasonably incurred in any civil, criminal or investigative proceeding in which the Tax Matters Partner is involved or threatened to be involved by reason of being the Tax Matters Partner, provided that the Tax Matters Partner acted in good faith, within what the Tax Matters Partner reasonably believed to be the scope of the Tax Matters Partner's authority, and for a purpose which the Tax Matters Partner reasonably believed to be in the best interests of the Partnership or the Partners. The indemnification provided hereunder shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any applicable statute, agreement, vote of Partners or otherwise.

ARTICLE XII MISCELLANEOUS

12.1 Notices. All notices, elections, offers, acceptances and demands (herein "notices") permitted or required to be made under this Agreement shall be in writing, signed by the Partner giving such notice, and delivered personally, or sent by registered or certified mail, postage prepaid, return receipt requested, or sent by overnight courier service, or sent by facsimile transmission, to the other Partners at the address set forth in Exhibit A attached hereto or at such other address as may be supplied in writing. Such notice shall be deemed given and received when delivered in the case of personal delivery, when posted in the case of registered or certified mail, one (1) business day after deposit with the courier service when sent by overnight courier service, or upon dispatch when sent by facsimile transmission.

12.2 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Partners and their respective successors and assigns, and each Partner agrees, on behalf of such Partner and such Partner's successors and assigns, to execute any instruments which may be necessary or appropriate to carry out the purposes of this Agreement and hereby authorizes and directs such Partner's successors and assigns to execute any and all such instruments. Each and every successor to the interest of any Partner shall hold such interest subject to all the terms and provisions of this Agreement.

12.3 Attorneys' Fees. Should any party hereto institute any action or proceeding at law or in equity to enforce any provision hereof, including an action for declaration relief or for damages by reason of an alleged breach of any provision of this Agreement, or otherwise in

connection with this Agreement, or any provision hereof, the prevailing party shall be entitled to recover from the losing party or parties reasonable attorneys' fees and costs for services rendered to the prevailing party in such action or proceeding.

12.4 Amendment. Amendments to this Agreement may be made only if approved by the General Partner and all of the Limited Partners.

12.5 Waiver of Action for Partition. No Partner or successor to any Partner shall have the right while this Agreement is in effect to have the Property partitioned or to file a complaint or institute any proceeding at law or in equity to have the Property partitioned, and each Partner, on behalf of such Partner and such Partner's successors and assigns and assigns, hereby waives any such right.

12.6 Equitable Relief. It is agreed that the rights granted to the parties hereunder are of a special and unique kind and character and that, if there is a breach by any party of any material provision of this Agreement, the other parties would not have an adequate remedy at law. It is expressly agreed, therefore, that the rights of the parties hereunder may be enforced by equitable relief as is provided under the laws of the State of California.

12.7 Remedies. The remedies of the Partners under this Agreement are cumulative and shall not exclude any other remedies to which any Partner lawfully may be entitled.

12.8 No Waiver; Consents. The failure of any Partner to insist upon strict performance of a covenant hereunder or of any obligation hereunder shall not be a waiver of such Partner's right to demand strict compliance therewith in the future, and no waiver by any Partner of any breach of this Agreement or any provision hereof shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision hereof. Any consent of a Limited Partner which is required under this Agreement shall only be effective if given in writing by the Limited Partner.

12.9 Entire Agreement. This Agreement constitutes the full and complete understanding and agreement among the Partners with respect to the subject matter hereof and any and all prior agreements, understandings and representations with respect to the subject matter hereof are hereby terminated and cancelled in their entirety and are of no further force and effect.

12.10 Captions. Titles or captions of Articles or sections contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

12.11 Number and Gender. In this Agreement, whenever required by the context, the singular number shall include the plural and the plural number shall include the singular, the masculine, feminine or neuter gender shall include all genders, and the word "person" shall include individuals, corporations, partnerships and other entities.

12.12 Counterparts. This agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall for all purposes constitute one, and the same Agreement, binding on the Partners.

12.13 Applicable Law. This Agreement shall, in all respects, be governed by and construed in accordance with the laws of the State of California.

12.14 Severability. Nothing contained herein shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provisions contained herein and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail; but the provision of this Agreement which is affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law.

12.15 Expenses. Each of the Limited Partners shall pay all of such Limited Partner's own costs, legal fees, accounting fees and other expenses incurred or to be incurred by such Limited Partner in negotiating and preparing this Agreement and closing and carrying out the transactions contemplated by this Agreement.

12.16 Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the Partners and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third parties to any Partner hereunder, nor shall any provision of this Agreement give any third party any right of subrogation or action over or against any Partner hereunder.

IN WITNESS WHEREOF, the Partners have executed this Agreement as of the date first above written.

GENERAL PARTNER :

SUN-DOLLAR, INC., a California corporation

By: /s/ William M. Petak _____

William M. Petak
Vice President

LIMITED PARTNER :

SUNAMERICA LIFE INSURANCE COMPANY,
an Arizona corporation

By: /s/ William M. Petak _____

Name: William M. Petak
Authroized Agent

EXHIBIT A

PARTNERS

	<u>Name and Address</u>	<u>Percentage Interest</u>
General Partner:	Sun Dollar, Inc. c/o SunAmerica Inc. Investment Department 1 SunAmerica Center, Century City 38th Floor Los Angeles, CA 90067-6022 Attention: Director of Mortgage Lending and Real Estate Fax Number: (310) 772-6150 TIN:	1.0%
Limited Partner:	SunAmerica Life Insurance Company Investment Department 1 SunAmerica Center, Century City 38th Floor Los Angeles, CA 90067-6022 Attention: Director of Mortgage Lending and Real Estate Fax Number: 310) 772-6150 TIN: 86-0176061	99.0%

EXHIBIT B

INITIAL CAPITAL CONTRIBUTIONS

	<u>Cash Capital Contributions</u>
<u>General Partner</u>	
Cash	\$
<u>Limited Partner</u>	
Cash	\$

FIRST SUPPLEMENTAL INDENTURE

First Supplemental Indenture (this “Supplemental Indenture”), dated as of September 25, 2007, among DC Financial, LLC (the “Guaranteeing Subsidiary”), a Tennessee limited liability company and a subsidiary of Dollar General Corporation, a Tennessee Corporation (the “Issuer”), and Wells Fargo Bank, National Association, as trustee (the “Trustee”).

WITNESSETH

WHEREAS, each of Dollar General Corporation, Buck Acquisition Corp., and the Guarantors (as defined in the Indenture referred to below) has heretofore executed and delivered to the Trustee an indenture (the “Indenture”), dated as of July 6, 2007, providing for the issuance of an unlimited aggregate principal amount of 10.625% Senior Notes due 2015 (the “Notes”);

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuer’s Obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture (the “Guarantee”); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

- (1) Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.
 - (2) Agreement to Guarantee. The Guaranteeing Subsidiary hereby agrees as follows:
 - (a) Along with all Guarantors named in the Indenture, to jointly and severally unconditionally guarantee to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Notes or the obligations of the Issuer hereunder or thereunder, that:
 - (i) the principal of and interest, premium and Special Interest, if any, on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Issuer to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and
 - (ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors and
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the Guaranteeing Subsidiary shall be jointly and severally obligated to pay the same immediately. This is a guarantee of payment and not a guarantee of collection.

(b) The obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Issuer, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

(c) The following is hereby waived: diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever.

(d) This Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes, the Indenture and this Supplemental Indenture, and the Guaranteeing Subsidiary accepts all obligations of a Guarantor under the Indenture.

(e) If any Holder or the Trustee is required by any court or otherwise to return to the Issuer, the Guarantors (including the Guaranteeing Subsidiary), or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuer or the Guarantors, any amount paid either to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(f) The Guaranteeing Subsidiary shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(g) As between the Guaranteeing Subsidiary, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 of the Indenture for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article 6 of the Indenture, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guaranteeing Subsidiary for the purpose of this Guarantee.

(h) The Guaranteeing Subsidiary shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under this Guarantee.

(i) Pursuant to Section 10.02 of the Indenture, after giving effect to all other contingent and fixed liabilities that are relevant under any applicable Bankruptcy or fraudulent conveyance laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under Article 10 of the Indenture, this new Guarantee shall be limited to the maximum amount permissible such that the obligations of such Guaranteeing Subsidiary under this Guarantee will not constitute a fraudulent transfer or conveyance.

(j) This Guarantee shall remain in full force and effect and continue to be effective should any petition be filed by or against the Issuer for liquidation, reorganization, should the

Issuer become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of the Issuer's assets, and shall, to the fullest extent permitted by law, continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Notes are, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee on the Notes and Guarantee, whether as a "voidable preference", "fraudulent transfer" or otherwise, all as though such payment or performance had not been made. In the event that any payment or any part thereof, is rescinded, reduced, restored or returned, the Note shall, to the fullest extent permitted by law, be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

(k) In case any provision of this Guarantee shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(l) This Guarantee shall be a general senior obligation of such Guaranteeing Subsidiary, ranking equally in right of payment with all existing and future senior Indebtedness of the Guaranteeing Subsidiary but, to the extent of the value of the collateral, will be effectively senior to all of the Guaranteeing Subsidiary's unsecured senior Indebtedness. The Guarantees will be senior in right of payment to all existing and future Subordinated Indebtedness of each Guarantor. The Notes will be structurally subordinated to Indebtedness and other liabilities of Subsidiaries of the Issuer that do not Guarantee the Notes, if any.

(m) Each payment to be made by the Guaranteeing Subsidiary in respect of this Guarantee shall be made without set-off, counterclaim, reduction or diminution of any kind or nature.

(3) Execution and Delivery. The Guaranteeing Subsidiary agrees that the Guarantee shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Notes.

(4) Merger, Consolidation or Sale of All or Substantially All Assets.

(a) Except as otherwise provided in Section 5.01(c) of the Indenture, the Guaranteeing Subsidiary may not consolidate or merge with or into or wind up into (whether or not the Issuer or Guaranteeing Subsidiary is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(i) such Guarantor is the surviving corporation or the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership, limited partnership, limited liability corporation or trust organized or existing under the laws of the jurisdiction of organization of such Guarantor, as the case may be, or the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such Guarantor or such Person, as the case may be, being herein called the "Successor Person");

(ii) the Successor Person, if other than such Guarantor, expressly assumes all the obligations of such Guarantor under the Indenture and such Guarantor's related

Guarantee pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;

- (iii) immediately after such transaction, no Default exists; and
- (iv) the Issuer shall have delivered to the Trustee an Officer's Certificate, each stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Indenture; or
- (v) the transaction is made in compliance with Section 4.09 of the Indenture.

(b) Subject to certain limitations described in the Indenture, the Successor Person will succeed to, and be substituted for, such Guarantor under the Indenture and such Guarantor's Guarantee. Notwithstanding the foregoing, any Guarantor may (i) merge into or transfer all or part of its properties and assets to another Guarantor or the Issuer, (ii) merge with an Affiliate of the Issuer solely for the purpose of reincorporating the Guarantor in the United States, any state thereof, the District of Columbia or any territory thereof or (iii) convert into a corporation, partnership, limited partnership, limited liability corporation or trust organized or existing under the laws of the jurisdiction of organization of such Guarantor.

(5) Releases.

The Guarantee of the Guaranteeing Subsidiary shall be automatically and unconditionally released and discharged, and no further action by the Guaranteeing Subsidiary, the Issuer or the Trustee is required for the release of the Guaranteeing Subsidiary's Guarantee, upon:

- (1) (A) any sale, exchange or transfer (by merger or otherwise) of the Capital Stock of such Guarantor (including any sale, exchange or transfer), after which the applicable Guarantor is no longer a Restricted Subsidiary or all or substantially all the assets of such Guarantor which sale, exchange or transfer is made in compliance with the applicable provisions of this Indenture;
 - (B) the release or discharge of the guarantee by such Guarantor of the Senior Credit Facilities or such other guarantee that resulted in the creation of such Guarantee, except a discharge or release by or as a result of payment under such guarantee;
 - (C) the designation of any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary in compliance with Section 4.07 of the Indenture; or
 - (D) the exercise by Issuer of its Legal Defeasance option or Covenant Defeasance option in accordance with Article 8 of the Indenture or the Issuer's obligations under the Indenture being discharged in accordance with the terms of the Indenture; and
- (2) such Guarantor delivering to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in this Indenture relating to such transaction have been complied with.

(6) No Recourse Against Others. No director, officer, employee, incorporator or stockholder of the Guaranteeing Subsidiary shall have any liability for any obligations of the Issuer or the Guarantors (including the Guaranteeing Subsidiary) under the Notes, any Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or

their creation. Each Holder by accepting Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

(7) Governing Law. THIS SUPPLEMENTAL INDENTURE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(8) Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

(9) Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

(10) The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary.

(11) Subrogation. The Guaranteeing Subsidiary shall be subrogated to all rights of Holders of Notes against the Issuer in respect of any amounts paid by the Guaranteeing Subsidiary pursuant to the provisions of Section 2 hereof and Section 10.01 of the Indenture; provided that, if an Event of Default has occurred and is continuing, the Guaranteeing Subsidiary shall not be entitled to enforce or receive any payments arising out of, or based upon, such right of subrogation until all amounts then due and payable by the Issuer under the Indenture or the Notes shall have been paid in full.

(12) Benefits Acknowledged. The Guaranteeing Subsidiary's Guarantee is subject to the terms and conditions set forth in the Indenture. The Guaranteeing Subsidiary acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Indenture and this Supplemental Indenture and that the guarantee and waivers made by it pursuant to this Guarantee are knowingly made in contemplation of such benefits.

(13) Successors. All agreements of the Guaranteeing Subsidiary in this Supplemental Indenture shall bind its Successors, except as otherwise provided in Section 2(k) hereof or elsewhere in this Supplemental Indenture. All agreements of the Trustee in this Supplemental Indenture shall bind its successors.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

DC FINANCIAL, LLC

By: Dollar General Corporation, Sole Member

By: /s/ Wade Smith
Name: Wade Smith
Title: Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION ,
as Trustee

By: _____
Name:
Title:

FIRST SUPPLEMENTAL INDENTURE

First Supplemental Indenture (this “Supplemental Indenture”), dated as of September 25, 2007, among DC Financial, LLC (the “Guaranteeing Subsidiary”), a Tennessee limited liability company and a subsidiary of Dollar General Corporation, a Tennessee Corporation (the “Issuer”), and Wells Fargo Bank, National Association, as trustee (the “Trustee”).

WITNESSETH

WHEREAS, each of Dollar General Corporation, Buck Acquisition Corp. and the Guarantors (as defined in the Indenture referred to below) has heretofore executed and delivered to the Trustee an indenture (the “Indenture”), dated as of July 6, 2007, providing for the issuance of an unlimited aggregate principal amount of 11.875% / 12.625% Senior Subordinated Toggle Notes due 2017 (the “Notes”);

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuer’s Obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture (the “Guarantee”); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

(1) Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

(2) Agreement to Guarantee. The Guaranteeing Subsidiary hereby agrees as follows:

(a) Along with all Guarantors named in the Indenture, to jointly and severally unconditionally guarantee to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Notes or the obligations of the Issuer hereunder or thereunder, that:

(i) the principal of and interest, premium and Special Interest, if any, on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Issuer to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors and

the Guaranteeing Subsidiary shall be jointly and severally obligated to pay the same immediately. This is a guarantee of payment and not a guarantee of collection.

(b) The obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Issuer, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

(c) The following is hereby waived: diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever.

(d) This Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes, the Indenture and this Supplemental Indenture, and the Guaranteeing Subsidiary accepts all obligations of a Guarantor under the Indenture.

(e) If any Holder or the Trustee is required by any court or otherwise to return to the Issuer, the Guarantors (including the Guaranteeing Subsidiary), or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuer or the Guarantors, any amount paid either to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(f) The Guaranteeing Subsidiary shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(g) As between the Guaranteeing Subsidiary, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 of the Indenture for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article 6 of the Indenture, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guaranteeing Subsidiary for the purpose of this Guarantee.

(h) The Guaranteeing Subsidiary shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under this Guarantee.

(i) Pursuant to Section 10.02 of the Indenture, after giving effect to all other contingent and fixed liabilities that are relevant under any applicable Bankruptcy or fraudulent conveyance laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under Article 10 of the Indenture, this new Guarantee shall be limited to the maximum amount permissible such that the obligations of such Guaranteeing Subsidiary under this Guarantee will not constitute a fraudulent transfer or conveyance.

(j) This Guarantee shall remain in full force and effect and continue to be effective should any petition be filed by or against the Issuer for liquidation, reorganization, should the

Issuer become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of the Issuer's assets, and shall, to the fullest extent permitted by law, continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Notes are, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee on the Notes and Guarantee, whether as a "voidable preference", "fraudulent transfer" or otherwise, all as though such payment or performance had not been made. In the event that any payment or any part thereof, is rescinded, reduced, restored or returned, the Note shall, to the fullest extent permitted by law, be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

(k) In case any provision of this Guarantee shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(l) This Guarantee shall be a general unsecured senior subordinated obligation of such Guaranteeing Subsidiary, will be subordinated in right of payment to all existing and any future Senior Indebtedness of such Guaranteeing Subsidiary, will rank equally in right of payment with all existing and future Senior Subordinated Indebtedness of such Guaranteeing Subsidiary, will be effectively subordinated to all Secured Indebtedness of such Guarantor to the extent of the value of the collateral securing such Indebtedness and will rank senior in right of payment to any future Subordinated Indebtedness of such Guaranteeing Subsidiary. The Notes will be structurally subordinated to Indebtedness and other liabilities of Subsidiaries of the Issuer that do not Guarantee the Notes, if any.

(m) Each payment to be made by the Guaranteeing Subsidiary in respect of this Guarantee shall be made without set-off, counterclaim, reduction or diminution of any kind or nature.

(3) Execution and Delivery. The Guaranteeing Subsidiary agrees that the Guarantee shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Notes.

(4) Merger, Consolidation or Sale of All or Substantially All Assets.

(a) Except as otherwise provided in Section 5.01(c) of the Indenture, the Guaranteeing Subsidiary may not consolidate or merge with or into or wind up into (whether or not the Issuer or Guaranteeing Subsidiary is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(i) such Guarantor is the surviving corporation or the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership, limited partnership, limited liability corporation or trust organized or existing under the laws of the jurisdiction of organization of such Guarantor, as the case may be, or the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such Guarantor or such Person, as the case may be, being herein called the "Successor Person");

(ii) the Successor Person, if other than such Guarantor, expressly assumes all the obligations of such Guarantor under the Indenture and such Guarantor's related Guarantee pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;

(iii) immediately after such transaction, no Default exists; and

(iv) the Issuer shall have delivered to the Trustee an Officer's Certificate, each stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Indenture; or

(v) the transaction is made in compliance with Section 4.09 of the Indenture.

(b) Subject to certain limitations described in the Indenture, the Successor Person will succeed to, and be substituted for, such Guarantor under the Indenture and such Guarantor's Guarantee. Notwithstanding the foregoing, any Guarantor may (i) merge into or transfer all or part of its properties and assets to another Guarantor or the Issuer, (ii) merge with an Affiliate of the Issuer solely for the purpose of reincorporating the Guarantor in the United States, any state thereof, the District of Columbia or any territory thereof or (iii) convert into a corporation, partnership, limited partnership, limited liability corporation or trust organized or existing under the laws of the jurisdiction of organization of such Guarantor.

(5) Releases.

The Guarantee of the Guaranteeing Subsidiary shall be automatically and unconditionally released and discharged, and no further action by the Guaranteeing Subsidiary, the Issuer or the Trustee is required for the release of the Guaranteeing Subsidiary's Guarantee, upon:

(1) (A) any sale, exchange or transfer (by merger or otherwise) of the Capital Stock of such Guarantor (including any sale, exchange or transfer), after which the applicable Guarantor is no longer a Restricted Subsidiary or all or substantially all the assets of such Guarantor which sale, exchange or transfer is made in compliance with the applicable provisions of this Indenture;

(B) the release or discharge of the guarantee by such Guarantor of the Senior Credit Facilities or such other guarantee that resulted in the creation of such Guarantee, except a discharge or release by or as a result of payment under such guarantee;

(C) the designation of any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary in compliance with Section 4.07 of the Indenture; or

(D) the exercise by Issuer of its Legal Defeasance option or Covenant Defeasance option in accordance with Article 8 of the Indenture or the Issuer's obligations under the Indenture being discharged in accordance with the terms of the Indenture; and

(2) such Guarantor delivering to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in this Indenture relating to such transaction have been complied with.

(6) No Recourse Against Others. No director, officer, employee, incorporator or stockholder of the Guaranteeing Subsidiary shall have any liability for any obligations of the Issuer or the Guarantors (including the Guaranteeing Subsidiary) under the Notes, any Guarantees, the Indenture or

this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

(7) Governing Law. THIS SUPPLEMENTAL INDENTURE WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(8) Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

(9) Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

(10) The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary.

(11) Subrogation. The Guaranteeing Subsidiary shall be subrogated to all rights of Holders of Notes against the Issuer in respect of any amounts paid by the Guaranteeing Subsidiary pursuant to the provisions of Section 2 hereof and Section 10.01 of the Indenture; provided that, if an Event of Default has occurred and is continuing, the Guaranteeing Subsidiary shall not be entitled to enforce or receive any payments arising out of, or based upon, such right of subrogation until all amounts then due and payable by the Issuer under the Indenture or the Notes shall have been paid in full.

(12) Benefits Acknowledged. The Guaranteeing Subsidiary's Guarantee is subject to the terms and conditions set forth in the Indenture. The Guaranteeing Subsidiary acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Indenture and this Supplemental Indenture and that the guarantee and waivers made by it pursuant to this Guarantee are knowingly made in contemplation of such benefits.

(13) Successors. All agreements of the Guaranteeing Subsidiary in this Supplemental Indenture shall bind its Successors, except as otherwise provided in Section 2(k) hereof or elsewhere in this Supplemental Indenture. All agreements of the Trustee in this Supplemental Indenture shall bind its successors.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

DC FINANCIAL, LLC

By: Dollar General Corporation, Sole Member

By: /s/ Wade Smith
Name: Wade Smith
Title: Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: /s/ Maddy Hall
Name: Maddy Hall
Title: Assistant Vice President

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT (this “Agreement”), dated as of July 6, 2007, is by and among Buck Holdings L.P., a Delaware limited partnership (the “Partnership”), Buck Holdings, LLC, a Delaware limited liability company and the general partner of the Partnership (“Holdings”), Dollar General Corporation, a Tennessee corporation, and each of the parties hereto. Each of the Persons listed on the signature pages hereto (other than the Partnership (if the Partnership is the Corporation) and Holdings), any other Person who may become a party hereto pursuant to Section 11(c) and, if the Partnership is not the Corporation, the Partnership, are referred to individually as a “Shareholder” and collectively as the “Shareholders”).

WHEREAS, Holdings and the Shareholders are parties to that certain Amended and Restated Limited Partnership Agreement, dated as of the date hereof, as the same may hereafter be amended from time to time (the “Partnership Agreement”);

WHEREAS, if the Partnership, as provided herein, elects to effect an underwritten public offering of its equity securities or if an existing or newly created subsidiary of the Partnership elects to effect an underwritten public offering of its equity securities the parties hereto desire to have certain registration and other rights with respect to the Common Stock of such entity; and

WHEREAS, the Partnership has agreed to bind the Corporation to provide registration rights with respect to the Registrable Securities (as defined below), as set forth in this Agreement, and the Partners have agreed to act in good faith in order to effectuate these registration rights with respect to the Corporation.

NOW, THEREFORE, for and in consideration of the mutual agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Definitions. As used in this Agreement, the following terms shall have the following meanings, and terms used herein but not otherwise defined herein shall have the meanings assigned to them in the Partnership Agreement:

“Agreement” shall have the meaning set forth in the Preamble.

“Bridge Shareholders” shall mean Citigroup Capital Partners II Employee Master Fund, L.P., Citigroup Capital Partners II 2007 Citigroup Investment, L.P., Citigroup Capital Partners II Onshore, L.P., Citigroup Capital Partners II Cayman Holdings, L.P., CPE Co-Investment (Dollar General) LLC and their Permitted Transferees.

“Common Stock” shall mean all shares existing or hereafter authorized of any class of common stock of the Corporation, or partnership interests or units if the Partnership is the Corporation, which has the right (subject always to the rights of any class or series of preferred stock of the Corporation) to participate in the distribution of the assets and earnings of

the Corporation without limit as to per share amount, including any shares of capital stock into which Common Stock may be converted (as a result of recapitalization, share exchange or similar event) or are issued with respect to Common Stock, including, without limitation, with respect to any stock split or stock dividend, or a successor security.

“Corporation” shall mean the IPO Corporation or such other corporation as shall be the successor to the IPO Corporation.

“Demand Notice” shall have the meaning set forth in Section 3(a) hereof.

“Demand Registration” shall have the meaning set forth in Section 3(a) hereof.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and any successor statute thereto and the rules and regulations of the SEC promulgated thereunder.

“Goldman Shareholders” shall mean GS Capital Partners VI Fund, L.P., GS Capital Partners VI Parallel, L.P., GS Capital Partners VI GmbH & Co. KG, GS Capital Partners VI Offshore Fund, L.P., GSUIG, L.L.C., Goldman Sachs DGC Investors, L.P. and Goldman Sachs DGC Investors Offshore Holdings, L.P. and their Permitted Transferees.

“Holdings” shall have the meaning set forth in the Preamble.

“Indemnified Party” shall have the meaning set forth in Section 8(c) hereof.

“Indemnifying Party” shall have the meaning set forth in Section 8(c) hereof.

“Initial Public Offering” means any firm commitment underwritten offering (or series of related offerings) of Common Stock to the public pursuant to an effective registration statement under the Securities Act (i) for which aggregate cash proceeds to be received by the Corporation from such offering (or series of related offerings) (without deducting underwriting discounts, expenses and commissions) are at least \$400,000,000, or (ii) which covers at least 35% of the outstanding shares of Common Stock.

“KKR Shareholders” shall mean KKR 2006 Fund L.P., KKR PEI Investments, L.P., KKR Partners III, L.P. and their Permitted Transferees .

“Losses” shall have the meaning set forth in Section 8(a) hereof.

“Notice” shall have the meaning set forth in Section 3(a).

“Partnership” shall have the meaning set forth in the Preamble.

“Partnership Agreement” shall have the meaning set forth in the recitals.

“Permitted Transferee” shall have the meaning set forth in the Partnership Agreement.

“ Person ” shall mean any natural person, corporation, limited partnership, general partnership, limited liability company, joint stock company, joint venture, association, company, estate, trust, bank trust company, land trust, business trust, or other organization, whether or not a legal entity, custodian, trustee-executor, administrator, nominee or entity in a representative capacity and any government or agency or political subdivision thereof.

“ Piggyback Notice ” shall have the meaning set forth in Section 4(a) hereof.

“ Piggyback Registration ” shall have the meaning set forth in Section 4(a) hereof.

“ Proceeding ” shall mean an action, claim, suit, arbitration or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“ Prospectus ” shall mean the prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective Registration Statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such prospectus.

“ Public Offering ” shall mean the sale of Common Stock to the public pursuant to an effective Registration Statement (other than Form S-4 or Form S-8 or any similar or successor form) filed under the Securities Act or any comparable law or regulatory scheme of any foreign jurisdiction.

“ Qualified Holder ” shall mean the KKR Shareholders and the Goldman Shareholders and, if the Partnership is not the Corporation, the Partnership.

“ Registrable Securities ” shall mean any shares of Common Stock currently held or hereafter acquired by the Shareholders, whether pursuant to Section 4.9 of the Partnership Agreement or by any other means, and any other securities issued or issuable with respect to any such shares by way of share split, share dividend, recapitalization, exchange or similar event or otherwise. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (i) they are sold pursuant to an effective Registration Statement under the Securities Act, (ii) they are sold pursuant to Rule 144 (or any similar provision then in force under the Securities Act), (iii) they shall have ceased to be outstanding, or (iv) they have been sold in a private transaction in which the transferor’s rights under this Agreement are not assigned to the transferee of the securities. No Registrable Securities may be registered under more than one Registration Statement at any one time.

“ Registration Statement ” shall mean any registration statement of the Corporation under the Securities Act which covers any of the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits and all material

incorporated by reference or deemed to be incorporated by reference in such registration statement.

“Requisite Investor Shareholders” shall mean the KKR Shareholders and any other Shareholders who are Requisite Limited Partners and hold Registrable Securities.

“Requisite Limited Partners” shall have the meaning set forth in the Partnership Agreement.

“Rule 144” shall mean Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

“SEC” shall mean the Securities and Exchange Commission or any successor agency having jurisdiction under the Securities Act.

“Securities Act” shall mean the Securities Act of 1933, as amended, and any successor statute thereto and the rules and regulations of the SEC promulgated thereunder.

“Shareholders” shall have the meaning set forth in the Preamble.

“Shelf Underwritten Offering” shall have the meaning set forth in Section 4(c) hereof.

“Take-Down Notice” shall have the meaning set forth in Section 4(c) hereof.

“underwritten registration or underwritten offering” shall mean a registration in which securities of the Corporation are sold to an underwriter for reoffering to the public.

Section 2. Holders of Registrable Securities. A Person is deemed, and shall only be deemed, to be a holder of Registrable Securities if such Person owns Registrable Securities or has a right to acquire such Registrable Securities and such Person is a Shareholder.

Section 3. Demand Registrations.

(a) Requests for Registration. Subject to the following paragraphs of this Section 3(a), (i) the Requisite Investor Shareholders shall have the right, by delivering or causing to be delivered a written notice to the Corporation, to require the Corporation to register, pursuant to the terms of this Agreement, under and in accordance with the provisions of the Securities Act, the sale of a number of shares of Common Stock specified by such group of Requisite Investor Shareholders to be so issued and sold in the Initial Public Offering and (ii) following the Initial Public Offering, a Qualified Holder shall have the right, by delivering, directly or indirectly, a written notice to the Corporation, to require the Corporation to register and pursuant to the terms of this Agreement, under and in accordance with the provisions of the Securities Act, the number of Registrable Securities requested to be so registered pursuant to the terms of this Agreement (any such written notice, a “Demand Notice” and any such registration, a “Demand Registration”); provided, however, that a Demand Notice may only be made if the sale of the Registrable Securities requested to be registered by such Qualified Holder is reasonably expected to result in aggregate gross cash proceeds in excess of \$50,000,000 (without

regard to any underwriting discount or commission); provided, further that, unless the Requisite Investor Shareholders shall otherwise consent, the Corporation shall not be obligated to file a registration statement relating to any registration request under this Section 3(a) within a period of 180 days after the effective date of any other registration statement relating to any registration request under this Section 3(a) (except if the underwriters shall require a longer period, but in any event no more than 270 days). Following receipt of a Demand Notice for a Demand Registration in accordance with this Section 3(a), the Corporation shall use its reasonable best efforts to file a Registration Statement as promptly as practicable and shall use its reasonable best efforts to cause such Registration Statement to be declared effective under the Securities Act as promptly as practicable after the filing thereof.

No Demand Registration shall be deemed to have occurred for purposes of this Section 3 if the Registration Statement relating thereto (i) does not become effective, (ii) is not maintained effective for the period required pursuant to this Section 3, or (iii) the offering of the Registrable Securities pursuant to such Registration Statement is subject to a stop order, injunction, or similar order or requirement of the SEC during such period, in which case, such requesting holder of Registrable Securities shall be entitled to an additional Demand Registration in lieu thereof.

Within 10 days after receipt by the Corporation of a Demand Notice in accordance with this Section 3(a), the Corporation shall give written notice (the “Notice”) of such Demand Notice to all other holders of Registrable Securities and shall, subject to the provisions of Section 3(b) hereof, include in such registration all Registrable Securities with respect to which the Corporation received written requests for inclusion therein within 15 days after such Notice is given by the Corporation to such holders.

Notwithstanding anything to the contrary in this Agreement, unless otherwise consented to by the Requisite Investor Shareholders, in connection with a Demand Notice for an Initial Public Offering, the Corporation shall only be required to deliver any Notice or Piggyback Notice as provided in clause (i) of the second paragraph of Section 4.

All requests made pursuant to this Section 3 will specify the number of Registrable Securities to be registered and/or, in the case of an Initial Public Offering, the number of shares of Common Stock to be issued, and the intended methods of disposition thereof.

The Corporation shall be required to maintain the effectiveness of the Registration Statement with respect to any Demand Registration for a period of at least 180 days after the effective date thereof or such shorter period during which all Registrable Securities included in such Registration Statement have actually been sold; provided, however, that such period shall be extended for a period of time equal to the period the holder of Registrable Securities refrains from selling any securities included in such Registration Statement at the request of the Corporation or an underwriter of the Corporation pursuant to the provisions of this Agreement.

(b) Priority on Demand Registration. If any of the Registrable Securities registered pursuant to a Demand Registration are to be sold in a firm commitment underwritten offering, and the managing underwriter or underwriters advise the holders of such

securities in writing that in its view the total number or dollar amount of Registrable Securities proposed to be sold in such offering is such as to adversely affect the success of such offering (including, without limitation, securities proposed to be included by other holders of securities entitled to include securities in such Registration Statement pursuant to incidental or piggyback registration rights), then there shall be included in such firm commitment underwritten offering the number or dollar amount of Registrable Securities that in the opinion of such managing underwriter can be sold without adversely affecting such offering, and such number of Registrable Securities shall be allocated as follows, unless the underwriter requires a different allocation:

- (i) first, pro rata among the holders of Registrable Securities on the basis of the percentage of the Registrable Securities requested to be included in such Registration Statement by such holders; and
- (ii) second, the securities for which inclusion in such Demand Registration, as the case may be, was requested by the Corporation.

For purposes of any underwriter cutback, all Registrable Securities held by any Shareholder shall also include any Registrable Securities held by the partners, retired partners, shareholders or affiliates of such holder, or the estates and family members of any such holder or such partners and retired partners, any trusts for the benefit of any of the foregoing persons and, at the election of such holder or such partners, retired partners, trust or affiliates, any charitable organization, in each case to which any of the foregoing shall have been distributed, transferred or contributed Common Stock prior to the execution of the underwriting agreement in connection with such underwritten offering; provided that such distribution, transfer or contribution occurred not more than 90 days prior to such execution, and such holder and other persons shall be deemed to be a single selling holder, and any pro rata reduction (unless the managing underwriter requires a different allocation) with respect to such selling holder shall be based upon the aggregate amount of Common Stock owned by all entities and individuals included in such selling holder, as defined in this sentence. No securities excluded from the underwriting by reason of the underwriter's marketing limitation shall be included in such registration.

(c) Postponement of Demand Registration. The Corporation shall be entitled to postpone (but not more than once in any 12-month period), for a reasonable period of time not in excess of 60 days, the filing of a Registration Statement if the Corporation delivers to the holders requesting registration a certificate signed by both the president and chief financial officer of the Corporation certifying that, in the good faith judgment of the board of directors of the Corporation, such registration and offering would reasonably be expected to materially adversely affect or materially interfere with any bona fide material financing of the Corporation or any material transaction under consideration by the Corporation or would require disclosure of information that has not been disclosed to the public, the premature disclosure of which would materially adversely affect the Corporation. Such certificate shall contain a statement of the reasons for such postponement and an approximation of the anticipated delay. The holders receiving such certificate shall keep the information contained in such certificate confidential subject to the same terms set forth in Section 6(p). If the Corporation shall so postpone the filing of a Registration Statement, the Qualified Holder requesting such registration shall have the right

to withdraw the request for registration by giving written notice to the Corporation within 20 days of the anticipated termination date of the postponement period, as provided in the certificate delivered to the holders.

(d) Cancellation of a Demand Registration . Holders of a majority of the Registrable Securities which are to be registered in a particular offering pursuant to this Section 3 shall have the right to notify the Corporation that they have determined that the registration statement be abandoned or withdrawn, in which event the Corporation shall abandon or withdraw such registration statement.

(e) Number of Demand Notices . In connection with the provisions of this Section 3, (i) the Requisite Investor Shareholders shall have an unlimited number of Demand Notices which they are permitted to deliver (or cause to be delivered) to the Corporation hereunder, and (ii) the Goldman Shareholders shall be limited to two such Demand Notices, which are only exercisable commencing 180 days after the Initial Public Offering (or, if shorter, commencing following the termination of the lock-up period agreed to the underwriters following the Initial Public Offering as provided herein) and the Goldman Shareholders may only exercise one such Demand Notice in any 365-day period; provided, however, that the Requisite Investor Shareholders and the Goldman Shareholders shall lose such right to provide (or cause to be provided) a Demand Notice at such time as they (and their Permitted Transferees) cease to hold Registrable Securities with a value in excess of \$100,000,000.

(f) Registration Statement Form . If any registration requested pursuant to this Section 3 which is proposed by the Corporation to be effected by the filing of a Registration Statement on Form S-3 (or any successor or similar short-form registration statement) shall be in connection with an underwritten Public Offering, and if the managing underwriter shall advise the Corporation in writing that, in its opinion, the use of another form of Registration Statement is of material importance to the success of such proposed offering or is otherwise required by applicable law, then such registration shall be effected on such other form.

Section 4. Piggyback Registration .

(a) Right to Piggyback . Except with respect to a Demand Registration, the procedures for which are addressed in Section 3, if the Corporation proposes to file a registration statement under the Securities Act with respect to an offering of Common Stock whether or not for sale of its own account (other than a registration statement (i) on Form S-4, Form S-8 or any successor forms thereto or (ii) filed solely in connection with an exchange offer or any employee benefit or dividend reinvestment plan), then, each such time after the Initial Public Offering, the Corporation shall give prompt written notice of such proposed filing at least twenty (20) days before the anticipated filing date (the “Piggyback Notice”) to all of the holders of Registrable Securities. The Piggyback Notice shall offer such holders the opportunity to include (or cause to be included) in such registration statement the number of Registrable Securities as each such holder may request (a “Piggyback Registration”). Subject to Section 4(b) hereof, the Corporation shall include in each such Piggyback Registration all Registrable Securities with respect to which the Corporation has received written requests for inclusion therein within fifteen (15) days after notice has been given to the applicable holder. The eligible holders of Registrable Securities shall be permitted to withdraw all or part of the Registrable

Securities from a Piggyback Registration at any time at least two business days prior to the effective date of such Piggyback Registration. The Corporation shall not be required to maintain the effectiveness of the Registration Statement for a Piggyback Registration beyond the earlier to occur of (i) 180 days after the effective date thereof and (ii) consummation of the distribution by the holders of the Registrable Securities included in such Registration Statement.

Notwithstanding anything to the contrary in this Agreement, (i) in connection with a Demand Notice for an Initial Public Offering in which the Requisite Investor Shareholders are selling (or causing to be sold) shares of Common Stock beneficially owned by them in any such Initial Public Offering on a secondary basis, the Corporation shall be required to deliver a Piggyback Notice and in such event all such holders of Registrable Securities shall have the right to participate in such offering on a pro rata basis with the Requisite Investor Shareholders (it being understood that in connection with any IPO in which the Requisite Investor Shareholders are not selling (or causing to be sold) shares of Common Stock beneficially owned by them on a secondary basis, no such Piggyback Notice need be sent) and (ii) no member of senior management who has been provided with piggyback rights shall be permitted to exercise such rights unless the Requisite Investor Shareholders are selling Registrable Securities in such transaction.

(b) Priority on Piggyback Registrations. The Corporation shall use reasonable efforts to cause the managing underwriter or underwriters of a proposed underwritten offering to permit holders of Registrable Securities who have submitted a Piggyback Notice in connection with such offering to include in such offering all Registrable Securities included in each holder's Piggyback Notice on the same terms and conditions as any other shares of capital stock, if any, of the Corporation included in the offering. Notwithstanding the foregoing, if the managing underwriter or underwriters of such underwritten offering have informed the Corporation in writing that it is their good faith opinion that the total amount of securities that such holders, the Corporation and any other Persons having rights to participate in such registration, intend to include in such offering is such as to adversely affect the success of such offering, then the amount of securities to be offered (i) for the account of holders of Registrable Securities (other than the Corporation) and (ii) for the account of all such other Persons (other than the Corporation) shall be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount recommended by such managing underwriter or underwriters by first reducing, or eliminating if necessary, all securities of the Corporation requested to be included by such other Persons (other than the Corporation and holders of Registrable Securities) and then, if necessary, reducing the securities requested to be included by the holders of Registrable Securities requesting such registration pro rata among such holders on the basis of the percentage of the Registrable Securities requested to be included in such Registration Statement by such holders.

(c) Shelf-Take Downs. At any time that a shelf registration statement covering Registrable Securities pursuant to Section 3 or Section 4 is effective, if any holder or group of holders of Registrable Securities delivers a notice to the Corporation (a "Take-Down Notice") stating that it intends to effect an underwritten offering of all or part of its Registrable Securities included by it on the shelf registration statement (a "Shelf Underwritten Offering"), then, provided that the Coordination Committee approves of such Shelf Underwritten Offering, the Corporation shall amend or supplement the shelf registration statement as may be necessary

in order to enable such Registrable Securities to be distributed pursuant to the Shelf Underwritten Offering (taking into account the inclusion of Registrable Securities by any other holders pursuant to this Section 4(c)). In connection with any Shelf Underwritten Offering:

(i) such proposing holder(s) shall also deliver the Take-Down Notice to all other holders included on such shelf registration statement and permit each holder to include its Registrable Securities included on the shelf registration statement in the Shelf Underwritten Offering if such holder notifies the proposing holders and the Corporation within five business days after delivery of the Take-Down Notice to such holder; and

(ii) in the event that the underwriter determines that marketing factors (including an adverse effect on the per share offering price) require a limitation on the number of shares which would otherwise be included in such take down, the underwriter may limit the number of shares which would otherwise be included in such take-down offering in the same manner as described in Section 3(b) with respect to a limitation of shares to be included in a registration.

Section 5. **Restrictions on Public Sale by Holders of Registrable Securities.** Each Shareholder agrees, in connection with the Initial Public Offering, and each holder of Registrable Securities agrees, in connection with any underwritten offering made pursuant to a Registration Statement filed pursuant to Section 3 or Section 4 hereof (whether or not such holder elected to include Registrable Securities in such Registration Statement), if requested (pursuant to a written notice) by the managing underwriter or underwriters in an underwritten offering, not to effect any public sale or distribution of any of the Corporation's securities (except as part of such underwritten offering), including a sale pursuant to Rule 144 or any swap or other economic arrangement that transfers to another any of the economic consequences of owning the Common Stock, or to give any Demand Notice during the period commencing on the date of the request (which shall be no earlier than 14 days prior to the expected "pricing" of such offering) and continuing for not more than 180 days (with respect to the Initial Public Offering) or 90 days after the date of the Prospectus (or Prospectus supplement if the offering is made pursuant to a "shelf" registration), pursuant to which such public offering shall be made, plus an extension period, which shall be no longer than 17 days, as may be proposed by the managing underwriter to address NASD regulations regarding the publishing of research, or such lesser period as is required by the managing underwriter. The Coordination Committee shall be responsible for negotiating all "lock-up" agreements with the underwriters and, in addition to the foregoing provisions of this Section 5, the Shareholders and holders of Registrable Securities agree to execute the form so negotiated.

If any registration pursuant to Section 3 of this Agreement shall be in connection with any underwritten Public Offering, the Corporation will not effect any public sale or distribution of any common equity (or securities convertible into or exchangeable or exercisable for common equity) (other than a registration statement (i) on Form S-4, Form S-8 or any successor forms thereto or (ii) filed solely in connection with an exchange offer or any employee benefit or dividend reinvestment plan) for its own account, within 90 days (or such shorter periods as the managing underwriters may agree to with the Coordination Committee) after the effective date of such registration.

Section 6. Registration Procedures. If and whenever the Corporation is required to use its reasonable best efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Section 3 and Section 4 hereof, the Corporation shall effect such registration to permit the sale of such Registrable Securities in accordance with the intended method or methods of disposition thereof, and pursuant thereto the Corporation shall cooperate in the sale of the securities and shall, as expeditiously as possible:

(a) prepare and file with the SEC a Registration Statement or Registration Statements on such form as shall be available for the sale of the Registrable Securities by the holders thereof or by the Corporation in accordance with the intended method or methods of distribution thereof, and use its reasonable best efforts to cause such Registration Statement to become effective and to remain effective as provided herein; provided, however, that before filing a Registration Statement or Prospectus or any amendments or supplements thereto (including documents that would be incorporated or deemed to be incorporated therein by reference), the Corporation shall furnish or otherwise make available to the holders of the Registrable Securities covered by such Registration Statement, their counsel and the managing underwriters, if any, copies of all such documents proposed to be filed, which documents will be subject to the reasonable review and comment of such counsel, and such other documents reasonably requested by such counsel, including any comment letter from the SEC, and, if requested by such counsel, provide such counsel reasonable opportunity to participate in the preparation of such Registration Statement and each Prospectus included therein and such other opportunities to conduct a reasonable investigation within the meaning of the Securities Act, including reasonable access to the Corporation's books and records, officers, accountants and other advisors. The Corporation shall not file any such Registration Statement or Prospectus or any amendments or supplements thereto (including such documents that, upon filing, would be incorporated or deemed to be incorporated by reference therein) with respect to a Demand Registration to which the holders of a majority of the Registrable Securities covered by such Registration Statement, their counsel, or the managing underwriters, if any, shall reasonably object, in writing, on a timely basis, unless, in the opinion of the Corporation, such filing is necessary to comply with applicable law;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement continuously effective during the period provided herein and comply in all material respects with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement; and cause the related Prospectus to be supplemented by any Prospectus supplement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of the securities covered by such Registration Statement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) under the Securities Act;

(c) notify each selling holder of Registrable Securities, its counsel and the managing underwriters, if any, promptly, and (if requested by any such Person) confirm such notice in writing, (i) when a Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to a Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the SEC or any other federal or state governmental authority for amendments or supplements to a Registration Statement or related Prospectus or for additional information, (iii) of the issuance by the SEC of any stop order suspending the effectiveness of a Registration

Statement or the initiation of any proceedings for that purpose, (iv) if at any time the Corporation has reason to believe that the representations and warranties of the Corporation contained in any agreement (including any underwriting agreement) contemplated by Section 6(o) below cease to be true and correct, (v) of the receipt by the Corporation of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose, and (vi) if the Corporation has knowledge of the happening of any event that makes any statement made in such Registration Statement or related Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in such Registration Statement, Prospectus or documents so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, not misleading, and that in the case of the Prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading (which notice shall notify the selling holders only of the occurrence of such an event and shall provide no additional information regarding such event to the extent such information would constitute material non-public information);

(d) use its reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement, or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction at the earliest date reasonably practical;

(e) if requested by the managing underwriters, if any, or the holders of a majority of the then outstanding Registrable Securities being sold in connection with an underwritten offering, promptly include in a Prospectus supplement or post-effective amendment such information as the managing underwriters, if any, and such holders may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such Prospectus supplement or such post-effective amendment as soon as practicable after the Corporation has received such request; provided, however, that the Corporation shall not be required to take any actions under this Section 6(e) that are not, in the opinion of counsel for the Corporation, in compliance with applicable law;

(f) furnish or make available to each selling holder of Registrable Securities, its counsel and each managing underwriter, if any, without charge, at least one conformed copy of the Registration Statement, the Prospectus and Prospectus supplements, if applicable, and each post-effective amendment thereto, including financial statements (but excluding schedules, all documents incorporated or deemed to be incorporated therein by reference, and all exhibits, unless requested in writing by such holder, counsel or underwriter);

(g) deliver to each selling holder of Registrable Securities, its counsel, and the underwriters, if any, without charge, as many copies of the Prospectus or Prospectuses (including each form of Prospectus) and each amendment or supplement thereto as such Persons may reasonably request from time to time in connection with the distribution of the Registrable

Securities; and the Corporation, subject to the last paragraph of this Section 6, hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling holders of Registrable Securities and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any such amendment or supplement thereto;

(h) prior to any public offering of Registrable Securities, use its reasonable best efforts to register or qualify or cooperate with the selling holders of Registrable Securities, the underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or "Blue Sky" laws of such jurisdictions within the United States as any seller or underwriter reasonably requests in writing and to keep each such registration or qualification (or exemption therefrom) effective during the period such Registration Statement is required to be kept effective and to take any other action that may be necessary or advisable to enable such holders of Registrable Securities to consummate the disposition of such Registrable Securities in such jurisdiction; provided, however, that the Corporation will not be required to (i) qualify generally to do business in any jurisdiction where it is not then so qualified or (ii) take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject;

(i) cooperate with the selling holders of Registrable Securities and the managing underwriters, if any, to facilitate the timely preparation and delivery of certificates (not bearing any legends) representing Registrable Securities to be sold after receiving written representations from each holder of such Registrable Securities that the Registrable Securities represented by the certificates so delivered by such holder will be transferred in accordance with the Registration Statement, and enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriters, if any, or holders may request at least two (2) business days prior to any sale of Registrable Securities in a firm commitment public offering, but in any other such sale, within ten (10) business days prior to having to issue the securities;

(j) use its reasonable best efforts to cause the Registrable Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities within the United States, except as may be required solely as a consequence of the nature of such selling holder's business, in which case the Corporation will cooperate in all reasonable respects with the filing of such Registration Statement and the granting of such approvals, as may be necessary to enable the seller or sellers thereof or the underwriters, if any, to consummate the disposition of such Registrable Securities;

(k) upon the occurrence of, and its knowledge of, any event contemplated by Section 6(c)(vi) above, prepare a supplement or post-effective amendment to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder, such Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(l) prior to the effective date of the Registration Statement relating to the Registrable Securities, provide a CUSIP number for the Registrable Securities;

(m) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such Registration Statement from and after a date not later than the effective date of such Registration Statement;

(n) use its reasonable best efforts to cause all shares of Registrable Securities covered by such Registration Statement to be listed on a national securities exchange if shares of the particular class of Registrable Securities are at that time listed on such exchange, as the case may be, prior to the effectiveness of such Registration Statement (or, if such Registration is an initial public offering, use its best efforts to cause such Registrable Securities to be so listed within ten (10) business days following the effectiveness of such Registration Statement);

(o) Enter into such agreements (including an underwriting agreement in form, scope and substance as is customary in underwritten offerings) and take all such other actions reasonably requested by the holders of a majority of the Registrable Securities being sold in connection therewith (including those reasonably requested by the managing underwriters, if any) to expedite or facilitate the disposition of such Registrable Securities, and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration, (i) make such representations and warranties to the holders of such Registrable Securities and the underwriters, if any, with respect to the business of the Corporation and its subsidiaries, and the Registration Statement, Prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings, and, if true, confirm the same if and when requested, (ii) use its reasonable best efforts to furnish to the selling holders of such Registrable Securities opinions of counsel to the Corporation and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, and counsels to the selling holders of the Registrable Securities), addressed to each selling holder of Registrable Securities and each of the underwriters, if any, covering the matters customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by such counsel and underwriters, (iii) use its reasonable best efforts to obtain "cold comfort" letters and updates thereof from the independent certified public accountants of the Corporation (and, if necessary, any other independent certified public accountants of any subsidiary of the Corporation or of any business acquired by the Corporation for which financial statements and financial data are, or are required to be, included in the Registration Statement) who have certified the financial statements included in such Registration Statement, addressed to each selling holder of Registrable Securities (unless such accountants shall be prohibited from so addressing such letters by applicable standards of the accounting profession) and each of the underwriters, if any, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings, (iv) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures substantially to the effect set forth in Section 8 hereof with respect to all parties to be indemnified pursuant to said Section except as otherwise agreed by the Requisite Investor Shareholders and (v) deliver such documents and certificates as may be reasonably requested by

the holders of a majority of the Registrable Securities being sold pursuant to such Registration Statement, their counsel and the managing underwriters, if any, to evidence the continued validity of the representations and warranties made pursuant to Section 6(o)(i) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Corporation. The above shall be done at each closing under such underwriting or similar agreement, or as and to the extent required thereunder;

(p) make available for inspection by a representative of the selling holders of Registrable Securities, any underwriter participating in any such disposition of Registrable Securities, if any, and any attorneys or accountants retained by such selling holders or underwriter, at the offices where normally kept, during reasonable business hours, all financial and other records, pertinent corporate documents and properties of the Corporation and its subsidiaries, and cause the officers, directors and employees of the Corporation and its subsidiaries to supply all information in each case reasonably requested by any such representative, underwriter, attorney or accountant in connection with such Registration Statement; provided, however, that any information that is not generally publicly available at the time of delivery of such information shall be kept confidential by such Persons unless (i) disclosure of such information is required by court or administrative order, (ii) disclosure of such information, in the opinion of counsel to such Person, is required by law or applicable legal process, or (iii) such information becomes generally available to the public other than as a result of a disclosure or failure to safeguard by such Person. In the case of a proposed disclosure pursuant to (i) or (ii) above, such Person shall be required to give the Corporation written notice of the proposed disclosure prior to such disclosure and, if requested by the Corporation, assist the Corporation in seeking to prevent or limit the proposed disclosure. Without limiting the foregoing, no such information shall be used by such Person as the basis for any market transactions in securities of the Corporation or its subsidiaries in violation of law;

(q) cause its officers to use their reasonable best efforts to support the marketing of the Registrable Securities covered by the Registration Statement (including, without limitation, participation in “road shows”) taking into account the Corporation’s business needs; and

(r) cooperate with each seller of Registrable Securities and each underwriter or agent participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the NASD.

The Corporation may require each holder of Registrable Securities as to which any registration is being effected to furnish to the Corporation in writing such information required in connection with such registration regarding such seller and the distribution of such Registrable Securities as the Corporation may, from time to time, reasonably request in writing and the Corporation may exclude from such registration the Registrable Securities of any holder who unreasonably fails to furnish such information within a reasonable time after receiving such request.

Each holder of Registrable Securities agrees if such holder has Registrable Securities covered by such Registration Statement that, upon receipt of any notice from the Corporation of the happening of any event of the kind described in Section 6(c)(ii), 6(c)(iii),

6(c)(iv) or 6(c)(v) hereof, such holder will forthwith discontinue disposition of such Registrable Securities covered by such Registration Statement or Prospectus until such holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 6 (k) hereof, or until it is advised in writing by the Corporation that the use of the applicable Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus; provided, however, that the time periods under Section 3 with respect to the length of time that the effectiveness of a Registration Statement must be maintained shall automatically be extended by the amount of time the holder is required to discontinue disposition of such securities.

Section 7. Registration Expenses. All reasonable fees and expenses incident to the performance of or compliance with this Agreement by the Corporation (including, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with the National Association of Securities Dealers, Inc. and (B) of compliance with securities or Blue Sky laws, including, without limitation, any fees and disbursements of counsel for the underwriters in connection with Blue Sky qualifications of the Registrable Securities pursuant to Section 6(h)), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities in a form eligible for deposit with The Depository Trust Company and of printing Prospectuses if the printing of Prospectuses is requested by the managing underwriters, if any, or by the holders of a majority of the Registrable Securities included in any Registration Statement), (iii) messenger, telephone and delivery expenses of the Corporation, (iv) fees and disbursements of counsel for the Corporation, (v) expenses of the Corporation incurred in connection with any road show, (vi) fees and disbursements of all independent certified public accountants referred to in Section 6(o)(iii) hereof (including, without limitation, the expenses of any "cold comfort" letters required by this Agreement) and any other persons, including special experts retained by the Corporation, and (vii) fees and disbursements of one counsel for the Qualified Holders and the holders of Registrable Securities whose shares are included in a Registration Statement, which counsel shall be selected by the Requisite Investor Shareholders if such Registration Statement is pursuant to a Demand Registration (or if the Demand Registration is made by the Goldman Shareholders, the Goldman Shareholders) and otherwise by the holders of a majority of the Registrable Securities included in such Registration Statement) shall be borne by the Corporation whether or not any Registration Statement is filed or becomes effective. In addition, the Corporation shall pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit, the fees and expenses incurred in connection with the listing of the securities to be registered on any securities exchange on which similar securities issued by the Corporation are then listed and rating agency fees and the fees and expenses of any Person, including special experts, retained by the Corporation.

The Corporation shall not be required to pay (i) fees and disbursements of any counsel retained by any holder of Registrable Securities or by any underwriter (except as set forth in clauses 7(i)(B) and 7(vii)), (ii) any underwriter's fees (including discounts, commissions or fees of underwriters, selling brokers, dealer managers or similar securities industry professionals) relating to the distribution of the Registrable Securities (other than with respect to Registrable Securities sold by the Corporation), or (iii) any other expenses of the holders of

Registrable Securities not specifically required to be paid by the Corporation pursuant to the first paragraph of this Section 7.

Section 8. Indemnification.

(a) Indemnification by the Corporation. The Corporation shall, without limitation as to time, indemnify and hold harmless, to the fullest extent permitted by law, each holder of Registrable Securities whose Registrable Securities are covered by a Registration Statement or Prospectus, the officers, directors, partners, members, managers, shareholders, accountants, attorneys, agents and employees of each of them, each Person who controls each such holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, partners, members, managers, shareholders, accountants, attorneys, agents and employees of each such controlling person, each underwriter, if any, and each Person who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) such underwriter, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, costs of preparation and reasonable attorneys' fees and any legal or other fees or expenses incurred by such party in connection with any investigation or Proceeding), expenses, judgments, fines, penalties, charges and amounts paid in settlement (collectively, "Losses"), as incurred, arising out of or based upon any untrue statement (or alleged untrue statement) of a material fact contained in any Prospectus, offering circular, or other document (including any related Registration Statement, notification, or the like) incident to any such registration, qualification, or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Corporation of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation thereunder applicable to the Corporation and (without limitation of the preceding portions of this Section 8(a)) will reimburse each such holder, each of its officers, directors, partners, members, managers, shareholders, accountants, attorneys, agents and employees and each Person who controls each such holder and the officers, directors, partners, members, managers, shareholders, accountants, attorneys, agents and employees of each such controlling person, each such underwriter, and each person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, loss, damage, liability, or action, provided that the Corporation will not be liable in any such case to the extent that any such claim, loss, damage, liability, or expense arises out of or is based on any untrue statement or omission by such holder or underwriter, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such Registration Statement, Prospectus, offering circular, or other document in reliance upon and in conformity with written information furnished to the Corporation by such holder for use therein. It is agreed that the indemnity agreement contained in this Section 8(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of the Corporation (which consent shall not be unreasonably withheld).

(b) Indemnification by Holder of Registrable Securities. The Corporation may require, as a condition to including any Registrable Securities in any registration statement filed in accordance with this Agreement, that the Corporation shall have received an undertaking reasonably satisfactory to it from the prospective seller of such

Registrable Securities to indemnify, to the fullest extent permitted by law, severally and not jointly with any other holders of Registrable Securities, the Corporation, its directors and officers and each Person who controls the Corporation (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) and all other prospective sellers, from and against all Losses arising out of or based on any untrue statement of a material fact contained in any such Registration Statement, Prospectus, offering circular, or other document, or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will (without limitation of the portions of this Section 8(b)) reimburse the Corporation, its directors and officers and each Person who controls the Corporation (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) and all other prospective sellers for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability, or action, in each case to the extent, but only to the extent, that such untrue statement or omission is made in such Registration Statement, Prospectus, offering circular, or other document in reliance upon and in conformity with written information furnished to the Corporation by such holder for inclusion in such Registration Statement, Prospectus, offering circular or other document; provided, however, that the obligations of such holder hereunder shall not apply to amounts paid in settlement of any such claims, losses, damages, or liabilities (or actions in respect thereof) if such settlement is effected without the consent of such holder (which consent shall not be unreasonably withheld); and provided, further, that the liability of such holder of Registrable Securities shall be limited to the net proceeds received by such selling holder from the sale of Registrable Securities covered by such Registration Statement.

(c) Conduct of Indemnification Proceedings. If any Person shall be entitled to indemnity hereunder (an “Indemnified Party”), such Indemnified Party shall give prompt notice to the party from which such indemnity is sought (the “Indemnifying Party”) of any claim or of the commencement of any Proceeding with respect to which such Indemnified Party seeks indemnification or contribution pursuant hereto; provided, however, that the delay or failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party from any obligation or liability except to the extent that the Indemnifying Party has been materially prejudiced by such delay or failure. The Indemnifying Party shall have the right, exercisable by giving written notice to an Indemnified Party promptly after the receipt of written notice from such Indemnified Party of such claim or Proceeding, to, unless in the Indemnified Party’s reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, assume, at the Indemnifying Party’s expense, the defense of any such claim or Proceeding, with counsel reasonably satisfactory to such Indemnified Party; provided, however, that an Indemnified Party shall have the right to employ separate counsel in any such claim or Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless: (i) the Indemnifying Party agrees to pay such fees and expenses; or (ii) the Indemnifying Party fails promptly to assume, or in the event of a conflict of interest cannot assume, the defense of such claim or Proceeding or fails to employ counsel reasonably satisfactory to such Indemnified Party, in which case the Indemnified Party shall have the right to employ separate counsel and to assume the defense of such claim or proceeding at the Indemnifying Party’s expense; provided, further, however, that the Indemnifying Party shall not, in connection with any one such claim or Proceeding or separate but substantially similar or related claims or Proceedings in the same jurisdiction, arising out of the same general allegations or circumstances, be liable for the fees

and expenses of more than one firm of attorneys (together with appropriate local counsel) at any time for all of the Indemnified Parties, or for fees and expenses that are not reasonable. Whether or not such defense is assumed by the Indemnifying Party, such Indemnifying Party will not be subject to any liability for any settlement made without its consent (but such consent will not be unreasonably withheld). The Indemnifying Party shall not consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release, in form and substance reasonably satisfactory to the Indemnified Party, from all liability in respect of such claim or litigation for which such Indemnified Party would be entitled to indemnification hereunder.

(d) Contribution. If the indemnification provided for in this Section 8 is unavailable to an Indemnified Party in respect of any Losses (other than in accordance with its terms), then each applicable Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party, on the one hand, and such Indemnified Party, on the other hand, in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party, on the one hand, and Indemnified Party, on the other hand, shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made (or omitted) by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent any such action, statement or omission.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 8(d), an Indemnifying Party that is a selling holder of Registrable Securities shall not be required to contribute any amount in excess of the amount that such Indemnifying Party has otherwise been, or would otherwise be, required to pay pursuant to Section 8(b) by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

Section 9. Rule 144.

(a) After an Initial Public Offering, the Corporation shall (i) file the reports required to be filed by it under the Securities Act and the Exchange Act in a timely manner, (ii) take such further action as any holder of Registrable Securities may reasonably request, and (iii) furnish to each holder of Registrable Securities forthwith upon written request,

(x) a written statement by the Corporation as to its compliance with the reporting requirements of Rule 144, the Securities Act and the Exchange Act, (y) a copy of the most recent annual or quarterly report of the Corporation, and (z) such other reports and documents so filed by the Corporation as such holder may reasonably request in availing itself of Rule 144, all to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitations of the exemption provided by Rule 144. Upon the request of any holder of Registrable Securities, the Corporation shall deliver to such holder a written statement as to whether it has complied with such requirements.

(b) The foregoing provisions of this Section 9 are not intended to modify or otherwise affect any restrictions on transfers of securities contained in the Partnership Agreement.

Section 10. Underwritten Registrations. If any Demand Registration is an underwritten offering, the Coordination Committee (or, in the event of a Demand Registration at the request of the Goldman Shareholders, the Goldman Shareholders) shall have the right to select the investment banker or investment bankers and managers to administer the offering, subject to approval by the Corporation, not to be unreasonably withheld. The Corporation shall have the right to select the investment banker or investment bankers and managers to administer any Piggyback Registration.

No Person may participate in any underwritten registration hereunder unless such Person (i) agrees to sell the Registrable Securities it desires to have covered by the Demand Registration on the basis provided in any underwriting arrangements in customary form and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements, provided that such Person shall not be required to make any representations or warranties other than those related to title and ownership of such Person's shares and as to the accuracy and completeness of statements made in a Registration Statement, Prospectus, offering circular, or other document in reliance upon and in conformity with written information furnished to the Corporation or the managing underwriter by such Person for use therein.

Section 11. Miscellaneous.

(a) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given without the written consent of the Requisite Investor Shareholders; provided, however, that (x) any amendment, modification, supplement, waiver or consent to departures from the provisions of this Agreement that would subject a Shareholder to adverse differential treatment relative to the other Shareholders shall require the agreement of the differentially treated Shareholder and (y) any amendment, modification, supplement, waiver or consent to departures from the provisions of this Agreement that would be adverse to a right specifically granted to a specific Shareholder herein (but not to other Shareholders) shall require the agreement of that Shareholder; and provided, further, that any adverse amendment, modification, supplement or waiver or consent to departures from (i) the piggyback or similar registration rights provisions or related cutback provisions contained in Sections 3(a), Section 3(b), Section 4(a) and Section 4(b), respectively,

(ii) Section 9, (iii) this Section 11(a), (iv) Section 11(c) and (v) Section 11(l), including, in each such case, to any definitions used in such sections, shall require the consent of holders holding two-thirds of the Registrable Securities covered hereby (excluding for such calculation, any Registrable Securities held by the Requisite Investor Shareholders). Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of holders of Registrable Securities whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other holders of Registrable Securities may be given by holders of at least a majority of the Registrable Securities being sold by such holders pursuant to such Registration Statement.

(b) Notices. All notices required to be given hereunder shall be in writing and shall be deemed to be duly given if personally delivered, telecopied and confirmed, or mailed by certified mail, return receipt requested, or overnight delivery service with proof of receipt maintained, at the following address (or any other address that any such party may designate by written notice to the other parties):

If to the Corporation, to the address of its principal executive offices. If to any Shareholder, at such Shareholder's address as set forth on the records of the Corporation. Any such notice shall, if delivered personally, be deemed received upon delivery; shall, if delivered by telecopy, be deemed received on the first business day following confirmation; shall, if delivered by overnight delivery service, be deemed received the first business day after being sent; and shall, if delivered by mail, be deemed received upon the earlier of actual receipt thereof or five business days after the date of deposit in the United States mail.

(c) Successors and Assigns ; Management Shareholders; Shareholder Status. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties, including the Corporation and subsequent holders of Registrable Securities acquired, directly or indirectly, from the Shareholders; provided, however, that such successor or assign shall not be entitled to such rights unless the successor or assign shall have executed and delivered to the Corporation an Addendum Agreement substantially in the form of Exhibit A hereto (which shall also be executed by the Corporation (which the Partnership shall cause the Corporation to execute) and if the Corporation is not the Partnership, the Partnership)) promptly following the acquisition of such Registrable Securities, in which event such successor or assign shall be deemed a Shareholder for purposes of this Agreement. Except as provided in Section 8 with respect to an Indemnified Party, nothing expressed or mentioned in this Agreement is intended or shall be construed to give any Person other than the parties hereto and their respective successors and permitted assigns any legal or equitable right, remedy or claim under, in or in respect of this Agreement or any provision herein contained.

(d) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(e) Headings. The section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(f) Governing Law. The provisions of this Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

(g) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(h) Entire Agreement. This Agreement and the Partnership Agreement are intended by the parties as a final expression of their agreement, and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein, with respect to the registration rights granted by the Corporation with respect to Registrable Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

(i) Securities Held by the Corporation or its subsidiaries. Whenever the consent or approval of holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Corporation or its subsidiaries shall not be counted in determining whether such consent or approval was given by the holders of such required percentage.

(j) Specific Performance. The parties hereto recognize and agree that money damages may be insufficient to compensate the holders of any Registrable Securities for breaches by the Corporation of the terms hereof and, consequently, that the equitable remedy of specific performance of the terms hereof will be available in the event of any such breach.

(k) Actions by Holdings; Actions by the Partnership. Holdings agrees to take, or cause to be taken, such actions as are necessary to effectuate the rights of Shareholders hereunder, including making requests and elections at the requests of members of Holdings in respect of Registrable Securities held directly by Holdings. Similarly, if the Partnership shall be the holder of Registrable Securities, the Partnership agrees to take, or cause to be taken, such actions as are necessary to effectuate the rights of the Shareholders with respect to such Registrable Securities hereunder, including (i) making requests and elections at the requests of the limited partners of the Partnership in respect of the Registrable Securities held directly or indirectly by the Partnership, (ii) providing all notices to the limited partners of the Partnership in respect of the Registrable Securities held directly or indirectly by the Partnership that are provided to the Partnership in respect of such Registrable Securities in order to enable such limited partners to effectuate the rights provided for herein to holders of Registrable Securities if such limited partners were the direct holders of the Registrable Securities and (iii) passing on all rights provided for herein with respect to Registrable Securities to its limited

partners, in each case, solely to the extent such limited partners of the Partnership would have such rights if they were the holders of such Registrable Securities. In the event the Partnership is causing such Registrable Securities to be sold on behalf of one or more than one limited partner and the amount of such Registrable Securities to be sold is the subject of any required cutback as provided herein, the cutback shall be calculated based on the amount of the Registrable Securities allocable to each such limited partner of the Partnership so selling or causing to be sold Registrable Securities (as if such limited partner was selling such securities directly as provided hereunder).

(l) Term. This Agreement shall terminate with respect to a Shareholder at the earlier of (i) the date on which such Shareholder withdraws from the Partnership Agreement (or as a member of any limited partner a party thereto) in accordance with the terms of such agreement and (ii) the date on which such Shareholder ceases to own Registrable Securities; provided, that, such Shareholder's rights and obligations pursuant to Section 8, as well as the Corporation's obligations to pay expenses pursuant to Section 7, shall survive with respect to any registration statement in which any Registrable Securities of such Shareholders were included and, for the avoidance of doubt, any underwriter lock-up that a Shareholder has executed prior to a Shareholder's termination in accordance with this clause shall remain in effect in accordance with its terms.

(m) Consent to Jurisdiction. The parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the courts of the State of New York and the federal courts of the United States of America located in New York, and appropriate appellate courts therefrom, over any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby, and each party hereby irrevocably agrees that all claims in respect of such dispute or proceeding may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. This consent to jurisdiction is being given solely for purposes of this Agreement and is not intended to, and shall not, confer consent to jurisdiction with respect to any other dispute in which a party to this Agreement may become involved.

Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action, or proceeding of the nature specified in the paragraph above by the mailing of a copy thereof in the manner specified by the provisions of subsection (b) of this Section 11.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Registration Rights Agreement to be duly executed as of the date first above written.

BUCK HOLDINGS, L.P.

By: Buck Holdings, LLC, its general partner

By: /s/ Raj Agrawal

Name: Raj Agrawal

Title: Vice President

BUCK HOLDINGS, LLC

By: /s/ Raj Agrawal

Name: Raj Agrawal

Title: Vice President

KKR 2006 FUND L.P.

By: KKR Associates 2006 L.P.,
its general partner

By: KKR 2006 GP LLC, the general partner of
KKR Associates 2006 L.P.

By: /s/ William Janetschek
Name: William Janetschek
Title: Member

KKR PEI INVESTMENTS, L.P.

By: KKR PEI Associates, L.P.,
its general partner

By: KKR PEI GP Limited, the general partner of
KKR PEI Associates, L.P.

By: /s/ William Janetschek
Name: William Janetschek
Title: Director

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KKR PARTNERS III, L.P.

By: KKR III GP LLC,
its general partner

By: /s/ William J. Janetschek
Name: William J. Janetschek
Title: Authorized Signatory

Buck Holdings Co-Invest, LP

By: Buck Holdings Co-Invest GP, LLC, its general partner

By: KKR Associates 2006 L.P., its sole member

By: KKR 2006 GP LLC, its general partner

By: /s/ William Janetschek
Name: William Janetschek
Title: Member

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GS CAPITAL PARTNERS VI PARALLEL, L.P.

By: GS ADVISORS VI, L.L.C.
its General Partner

By: /s/ John E. Bowman
Name: John E. Bowman
Title: Managing Director

GS CAPITAL PARTNERS VI GMBH & CO. KG

By: GS ADVISORS VI, L.L.C.
its Managing Limited Partner

By: /s/ John E. Bowman
Name: John E. Bowman
Title: Managing Director

GS CAPITAL PARTNERS VI FUND, L.P.

By: GSCP VI ADVISORS, L.L.C.
its General Partner

By: /s/ John E. Bowman
Name: John E. Bowman
Title: Managing Director

GS CAPITAL PARTNERS VI OFFSHORE FUND, L.P.

By: GSCP VI OFFSHORE ADVISORS, L.L.C.
its General Partner

By: /s/ John E. Bowman
Name: John E. Bowman
Title: Managing Director

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GOLDMAN SACHS DGC INVESTORS, L.P.

By: GS DGC Advisors, L.L.C.
its General Partner

By: /s/ Katherine B. Enquist
Name: Katherine B. Enquist
Title: Vice President

**GOLDMAN SACHS DGC INVESTORS OFFSHORE
HOLDINGS, L.P.**

By: GS DGC OFFSHORE ADVISORS, INC.
its General Partner

By: /s/ Katherine B. Enquist
Name: Katherine B. Enquist
Title: Vice President

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GSUIG, L.L.C.

By: /s/ Kevin Jordan
Name: Kevin Jordan
Title: Attorney in Fact

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**CITIGROUP CAPITAL PARTNERS II
EMPLOYEE MASTER FUND, L.P.**

By: Citigroup Private Equity LP,
its general partner

By: /s/ Ranesh Ramanathan
Name: Ranesh Ramanathan
Title: Secretary

**CITIGROUP CAPITAL PARTNERS II 2007
CITIGROUP INVESTMENT, L.P.**

By: Citigroup Private Equity LP,
its general partner

By: /s/ Ranesh Ramanathan
Name: Ranesh Ramanathan
Title: Secretary

**CITIGROUP CAPITAL PARTNERS II
ONSHORE, L.P.**

By: Citigroup Private Equity LP,
its general partner

By: /s/ Ranesh Ramanathan
Name: Ranesh Ramanathan
Title: Secretary

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**CITIGROUP CAPITAL PARTNERS II
CAYMAN HOLDINGS, L.P.**

By: Citigroup Private Equity LP,
its general partner

By: /s/ Ranesh Ramanathan
Name: Ranesh Ramanathan
Title: Secretary

**CPE CO-INVESTMENT (DOLLAR
GENERAL) LLC**

By: Citigroup Private Equity LP,
its managing member

By: /s/ Ranesh Ramanathan
Name: Ranesh Ramanathan
Title: Secretary

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CPP INVESTMENT BOARD (USRE II) INC.

By: /s/ Andre Bourbonnais
Name: Andre Bourbonnais
Title: Authorized Signatory

By: /s/ Mark Wiseman
Name: Mark Wiseman
Title: Authorized Signatory

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CXBUCK HOLDINGS LP

By: Caxton GP Holdings LLC, its general partner

By: /s/ John G. Forbes, Jr.

Name: John G. Forbes, Jr.

Title: CFO, Caxton Associates, L.L.C., Managing Member

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MAVERICK DG USA, L.P.

By: Maverick DG GP, LLC, its general partner

By: /s/ John T. McCafferty

Name: John T. McCafferty

Title: Authorized Representative

MAVERICK DG LDC, L.P.

By: Maverick DG-GP, Ltd., its general partner

By: /s/ John T. McCafferty

Name: John T. McCafferty

Title: Authorized Representative

MAVERICK DG II, L.P.

By: Maverick DG-GP II, Ltd., its general partner

By: /s/ John T. McCafferty

Name: John T. McCafferty

Title: Authorized Representative

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BUCK CO-INVESTOR I, LLC

Vanguard Windsor Funds, as manager

By: Wellington Management Company, LLP,
as investment advisor

By: /s/ Steven M. Hoffman
Name: Steven M. Hoffman
Title: Vice President and Counsel

BUCK CO-INVESTOR II, LLC

Vanguard Capital Value Fund, as manager

By: Wellington Management Company, LLP,
as investment advisor

By: /s/ Steven M. Hoffman
Name: Steven M. Hoffman
Title: Vice President and Counsel

BUCK CO-INVESTOR III, LLC

The Hartford Capital Appreciation Fund, as
manager

By: Wellington Management Company, LLP,
as investment advisor

By: /s/ Steven M. Hoffman
Name: Steven M. Hoffman
Title: Vice President and Counsel

[Registration Rights Agreement Signature Page]

BUCK CO-INVESTOR IV, LLC

Hartford Capital Appreciation HLS Fund, as
manager

By: Wellington Management Company, LLP,
as investment advisor

By: /s/ Steven M. Hoffman
Name: Steven M. Hoffman
Title: Vice President and Counsel

BUCK CO-INVESTOR V, LLC

Hartford Stock HLS Fund, as manager

By: Wellington Management Company, LLP,
as investment advisor

By: /s/ Steven M. Hoffman
Name: Steven M. Hoffman
Title: Vice President and Counsel

BUCK CO-INVESTOR VI, LLC

The Hartford Stock Fund, as manager

By: Wellington Management Company, LLP,
as investment advisor

By: /s/ Steven M. Hoffman
Name: Steven M. Hoffman
Title: Vice President and Counsel

[Registration Rights Agreement Signature Page]

BUCK CO-INVESTOR VII, LLC

Hartford Advisers HLS Fund, as manager

By: Wellington Management Company, LLP,
as investment advisor

By: /s/ Steven M. Hoffman
Name: Steven M. Hoffman
Title: Vice President and Counsel

BUCK CO-INVESTOR VIII, LLC

The Hartford Advisers Fund, as manager

By: Wellington Management Company, LLP,
as investment advisor

By: /s/ Steven M. Hoffman
Name: Steven M. Hoffman
Title: Vice President and Counsel

BUCK CO-INVESTOR IX, LLC

The Hartford Capital Appreciation II Fund, as
manager

By: Wellington Management Company, LLP,
as investment advisor

By: /s/ Steven M. Hoffman
Name: Steven M. Hoffman
Title: Vice President and Counsel

[Registration Rights Agreement Signature Page]

BUCK CO-INVESTOR X, LLC

Hartford Value Opportunities HLS Fund, as
manager

By: Wellington Management Company, LLP,
as investment advisor

By: /s/ Steven M. Hoffman
Name: Steven M. Hoffman
Title: Vice President and Counsel

BUCK CO-INVESTOR XI, LLC

Hartford MidCap Value HLS Fund, as manager

By: Wellington Management Company, LLP,
as investment advisor

By: /s/ Steven M. Hoffman
Name: Steven M. Hoffman
Title: Vice President and Counsel

BUCK CO-INVESTOR XII, LLC

The Hartford MidCap Value Fund, as manager

By: Wellington Management Company, LLP,
as investment advisor

By: /s/ Steven M. Hoffman
Name: Steven M. Hoffman
Title: Vice President and Counsel

[Registration Rights Agreement Signature Page]

BUCK CO-INVESTOR XIII, LLC

Wellington Trust Company, N.A.
Multiple Collective Investment Funds
Trust — Mid Cap Value Portfolio, as manager

By: Wellington Management Company, LLP,
as investment advisor

By: /s/ Steven M. Hoffman
Name: Steven M. Hoffman
Title: Vice President and Counsel

[Registration Rights Agreement Signature Page]

EXHIBIT A

ADDENDUM AGREEMENT

This Addendum Agreement is made this day of , 20 , by and between (the “New Shareholder”) and [the Corporation] (the “Corporation”), pursuant to a Registration Rights Agreement dated as of [] (the “Agreement”), between and among the Corporation and the Shareholders. Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

WITNESSETH:

WHEREAS, the Corporation has agreed to provide registration rights with respect to the Registrable Securities as set forth in the Agreement; and

WHEREAS, the New Shareholder has acquired Registrable Securities directly or indirectly from a Shareholder; and

WHEREAS, the Corporation and the Shareholders have required in the Agreement that all persons desiring registration rights must enter into an Addendum Agreement binding the New Shareholder to the Agreement to the same extent as if it were an original party thereto;

NOW, THEREFORE, in consideration of the mutual promises of the parties, the New Shareholder acknowledges that it has received and read the Agreement and that the New Shareholder shall be bound by, and shall have the benefit of, all of the terms and conditions set out in the Agreement to the same extent as if it were an original party to the Agreement and shall be deemed to be a Shareholder thereunder.

[Amend Annex A or B of Agreement if necessary to reflect appropriate schedule for new Shareholder.]

New Shareholder

Address:

Exhibit A-1

AGREED TO on behalf of [the Corporation] pursuant to Section 11(c) of the Agreement.

[THE CORPORATION]

By: _____

Printed Name and Title

Exhibit A-2

SUPPLEMENT NO. 1 TO
THE GUARANTEE (TERM CREDIT)

SUPPLEMENT NO. 1 dated as of September 11, 2007, to the GUARANTEE (the “Guarantee”) dated as of July 6, 2007, among each of the Guarantors listed on the signature pages thereto (each such subsidiary individually, a “Guarantor” and, collectively, the “Guarantors”), and Citicorp North America Inc., as Collateral Agent for the Lenders from time to time parties to the Credit Agreement referred to below.

A. Reference is made to that certain Credit Agreement, dated as of the date hereof, (as the same may be amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the “Credit Agreement”) among Dollar General Corporation, a Tennessee corporation (the “Borrower”), the lenders or other financial institutions or entities from time to time party thereto (the “Lenders”), Goldman Sachs Credit Partners L.P., as Syndication Agent, Lehman Brothers Inc. and Wachovia Capital Markets, LLC, as Documentation Agents, and Citicorp North America, Inc., as Administrative Agent and Collateral Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Guarantee.

C. The Guarantors have entered into the Guarantee in order to induce the Administrative Agent, the Collateral Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective Loans to the Borrower under the Credit Agreement and to induce one or more Hedge Banks to enter into Secured Hedge Agreements with the Borrower and/or its Restricted Subsidiaries.

D. Section 9.11 of the Credit Agreement and Section 19 of the Guarantee provide that additional Subsidiaries may become Guarantors under the Guarantee by execution and delivery of an instrument in the form of this Supplement. Each undersigned Subsidiary (each a “New Guarantor”) is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Guarantor under the Guarantee in order to induce the Lenders to make additional Loans, to induce one or more Hedge Banks to enter into Secured Hedge Agreements and as consideration for Loans previously made.

Accordingly, the Collateral Agent and each New Guarantor agrees as follows:

SECTION 1. In accordance with Section 19 of the Guarantee, each New Guarantor by its signature below becomes a Guarantor under the Guarantee with the same force and effect as if originally named therein as a Guarantor, and each New Guarantor hereby (a) agrees to all the terms and provisions of the Guarantee applicable to it as a Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct on and as of the date hereof (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date). Each reference to a Guarantor in the Guarantee shall be deemed to include each New Guarantor. The Guarantee is hereby incorporated herein by reference.

SECTION 2. Each New Guarantor represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement may be executed by one or more of the parties to this Supplement on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Supplement signed by all the parties shall be lodged with the Borrower and the Collateral Agent. This Supplement shall become effective as to each New Guarantor when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of such New Guarantor and the Collateral Agent.

SECTION 4. Except as expressly supplemented hereby, the Guarantee shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK .

SECTION 6. Any provision of this Supplement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and of the Guarantee, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All notices, requests and demands pursuant hereto shall be made in accordance with Section 13.2 of the Credit Agreement. All communications and notices hereunder to each New Guarantor shall be given to it in care of the Borrower at the Borrower's address set forth in Section 13.2 of the Credit Agreement.

IN WITNESS WHEREOF, each New Guarantor and the Collateral Agent have duly executed this Supplement to the Guarantee as of the day and year first above written.

DC FINANCIAL, LLC

By: Dollar General Corporation, Sole Member

By: /s/ Wade Smith
Wade Smith, Treasurer

CITICORP NORTH AMERICA, INC.,
as Collateral Agent

By: /s/ Thomas M. Halsch
Name: Thomas M. Halsch
Title: Vice President

SUPPLEMENT NO. 1 TO THE
SECURITY AGREEMENT (TERM CREDIT)

SUPPLEMENT NO. 1 dated as of September 11, 2007, to the Security Agreement dated as of July 6, 2007 (the “Security Agreement”) among Dollar General Corporation, a Tennessee corporation (the “Borrower”), each subsidiary of the Borrower listed on Annex A thereto (each such subsidiary individually a “Subsidiary Grantor” and, collectively, the “Subsidiary Grantors”; the Subsidiary Grantors and the Borrower are referred to collectively herein as the “Grantors”), and Citicorp North America, Inc., as collateral agent (in such capacity, the “Collateral Agent”) under the Credit Agreement referred to below.

A. Reference is made to that certain Credit Agreement, dated as of July 6, 2007 (as the same may be amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the “Credit Agreement”) among the Borrower, the lenders or other financial institutions or entities from time to time party thereto (the “Lenders”), Citicorp North America, Inc., as Administrative Agent and Collateral Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement.

C. The Grantors have entered into the Security Agreement in order to induce the Administrative Agent, the Collateral Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make the Loans to the Borrower under the Credit Agreement and to induce one or more Hedge Banks to enter into Secured Hedge Agreements with the Borrower and/or its Subsidiaries.

D. Section 9.11 of the Credit Agreement and Section 8.13 of the Security Agreement provide that each Subsidiary of the Borrower that is required to become a party to the Security Agreement pursuant to Section 9.11 of the Credit Agreement shall become a Grantor, with the same force and effect as if originally named as a Grantor therein, for all purposes of the Security Agreement upon execution and delivery by such Subsidiary of an instrument in the form of this Supplement. Each undersigned Subsidiary (each a “New Grantor”) is executing this Supplement in accordance with the requirements of the Security Agreement to become a Subsidiary Grantor under the Security Agreement in order to induce the Lenders to make additional Loans and as consideration for Loans previously made.

Accordingly, the Collateral Agent and the New Grantors agree as follows:

SECTION 1. In accordance with Section 8.13 of the Security Agreement, each New Grantor by its signature below becomes a Grantor under the Security Agreement with the same force and effect as if originally named therein as a Grantor and each New Grantor hereby (a) agrees to all the terms and provisions of the Security Agreement applicable to it as a Grantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Grantor thereunder are true and correct on and as of the date hereof. In furtherance of the foregoing, each New Grantor, as security for the payment and performance in full of the Obligations, does hereby bargain, sell, convey, assign, set over, mortgage, pledge, hypothecate and transfer to the Collateral Agent for the benefit of the Secured Parties, and hereby grants to

the Collateral Agent for the benefit of the Secured Parties, a security interest in all of the Collateral of such New Grantor, in each case whether now or hereafter existing or in which it now has or hereafter acquires an interest. Each reference to a "Grantor" in the Security Agreement shall be deemed to include each New Grantor. The Security Agreement is hereby incorporated herein by reference.

SECTION 2. Each New Grantor represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to the effects of bankruptcy, insolvency or similar laws affecting creditors' rights generally and general equitable principles.

SECTION 3. This Supplement may be executed by one or more of the parties to this Supplement on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Supplement signed by all the parties shall be lodged with the Collateral Agent and the Borrower. This Supplement shall become effective as to each New Grantor when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of such New Grantor and the Collateral Agent.

SECTION 4. Such New Grantor hereby represents and warrants that (a) set forth on Schedule I hereto is (i) the legal name of such New Grantor, (ii) the jurisdiction of incorporation or organization of such New Grantor, (iii) the identity or type of organization or corporate structure of such New Grantor and (iv) the Federal Taxpayer Identification Number and organizational number of such New Grantor and (b) as of the date hereof (i) Schedule II hereto sets forth, in all material respects, all of each New Grantor's material Copyright Licenses, (ii) Schedule III hereto sets forth in all material respects, in proper form for filing with the United States Copyright Office, all of each New Grantor's Copyrights (and all applications therefor), (iii) Schedule IV hereto sets forth in all material respects all of each New Grantor's material Patent Licenses, (iv) Schedule V hereto sets forth in all material respects, in proper form for filing with the United States Patent and Trademark Office, all of each New Grantor's Patents (and all applications therefor), (v) Schedule VI hereto sets forth in all material respects all of each New Grantor's material Trademark Licenses and (vi) Schedule VII hereto sets forth in all material respects, in proper form for filing with the United States Patent and Trademark Office, all of each New Grantor's Trademarks (and all applications therefor).

SECTION 5. Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect.

SECTION 6. THIS SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. Any provision of this Supplement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such

prohibition or unenforceability without invalidating the remaining provisions hereof and in the Security Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8. All notices, requests and demands pursuant hereto shall be made in accordance with Section 13.2 of the Credit Agreement. All communications and notices hereunder to each New Grantor shall be given to it in care of the Borrower at the Borrower's address set forth in Section 13.2 of the Credit Agreement.

IN WITNESS WHEREOF, each New Grantor and the Collateral Agent have duly executed this Supplement to the Security Agreement as of the day and year first above written.

DC FINANCIAL, LLC

By: Dollar General Corporation, Sole Member

By: /s/ Wade Smith
Wade Smith, Treasurer

CITICORP NORTH AMERICA, INC.,
as Collateral Agent

By: /s/ Thomas M. Halsch
Name: Thomas M. Halsch
Title: Vice President

COLLATERAL

<u>Legal Name</u>	<u>Jurisdiction of Incorporation or Organization</u>	<u>Type of Organization or Corporate Structure</u>	<u>Federal Taxpayer Identification Number and Organizational Identification Number</u>
DC Financial, LLC	Tennessee	Member-Managed Limited Liability Company	N/A (Disregarded Entity for Tax Purposes / Single-Member LLC)

MATERIAL COPYRIGHT LICENSES

NONE

COPYRIGHTS

<u>Registered Owner/Grantor</u>	<u>Title</u>	<u>Registration Number</u>
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NONE

MATERIAL PATENT LICENSES

NONE

PATENTS

NONE

MATERIAL TRADEMARK LICENSES

NONE

TRADEMARKS

Domestic Trademarks

Registered Owner/Grantor	Trademark	Registration No.	Application No.
NONE			

Foreign Trademarks

Registered Owner/Grantor	Trademark	Registration No.	Application No.	Country
NONE				

SUPPLEMENT NO. 1
TO THE PLEDGE AGREEMENT (TERM CREDIT)

SUPPLEMENT NO. 1 dated as of September 11, 2007, to the PLEDGE AGREEMENT dated as of July 6, 2007, among Dollar General Corporation, a Tennessee corporation (the “Borrower”), each of the Subsidiaries of the Borrower listed on the signature pages hereto (each such Subsidiary being a “Subsidiary Pledgor” and, collectively, the “Subsidiary Pledgors”; the Subsidiary Pledgors and the Borrower are referred to collectively as the “Pledgors”) and Citicorp North America, Inc., as collateral agent (in such capacity, the “Collateral Agent”) under the Credit Agreement referred to below.

A. Reference is made to that certain Credit Agreement, dated as of July 6, 2007 (as the same may be amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the “Credit Agreement”) among the Borrower, the lenders or other financial institutions or entities from time to time party thereto (the “Lenders”), Citicorp North America, Inc., as Administrative Agent and Collateral Agent and the Guarantee dated as of July 6, 2007 (as the same may be amended, restated, supplemented and or otherwise modified from time to time, the “Guarantee”), among the Borrower, the Guarantors party thereto and the Collateral Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Pledge Agreement.

C. The Pledgors have entered into the Pledge Agreement in order to induce the Administrative Agent, the Collateral Agent, the Syndication Agent and the Lenders to enter into the Credit Agreement and to induce the respective Lenders to make the Loans to the Borrower under the Credit Agreement and to induce one or more Hedge Banks to enter into Secured Hedge Agreements with the Borrower and/or its Subsidiaries.

D. The undersigned Guarantors (each an “Additional Pledgor”) are (a) the legal and beneficial owners of the Equity Interests described in Schedule 1 hereto and issued by the entities named therein (such pledged Equity Interests, together with any Equity Interests of the issuer of such Pledged Shares or any other Subsidiary held directly by any Additional Pledgor in the future, in each case, except to the extent excluded from the Collateral for the applicable Obligations pursuant to the penultimate paragraph of Section 1 below (the “After-acquired Additional Pledged Shares”), referred to collectively herein as the “Additional Pledged Shares”) and (b) the legal and beneficial owners of the Indebtedness described under Schedule 1 hereto (together with any other Indebtedness owed to any Additional Pledgor hereafter and required to be pledged pursuant to Section 9.12(a) of the Credit Agreement, the “Additional Pledged Debt”).

E. Section 9.11 of the Credit Agreement and Section 9(b) of the Pledge Agreement provide that additional Subsidiaries may become Subsidiary Pledgors under the Pledge Agreement by execution and delivery of an instrument in the form of this Supplement. Each undersigned Additional Pledgor is executing this Supplement in accordance with the

requirements of Section 9(b) of the Pledge Agreement to pledge to the Collateral Agent for the ratable benefit of the Secured Parties the Additional Pledged Shares and the Additional Pledged Debt and to become a Subsidiary Pledgor under the Pledge Agreement in order to induce the Lenders to make additional Loans and as consideration for Loans previously made.

Accordingly, the Collateral Agent and each undersigned Additional Pledgor agree as follows:

SECTION 1. In accordance with Section 9(b) of the Pledge Agreement, each Additional Pledgor by its signature hereby transfers, assigns and pledges to the Collateral Agent, for the ratable benefit of the Secured Parties, and hereby grants to the Collateral Agent, for the ratable benefit of the Secured Parties, a security interest in all of such Additional Pledgor's right, title and interest in the following, whether now owned or existing or hereafter acquired or existing (collectively, the "Additional Collateral"):

(a) the Additional Pledged Shares held by such Additional Pledgor and the certificates representing such Additional Pledged Shares and any interest of such Additional Pledgor in the entries on the books of the issuer of the Additional Pledged Shares or any financial intermediary pertaining to the Additional Pledged Shares and all dividends, cash, warrants, rights, instruments and other property or Proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Additional Pledged Shares;

(b) the Additional Pledged Debt and the instruments evidencing the Additional Pledged Debt owed to such Additional Pledgor, and all interest, cash, instruments and other property or Proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Additional Pledged Debt; and

(c) to the extent not covered by clauses (a) and (b) above, respectively, all Proceeds of any or all of the foregoing Additional Collateral.

Notwithstanding the foregoing, the Additional Collateral for the Obligations shall not include any Excluded Stock and Stock Equivalents.

For purposes of the Pledge Agreement, the Collateral shall be deemed to include the Additional Collateral.

SECTION 2. Each Additional Pledgor by its signature below becomes a Pledgor under the Pledge Agreement with the same force and effect as if originally named therein as a Pledgor, and each Additional Pledgor hereby agrees to all the terms and provisions of the Pledge Agreement applicable to it as a Pledgor thereunder. Each reference to a "Subsidiary Pledgor" or a "Pledgor" in the Pledge Agreement shall be deemed to include each Additional Pledgor. The Pledge Agreement is hereby incorporated herein by reference.

SECTION 3. Each Additional Pledgor represents and warrants as follows:

(a) Schedule 1 hereto correctly represents as of the date hereof (A) the issuer, the certificate number, the Additional Pledgor and registered owner, the number and class and the percentage of the issued and outstanding Equity Interests of such class of all Additional Pledged Shares and (B) the issuer, the initial principal amount, the Additional Pledgor and holder, date of and maturity date of all Additional Pledged Debt. Except as set forth on Schedule 1, the Pledged Shares represent all (or 65% in the case of pledges of Foreign Subsidiaries) of the issued and outstanding Equity Interests of each class of Equity Interests of the issuer on the date hereof.

(b) Such Additional Pledgor is the legal and beneficial owner of the Additional Collateral pledged or assigned by such Additional Pledgor hereunder free and clear of any Lien, except for the Lien created by this Supplement to the Pledge Agreement.

(c) As of the date of this Supplement, the Additional Pledged Shares pledged by such Additional Pledgor hereunder have been duly authorized and validly issued and, in the case of Additional Pledged Shares issued by a corporation, are fully paid and nonassessable.

(d) The execution and delivery by such Additional Pledgor of this Supplement and the pledge of the Additional Collateral pledged by such Additional Pledgor hereunder pursuant hereto create a valid and perfected first-priority security interest in the Additional Collateral, securing the payment of the Obligations, in favor of the Collateral Agent for the ratable benefit of the Secured Parties.

(e) Such Additional Pledgor has full power, authority and legal right to pledge all the Additional Collateral pledged by such Additional Pledgor pursuant to this Supplement, and this Supplement constitutes a legal, valid and binding obligation of each Additional Pledgor, enforceable in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally and subject to general principles of equity.

SECTION 4. This Supplement may be executed by one or more of the parties to this Supplement on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Supplement signed by all the parties shall be lodged with the Collateral Agent and the Borrower. This Supplement shall become effective as to each Additional Pledgor when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of such Additional Pledgor and the Collateral Agent.

Section 5. Except as expressly supplemented hereby, the Pledge Agreement shall remain in full force and effect.

SECTION 6. THIS SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND

CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. Any provision of this Supplement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and in the Pledge Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8. All notices, requests and demands pursuant hereto shall be made in accordance with Section 16 of the Pledge Agreement. All communications and notices hereunder to each Additional Pledgor shall be given to it in care of the Borrower at the Borrower's address set forth in Section 13.2 of the Credit Agreement.

IN WITNESS WHEREOF, each Additional Pledgor and the Collateral Agent have duly executed this Supplement to the Pledge Agreement as of the day and year first above written.

DC FINANCIAL, LLC

By: Dollar General Corporation, Sole Member

By: /s/ Wade Smith
Wade Smith, Treasurer

CITICORP NORTH AMERICA, INC.,
as Collateral Agent

By: /s/ Thomas M. Halsch
Name: Thomas M. Halsch
Title: Vice President

SCHEDULE I
TO SUPPLEMENT NO. 1
TO THE PLEDGE AGREEMENT

Pledged Shares

<u>Record Owner</u>	<u>Issuer</u>	<u>Certificate No.</u>	<u>Number and Class of Shares</u>	<u>% of Shares Owned</u>
NONE				

Pledged Debt

<u>Payee</u>	<u>Issuer</u>	<u>Principal Amount</u>	<u>Date of Instrument</u>	<u>Maturity Date</u>
DC Financial, LLC	DG Ardmore, LLC	\$46,163,666.00	1-19-1999 (as amended 1-1-2004 and by assignment dated 8-15-2007)	1-1-2022

GUARANTEE

THIS GUARANTEE dated as of September 11, 2007, by DC Financial, LLC and each of the other entities that becomes a party hereto pursuant to Section 19 (the "Guarantors"), in favor of the Collateral Agent for the benefit of the Secured Parties.

WITNESSETH:

WHEREAS, reference is made to that certain ABL Credit Agreement, dated as of July 6, 2007, (as the same may be amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the "Credit Agreement") among Dollar General Corporation, a Tennessee corporation (the "Parent Borrower"), each of the Subsidiaries of the Parent Borrower party thereto (each such subsidiary, a "Subsidiary Borrower"; together with the Parent Borrower, the "Borrowers"), the lenders or other financial institutions or entities from time to time party thereto (the "Lenders"), Goldman Sachs Credit Partners L.P., as Syndication Agent, Lehman Commercial Paper Inc. and Wachovia Bank, National Association, as Documentation Agents, and The CIT Group/Business Credit Inc., as Administrative Agent and Collateral Agent;

WHEREAS, each Guarantor is a direct or indirect wholly-owned Subsidiary of the Parent Borrower;

WHEREAS, each Guarantor acknowledges that it will derive substantial direct and indirect benefit from the making of the Loans and the issuance of Letters of Credit; and

WHEREAS, it is requirement under the Credit Agreement that the Guarantors shall have executed and delivered this Guarantee to the Collateral Agent for the ratable benefit of the Secured Parties;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent, the Collateral Agent, the Letter of Credit Issuer and the Lenders to enter into the Credit Agreement and the Letter of Credit Issuer to issue Letters of Credit under the Credit Agreement, to induce the respective Lenders to make their Loans to the Borrowers under the Credit Agreement and to induce one or more Lenders or affiliates of Lenders to enter into Secured Cash Management Agreements and Secured Hedge Agreements with the Borrowers and/or their respective Subsidiaries, and as consideration for Loans previously made and Letters of Credit previously issued under the Credit Agreement, the Guarantors hereby agree with the Collateral Agent, for the ratable benefit of the Secured Parties, as follows:

1. Defined Terms .

(a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

(b) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Guarantee shall refer to this Guarantee as a whole and not to any particular provision of this Guarantee, and Section references are to Sections of this Guarantee unless

otherwise specified. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”.

(c) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

2. Guarantee.

(a) Subject to the provisions of Section 2(b), each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees, as primary obligor and not merely as surety, to the Collateral Agent, for the ratable benefit of the Secured Parties, the prompt and complete payment and performance when due (whether at the stated maturity, by required prepayment, acceleration, demand or otherwise) of the Obligations of anyone other than such Guarantor (including amounts that would become due but for operation of the automatic stay under 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)).

(b) Anything herein or in any other Credit Document to the contrary notwithstanding, the maximum liability of each Guarantor hereunder and under the other Credit Documents shall in no event exceed the amount that can be guaranteed by such Guarantor under the Bankruptcy Code or any applicable laws relating to fraudulent conveyances, fraudulent transfers or the insolvency of debtors.

(c) Each Guarantor further agrees to pay any and all expenses (including all reasonable fees and disbursements of counsel) that may be paid or incurred by the Collateral Agent or any other Secured Party in enforcing, or obtaining advice of counsel in respect of, any rights with respect to, or collecting, any or all of the Obligations and/or enforcing any rights with respect to, or collecting against, such Guarantor under this Guarantee.

(d) Each Guarantor agrees that the Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing this Guarantee or affecting the rights and remedies of the Collateral Agent or any other Secured Party hereunder.

(e) No payment or payments made by any Borrower, any of the Guarantors, any other guarantor or any other Person or received or collected by the Collateral Agent, the Administrative Agent or any other Secured Party from any Borrower, any of the Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder, which shall, notwithstanding any such payment or payments, other than payments made by such Guarantor in respect of the Obligations or payments received or collected from such Guarantor in respect of the Obligations, remain liable for the Obligations up to the maximum liability of such Guarantor hereunder until the Obligations under the Credit Documents are paid in full, the Commitments thereunder are terminated and no Letters of Credit shall be outstanding or any such Letters of Credit shall have been cash collateralized in a manner reasonably acceptable to the Letter of Credit Issuer and the Collateral Agent.

(f) Each Guarantor agrees that whenever, at any time, or from time to time, it shall make any payment to the Collateral Agent or any other Secured Party on account of its liability hereunder, it will notify the Collateral Agent in writing that such payment is made under this Guarantee for such purpose.

3. Right of Contribution. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder (including by way of set-off rights being exercised against it), such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder who has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 5 hereof. The provisions of this Section 3 shall in no respect limit the obligations and liabilities of any Guarantor to the Collateral Agent and the other Secured Parties, and each Guarantor shall remain liable to the Collateral Agent and the other Secured Parties up to the maximum liability of such Guarantor hereunder.

4. Right of Set-off. In addition to any rights and remedies of the Secured Parties provided by law, each Guarantor hereby irrevocably authorizes each Secured Party at any time and from time to time following the occurrence and during the continuance of an Event of Default, without notice to such Guarantor or any other Guarantor, any such notice being expressly waived by each Guarantor, upon any amount becoming due and payable by such Guarantor hereunder (whether at stated maturity, by acceleration, demand or otherwise), to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Secured Party to or for the credit or the account of such Guarantor. Each Secured Party shall notify such Guarantor promptly of any such set-off and the appropriation and application made by such Secured Party, provided that the failure to give such notice shall not affect the validity of such set-off and application.

5. No Subrogation. Notwithstanding any payment or payments made by any of the Guarantors hereunder or any set-off or appropriation and application of funds of any of the Guarantors by the Collateral Agent or any other Secured Party, no Guarantor shall be entitled to be subrogated to any of the rights (or if subrogated by operation of law, such Guarantor hereby waives such rights to the extent permitted by applicable law) of the Collateral Agent or any other Secured Party against any Borrower or any other Guarantor or any collateral security or guarantee or right of offset held by the Collateral Agent or any other Secured Party for the payment of any of the Obligations, nor shall any Guarantor seek or be entitled to seek any contribution, indemnifications or reimbursement from any Borrower or any other Guarantor or other guarantor in respect of payments made by such Guarantor hereunder in each case, until all amounts owing to the Collateral Agent and the other Secured Parties on account of the Obligations under the Credit Documents are paid in full, the Commitments thereunder are terminated and no Letters of Credit shall be outstanding or any such Letters of Credit shall have been cash collateralized in a manner reasonably acceptable to the Letter of Credit Issuer and the Collateral Agent. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all the Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Collateral Agent and the other Secured Parties, segregated from other funds of such

Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Collateral Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Collateral Agent, if required), to be applied against the Obligations, whether due or to become due, in such order as the Collateral Agent may determine. Each Guarantor further agrees that, to the extent the waiver or agreement to withhold the exercise of its rights of subrogation, reimbursement, indemnification and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation, reimbursement or indemnification such Guarantor may have against any Borrower or against any collateral or security, and any rights of contribution such Guarantor may have against any such other guarantor, shall be junior and subordinate to any rights the Collateral Agent or any Secured Party may have against any Borrower, to all right, title and interest the Collateral Agent or any Secured Party may have in any such collateral or security, and to any right the Collateral Agent or any Secured Party may have against such other guarantor.

6. Amendments, etc. with Respect to the Obligations; Waiver of Rights. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, (a) any demand for payment of any of the Obligations made by the Collateral Agent or any other Secured Party may be rescinded by such party and any of the Obligations continued, (b) the Obligations, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Collateral Agent or any other Secured Party, (c) the Credit Agreement, the other Credit Documents, the Letters of Credit and any other documents executed and delivered in connection therewith and the Secured Hedge Agreements and the Secured Cash Management Agreements and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Administrative Agent (or the Required Lenders, as the case may be, or, in the case of any Secured Hedge Agreement and the Secured Cash Management Agreements, the party thereto) may deem advisable from time to time, and (d) any collateral security, guarantee or right of offset at any time held by the Collateral Agent or any other Secured Party for the payment of any of the Obligations may be sold, exchanged, waived, surrendered or released. Neither the Collateral Agent nor any other Secured Party shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Obligations or for this Guarantee or any property subject thereto. When making any demand hereunder against any Guarantor, the Collateral Agent or any other Secured Party may, but shall be under no obligation to, make a similar demand on any Borrower or any Guarantor or any other person, and any failure by the Collateral Agent or any other Secured Party to make any such demand or to collect any payments from any Borrower or any Guarantor or any other person or any release of any Borrower or any Guarantor or any other person shall not relieve any Guarantor in respect of which a demand or collection is not made or any Guarantor not so released of its several obligations or liabilities hereunder, and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Collateral Agent or any other Secured Party against any Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

7. Guarantee Absolute and Unconditional.

(a) Each Guarantor waives any and all notice of the creation, contraction, incurrence, renewal, extension, amendment, waiver or accrual of any of the Obligations, and notice of or proof of reliance by the Collateral Agent or any other Secured Party upon this Guarantee or acceptance of this Guarantee. All Obligations shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended, waived or accrued, in reliance upon this Guarantee, and all dealings between any Borrower and any of the Guarantors, on the one hand, and the Collateral Agent and the other Secured Parties, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Guarantee. To the fullest extent permitted by applicable law, each Guarantor waives diligence, promptness, presentment, protest and notice of protest, demand for payment or performance, notice of default or nonpayment, notice of acceptance and any other notice in respect of the Obligations or any part of them, and any defense arising by reason of any disability or any other defense of any Borrower or any of the Guarantors with respect to the Obligations. Each Guarantor understands and agrees that this Guarantee shall be construed as a continuing, absolute and unconditional guarantee of payment and not of collection (this Guarantee is a primary obligation of each Guarantor and not merely a contract of surety) without regard to and hereby waives, to the fullest extent permitted by applicable law, any and all defenses that it may have arising in connection with, (a) the validity, regularity or enforceability of the Credit Agreement, any other Credit Document, any Secured Hedge Agreement, any Secured Cash Management Agreement, any of the Obligations or any amendment to or waiver of, any provision of any thereof (including any change in time, place, manner, or place of payment, amendment, or waiver or increase thereof) or any collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Collateral Agent or any other Secured Party, (b) any defense, set-off or counterclaim (other than a defense of payment or performance), including but not limited to failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury, that may at any time be available to or be asserted by any Borrower against the Collateral Agent or any other Secured Party or, (c) any other circumstance whatsoever (with or without notice to or knowledge of any Borrower or such Guarantor) that constitutes, or might be construed to constitute, an equitable or legal discharge of any Borrower for the Obligations, or of such Guarantor under this Guarantee, in bankruptcy or in any other instance. When pursuing its rights and remedies hereunder against any Guarantor, the Collateral Agent and any other Secured Party may, but shall be under no obligation to, pursue such rights and remedies as it may have against any Borrower or any other Person or against any collateral security or guarantee for the Obligations or any right of offset with respect thereto, and any failure by the Collateral Agent or any other Secured Party to pursue such other rights or remedies or to collect any payments from any Borrower or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of any Borrower or any such other Person or any such collateral security, guarantee or right of offset, shall not relieve such Guarantor of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Collateral Agent and the other Secured Parties against such Guarantor.

(b) This Guarantee shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon each Guarantor and the successors and assigns thereof and shall inure to the benefit of the Collateral Agent and the other Secured Parties and their respective successors, indorsees, transferees and assigns until all Obligations (other than

any contingent indemnity obligations not then due) shall have been satisfied by payment in full, the Commitments thereunder are terminated and no Letters of Credit shall be outstanding (except to the extent any such Letters of Credit shall have been cash collateralized in a manner reasonably acceptable to the Letter of Credit Issuer and the Collateral Agent), notwithstanding that from time to time during the term of the Credit Agreement, any Secured Hedge Agreement and any Secured Cash Management Agreement the Credit Parties may be free from any Obligations.

(c) A Guarantor shall automatically be released from its obligations hereunder and the Guarantee of such Guarantor shall be automatically released under the circumstances described in Section 13.1 of the Credit Agreement.

8. Reinstatement. This Guarantee shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Collateral Agent or any other Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

9. Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to the Collateral Agent without set-off or counterclaim in Dollars (based on the Dollar Equivalent amount of such Obligations on the date of payment) at the Collateral Agent's Office. Each Guarantor agrees that the provisions of Sections 5.4 and 13.20 of the Credit Agreement shall apply to such Guarantor's obligations under this Guarantee.

10. Representations and Warranties; Covenants.

(a) Each Guarantor hereby represents and warrants that the representations and warranties set forth in Section 8 of the Credit Agreement as they relate to such Guarantor and in the other Credit Documents to which such Guarantor is a party, each of which is hereby incorporated herein by reference, are true and correct in all material respects as of the Closing Date (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date), and the Collateral Agent and each other Secured Party shall be entitled to rely on each of them as if they were fully set forth herein.

(b) Each Guarantor hereby covenants and agrees with the Collateral Agent and each other Secured Party that, from and after the date of this Guarantee until the Obligations are paid in full, the Commitments thereunder are terminated and no Letters of Credit shall be outstanding or any such Letters of Credit shall have been cash collateralized in a manner reasonably acceptable to the Letter of Credit Issuer and the Collateral Agent, such Guarantor shall take, or shall refrain from taking, as the case may be, all actions that are necessary to be taken or not taken so that no violation of any provision, covenant or agreement contained in Section 9 or Section 10 of the Credit Agreement and so that no Default or Event of Default, is caused by any act or failure to act of such Guarantor or any of its Subsidiaries.

11. Authority of the Collateral Agent.

(a) The Collateral Agent enters into this Guarantee in its capacity as agent for the Secured Parties from time to time. The rights and obligations of the Collateral Agent under this Guarantee at any time are the rights and obligations of the Secured Parties at that time. Each of the Secured Parties has (subject to the terms of the Credit Documents) a several entitlement to each such right, and a several liability in respect of each such obligation, in the proportions described in the Credit Documents. The rights, remedies and discretions of the Secured Parties, or any of them, under this Guarantee may be exercised by the Collateral Agent. No party to this Guarantee is obliged to inquire whether an exercise by the Collateral Agent of any such right, remedy or discretion is within the Collateral Agent's authority as agent for the Secured Parties.

(b) Each party to this Guarantee acknowledges and agrees that any changes (in accordance with the provisions of the Credit Documents) in the identity of the persons from time to time comprising the Secured Parties gives rise to an equivalent change in the Secured Parties, without any further act. Upon such an occurrence, the persons then comprising the Secured Parties are vested with the rights, remedies and discretions and assume the obligations of the Secured Parties under this Guarantee. Each party to this Guarantee irrevocably authorizes the Collateral Agent to give effect to the change in Lenders contemplated in this Section 11(b) by countersigning an Assignment and Acceptance.

(c) Each Guarantor acknowledges and agrees that it has adequate means to obtain information from each Borrower and each other Guarantor on a continuing basis concerning the financial condition of each Borrower and each other Guarantor and its ability to perform its obligations under the Credit Agreement, the other Credit Documents and any Secured Hedge Agreement, and each Guarantor assumes the responsibility of keeping informed of the financial condition of each Borrower and each other Guarantor and all circumstances bearing upon the risk of nonpayment of each Borrower and each other Guarantor. Each Guarantor hereby waives and relinquishes any duty on the part of the Collateral Agent to disclose any matter, fact or thing related to each Borrower and each other Guarantor whether now or hereafter known.

12. Notices. All notices, requests and demands pursuant hereto shall be made in accordance with Section 13.2 of the Credit Agreement. All communications and notices hereunder to any Guarantor shall be given to it in care of the Parent Borrower at the Parent Borrower's address set forth in Section 13.2 of the Credit Agreement.

13. Counterparts. This Guarantee may be executed by one or more of the parties to this Guarantee on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Guarantee signed by all the parties shall be lodged with the Collateral Agent and the Parent Borrower.

14. Severability. Any provision of this Guarantee that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable

such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

15. Integration. This Guarantee together with the other Credit Documents and each other document in respect of any Secured Hedge Agreement represent the agreement of each Guarantor and the Collateral Agent with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Collateral Agent or any other Secured Party relative to the subject matter hereof not expressly set forth or referred to herein, in the other Credit Documents or, each other document in respect of any Secured Hedge Agreement.

16. Amendments in Writing; No Waiver; Cumulative Remedies.

(a) None of the terms or provisions of this Guarantee may be waived, amended, supplemented or otherwise modified except in accordance with Section 13.1 of the Credit Agreement.

(b) Neither the Collateral Agent nor any other Secured Party shall by any act (except by a written instrument pursuant to Section 16(a)), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Collateral Agent or any other Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Collateral Agent or any other Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy that the Collateral Agent or any Secured Party would otherwise have on any future occasion.

(c) The rights, remedies, powers and privileges herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

17. Section Headings. The Section headings used in this Guarantee are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

18. Successors and Assigns. This Guarantee shall be binding upon the successors and assigns of each Guarantor and shall inure to the benefit of the Collateral Agent and the other Secured Parties and their respective successors and assigns except that no Guarantor may assign, transfer or delegate any of its rights or obligations under this Guarantee without the prior written consent of the Collateral Agent.

19. Additional Guarantors. Each Subsidiary of the Parent Borrower that is required to become a party to this Guarantee pursuant to Section 9.11 of the Credit Agreement

shall become a Guarantor, with the same force and effect as if originally named as a Guarantor herein, for all purposes of this Guarantee, upon execution and delivery by such Subsidiary of a written supplement substantially in the form of Annex A hereto. The execution and delivery of any instrument adding an additional Guarantor as a party to this Guarantee shall not require the consent of any other Guarantor hereunder. The rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor as a party to this Guarantee (and any such assignment without such consent shall be null and void).

20. WAIVER OF JURY TRIAL . EACH GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS GUARANTEE, ANY OTHER CREDIT DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

21. Submission to Jurisdiction; Waivers; Service of Process . Each Guarantor hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Guarantee and the other Credit Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Guarantor in care of the Parent Borrower at the Parent Borrower's address set forth in the Credit Agreement, and such Person hereby irrevocably authorizes and directs the Parent Borrower to accept such service on its behalf;

(d) agrees that nothing herein shall affect the right of the Collateral Agent or any other Secured Party to effect service of process in any other manner permitted by law or shall limit the right of the Collateral Agent or any other Secured Party to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 21 any special, exemplary, punitive or consequential damages.

22. GOVERNING LAW . THIS GUARANTEE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

[SIGNATURE PAGES FOLLOW]

SUPPLEMENT NO. [] dated as of [] to the GUARANTEE (the "Guarantee") dated as of September , 2007, among DC Financial, LLC (the "Guarantor"), and The CIT Group/Business Credit Inc., as Collateral Agent for the Lenders from time to time parties to the Credit Agreement referred to below.

A. Reference is made to that certain ABL Credit Agreement, dated as of July 6, 2007, (as the same may be amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the "Credit Agreement") among Dollar General Corporation, a Tennessee corporation (the "Parent Borrower"), each of the Subsidiaries of the Parent Borrower party thereto (each such subsidiary, a "Subsidiary Borrower"; together with the Parent Borrower, the "Borrowers"), the lenders or other financial institutions or entities from time to time party thereto (the "Lenders"), Goldman Sachs Credit Partners L.P., as Syndication Agent, Lehman Brothers Inc. and Wachovia Capital Markets, LLC, as Documentation Agents, and The CIT Group/Business Credit Inc., as Administrative Agent and Collateral Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Guarantee.

C. The Guarantor has entered into the Guarantee in order to induce the Administrative Agent, the Collateral Agent, the Lenders and the Letter of Credit Issuer to enter into the Credit Agreement and to induce the Lenders to make their respective Loans and the Letter of Credit Issuer to issue Letters of Credit to the Borrowers under the Credit Agreement and to induce one or more Hedge Banks or Cash Management Banks to enter into Secured Hedge Agreements or Secured Cash Management Agreement with the Parent Borrower and/or its Restricted Subsidiaries.

D. Section 9.11 of the Credit Agreement and Section 19 of the Guarantee provide that additional Subsidiaries may become Guarantors under the Guarantee by execution and delivery of an instrument in the form of this Supplement. Each undersigned Subsidiary (each a "New Guarantor") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Guarantor under the Guarantee in order to induce the Lenders to make additional Loans, the Letter of Credit Issuer to issue Letters of Credit, to induce one or more Hedge Banks to enter into Secured Hedge Agreements and as consideration for Loans previously made.

Accordingly, the Collateral Agent and each New Guarantor agrees as follows:

SECTION 1. In accordance with Section 19 of the Guarantee, each New Guarantor by its signature below becomes a Guarantor under the Guarantee with the same force and effect as if originally named therein as a Guarantor, and each New Guarantor hereby (a) agrees to all the terms and provisions of the Guarantee applicable to it as a Guarantor thereunder and (b)

represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct on and as of the date hereof (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date). Each reference to a Guarantor in the Guarantee shall be deemed to include each New Guarantor. The Guarantee is hereby incorporated herein by reference.

SECTION 2. Each New Guarantor represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement may be executed by one or more of the parties to this Supplement on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Supplement signed by all the parties shall be lodged with the Parent Borrower and the Collateral Agent. This Supplement shall become effective as to each New Guarantor when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of such New Guarantor and the Collateral Agent.

SECTION 4. Except as expressly supplemented hereby, the Guarantee shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 6. Any provision of this Supplement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and of the Guarantee, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All notices, requests and demands pursuant hereto shall be made in accordance with Section 13.2 of the Credit Agreement. All communications and notices hereunder to each New Guarantor shall be given to it in care of the Parent Borrower at the Parent Borrower's address set forth in Section 13.2 of the Credit Agreement.

IN WITNESS WHEREOF, each New Guarantor and the Collateral Agent have duly executed this Supplement to the Guarantee as of the day and year first above written.

[NAME OF NEW GUARANTOR]

By: _____
Name:
Title:

THE CIT GROUP/BUSINESS CREDIT INC., as
Collateral Agent

By: _____
Name:
Title:

SUPPLEMENT NO. 1 TO THE
SECURITY AGREEMENT (ABL)

SUPPLEMENT NO. 1 dated as of September 11, 2007, to the Security Agreement dated as of July 6, 2007 (the “Security Agreement”) among Dollar General Corporation, a Tennessee corporation (the “Parent Borrower”), each subsidiary of the Parent Borrower party to the Credit Agreement (as defined below) (each such subsidiary, a “Subsidiary Borrower” together with the Parent Borrower, the “Borrowers”) and each subsidiary of the Parent Borrower that became a party thereto pursuant to Section 8.13 of the Security Agreement) (each such subsidiary individually a “Subsidiary Grantor” and, collectively, the “Subsidiary Grantors”; the Subsidiary Grantors, the Subsidiary Borrowers and the Parent Borrower are referred to collectively herein as the “Grantors”), and The CIT Group/Business Credit, Inc. (“CIT”), as collateral agent (in such capacity, the “Collateral Agent”) under the Credit Agreement referred to below.

A. Reference is made to that certain ABL Credit Agreement, dated as of July 6, 2007 (as the same may be amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the “Credit Agreement”) among the Parent Borrower, the Subsidiary Borrowers, the lenders or other financial institutions or entities from time to time party thereto (the “Lenders”), The CIT Group/Business Credit, Inc. (“CIT”), as Administrative Agent and Collateral Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement.

C. The Grantors have entered into the Security Agreement in order to induce the Administrative Agent, the Collateral Agent, the Letter of Credit Issuer, and the Lenders to enter into the Credit Agreement and to induce the Lenders to make the Loans to the Borrowers and the Letter of Credit Issuer to issue Letters of Credit under the Credit Agreement and to induce one or more Cash Management Banks and Hedge Banks to enter into Secured Cash Management Agreements and Secured Hedge Agreements with the Borrowers and/or their respective Subsidiaries.

D. Section 9.11 of the Credit Agreement and Section 8.13 of the Security Agreement provide that each Subsidiary of the Parent Borrower that is required to become a party to the Security Agreement pursuant to Section 9.11 of the Credit Agreement shall become a Grantor, with the same force and effect as if originally named as a Grantor therein, for all purposes of the Security Agreement upon execution and delivery by such Subsidiary of an instrument in the form of this Supplement. Each undersigned Subsidiary (each a “New Grantor”) is executing this Supplement in accordance with the requirements of the Security Agreement to become a Subsidiary Grantor or Subsidiary Borrower under the Security Agreement in order to induce the Lenders to make additional Loans and the Letter of Credit Issuer to issue Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Grantors agree as follows:

SECTION 1. In accordance with Section 8.13 of the Security Agreement, each New Grantor by its signature below becomes a Grantor under the Security Agreement with the same force and effect as if originally named therein as a Grantor and each New Grantor hereby (a) agrees to all the terms and provisions of the Security Agreement applicable to it as a Grantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Grantor thereunder are true and correct on and as of the date hereof. In furtherance of the foregoing, each New Grantor, as security for the payment and performance in full of the Obligations, does hereby bargain, sell, convey, assign, set over, mortgage, pledge, hypothecate and transfer to the Collateral Agent for the benefit of the Secured Parties, and hereby grants to the Collateral Agent for the benefit of the Secured Parties, a security interest in all of the Collateral of such New Grantor, in each case whether now or hereafter existing or in which it now has or hereafter acquires an interest. Each reference to a "Grantor" in the Security Agreement shall be deemed to include each New Grantor. The Security Agreement is hereby incorporated herein by reference.

SECTION 2. Each New Grantor represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to the effects of bankruptcy, insolvency or similar laws affecting creditors' rights generally and general equitable principles.

SECTION 3. This Supplement may be executed by one or more of the parties to this Supplement on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Supplement signed by all the parties shall be lodged with the Collateral Agent and the Parent Borrower. This Supplement shall become effective as to each New Grantor when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of such New Grantor and the Collateral Agent.

SECTION 4. Such New Grantor hereby represents and warrants that set forth on Schedule I hereto is (i) the legal name of such New Grantor, (ii) the jurisdiction of incorporation or organization of such New Grantor, (iii) the identity or type of organization or corporate structure of such New Grantor and (iv) the Federal Taxpayer Identification Number and organizational number of such New Grantor.

SECTION 5. Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect.

SECTION 6. THIS SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. Any provision of this Supplement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and in the Security Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8. All notices, requests and demands pursuant hereto shall be made in accordance with Section 13.2 of the Credit Agreement. All communications and notices hereunder to each New Grantor shall be given to it in care of the Parent Borrower at the Parent Borrower's address set forth in Section 13.2 of the Credit Agreement.

IN WITNESS WHEREOF, each New Grantor and the Collateral Agent have duly executed this Supplement to the Security Agreement as of the day and year first above written.

DC FINANCIAL, LLC

By: Dollar General Corporation, Sole Member

By: /s/ Wade Smith
Wade Smith, Treasurer

THE CIT GROUP/BUSINESS CREDIT, INC.,
as Collateral Agent

By: /s/ Adrian Avalos
Name: Adrian Avalos
Title: Vice President

COLLATERAL

<u>Legal Name</u>	<u>Jurisdiction of Incorporation or Organization</u>	<u>Type of Organization or Corporate Structure</u>	<u>Federal Taxpayer Identification Number and Organizational Identification Number</u>
DC Financial, LLC	Tennessee	Member-Managed Limited Liability Company	N/A (Disregarded Entity for Tax Purposes—Single- Member LLC)

SIMPSON THACHER & BARTLETT LLP

425 LEXINGTON AVENUE
NEW YORK, N.Y. 10017- 3954
(212) 455-2000

FACSIMILE (212) 455-2502

DIRECT DIAL NUMBER

E-MAIL ADDRESS

December 21, 2007

Dollar General Corporation
100 Mission Ridge
Goodlettsville, Tennessee 37072

Ladies and Gentlemen:

We have acted as counsel to Dollar General Corporation, a Tennessee corporation (the "Company"), and the subsidiaries of the Company listed on Schedule 1 hereto (the "Schedule I Guarantors") and Schedule II hereto (the "Schedule II Guarantors" and, collectively with the Schedule I Guarantors, the "Guarantors"), in connection with the Registration Statement on Form S-4 (the "Registration Statement") filed by the Company and the Guarantors with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended, relating to the issuance by the Company of \$1,175,000,000 aggregate principal amount of 10.625% Senior Notes due 2015 (the "Senior Notes") and \$725,000,000 aggregate principal amount of Senior Subordinated Toggle Notes due 2017 (the "Senior Subordinated Toggle Notes" and, together with the Senior Notes, the "Exchange Notes") and the issuance by the Guarantors of guarantees (the "Guarantees") with respect to the Exchange Notes. The Exchange Notes and the Guarantees will be issued under indentures dated as of July 6, 2007 (the "Original Indentures") among the Company, Buck Acquisition Corp., a Tennessee corporation, the Guarantors and Wells Fargo Bank, National Association, as Trustee (the "Trustee"), as supplemented by the First Supplemental

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Indentures dated September 25, 2007, among DC Financial, LLC, Guaranteeing Subsidiary, and the Trustee (the "Supplemental Indentures" and, together with the Original Indentures, the "Indentures"). The Senior Notes will be offered by the Company in exchange for \$1,175,000,000 aggregate principal amount of its outstanding 10.625% Senior Notes due 2015. The Senior Subordinated Toggle Notes will be offered by the Company in exchange for \$725,000,000 aggregate principal amount of its outstanding Senior Subordinated Toggle Notes due 2017.

We have examined the Registration Statement, the Original Indentures and the Supplemental Indentures, which have been filed with the Commission as exhibits to the Registration Statement. We also have examined the originals, or duplicates or certified or conformed copies, of such corporate and other records, agreements, documents and other instruments and have made such other investigations as we have deemed relevant and necessary in connection with the opinions hereinafter set forth. As to questions of fact material to this opinion, we have relied upon certificates or comparable documents of public officials and of officers and representatives of the Company and the Guarantors.

In rendering the opinions set forth below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies and the authenticity of the originals of such latter documents. We also have assumed that the Indenture is the valid and legally binding obligation of the Trustee.

We have assumed further that (1) the Schedule II Guarantors have duly authorized, executed and delivered the Indentures and (2) execution, delivery and performance by the

Schedule II Guarantors of the Indentures and Guarantees do not and will not violate the laws of the respective jurisdictions in which each of them is incorporated, organized or formed, as applicable, or any other applicable law (excepting the law of the State of New York and the federal laws of the United States).

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein, we are of the opinion that:

1. When the Exchange Notes have been duly executed, authenticated, issued and delivered in accordance with the provisions of the Indentures upon the exchange, the Exchange Notes will constitute valid and legally binding obligations of the Company enforceable against the Company in accordance with their terms.

2. When (a) the Exchange Notes have been duly executed, authenticated, issued and delivered in accordance with the provisions of the Indentures upon the exchange and (b) the Guarantees have been duly issued, the Guarantees will constitute valid and legally binding obligations of the Guarantors enforceable against the Guarantors in accordance with their terms.

Our opinions set forth above are subject to (i) the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law) and (iii) an implied covenant of good faith and fair dealing.

Insofar as the opinions expressed herein relate to or are dependent upon matters governed by the law of the States of Kentucky and Tennessee, we have relied upon the opinion of Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C. dated the date thereof.

We do not express any opinion herein concerning any law other than the law of the State of New York, the federal law of the United States, the California Revised Limited Partnership Act, the Delaware Limited Liability Company Act and the Delaware General Corporation Law (including the statutory provisions, all applicable provisions of the

Delaware Constitution and reported judicial decisions interpreting the foregoing) and, to the extent set forth herein, the laws of the States of Kentucky and Tennessee.

We hereby consent to the filing of this opinion letter as Exhibit 5.1 to the Registration Statement and to the use of our name under the caption "Legal Matters" in the Prospectus included in the Registration Statement.

Very truly yours,

/s/ Simpson Thacher & Bartlett LLP

SIMPSON THACHER & BARTLETT LLP

Schedule I

Name of Entity	Jurisdiction of Incorporation or Organization
DGC Properties LLC	Delaware
DGC Properties of Kentucky LLC	Delaware
Dollar General Investment, Inc.	Delaware
South Boston FF&E, LLC	Delaware
South Boston Holdings, Inc.	Delaware
Sun-Dollar, L.P.	California

Schedule II

Name of Entity	Jurisdiction of Incorporation or Organization
DC Financial, LLC	Tennessee
DG Logistics, LLC	Tennessee
DG Promotions, Inc.	Tennessee
DG Retail, LLC	Tennessee
DG Transportation, Inc.	Tennessee
DolgenCorp of New York, Inc.	Kentucky
DolgenCorp of Texas, Inc.	Kentucky
DolgenCorp, Inc.	Kentucky
Dollar General Merchandising, Inc.	Tennessee
Dollar General Partners	Kentucky

December 21, 2007

Dollar General Corporation
100 Mission Ridge
Goodlettsville, TN 37072

Ladies and Gentlemen:

We have acted as counsel to Dollar General Corporation, a Tennessee corporation (the "Company"), and to the subsidiaries of the Company listed on *Schedule I* hereto (collectively, the "Schedule I Guarantors"), in connection with the Registration Statement on Form S-4 (the "Registration Statement") filed by the Company and the Guarantors with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), relating to the issuance by the Company of \$1,175,000,000 aggregate principal amount of 10.625% Senior Notes due 2015 (the "Senior Exchange Notes") and \$725,000,000 aggregate principal amount of 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 (the "Senior Subordinated Exchange Notes" and, together with the Senior Exchange Notes, the "Exchange Notes") and the issuance by the Schedule I Guarantors of guarantees (the "Schedule I Guarantees") with respect to the Exchange Notes.

The Senior Exchange Notes, together with their respective guarantees (including the Schedule I Guarantees) will be issued under an indenture, dated July 6, 2007 among Buck Acquisition Corp., a Tennessee corporation ("Buck"), the Company, the guarantors named therein and Wells Fargo Bank, National Association, as trustee (the "Trustee") (the "Senior Note Indenture"), as supplemented by that certain First Supplement to Indenture dated as of September 25, 2007, between DC Financial, LLC, one of the Schedule I Guarantors ("DC Financial") and the Trustee (the "Senior Note Supplemental Indenture" and, together with the Senior Note Indenture, the "Existing Senior Note Indenture") The Senior Subordinated Exchange Notes, together with their respective guarantees (including the Schedule I Guarantees) will be issued under an indenture, dated July 6, 2007 among Buck, the Company, the guarantors named therein and the Trustee (the "Senior Subordinated Note Indenture"), as supplemented by that certain First Supplement to Indenture dated as of September 25, 2007, between DC Financial and the Trustee (the "Senior Subordinated Note Supplemental Indenture" and, together with the Senior Subordinated Note Indenture, the "Existing Senior Subordinated Note Indenture").

ALABAMA •

GEORGIA •

LOUISIANA •

MISSISSIPPI •

TENNESSEE •

WASHINGTON, D.C. •

BEIJING, CHINA
Representative Office, BDBC
International, LLC

The Existing Senior Note Indenture and the Existing Senior Subordinated Note Indenture are referred to herein as the “Indentures.” The Senior Note Supplemental Indenture and the Senior Subordinated Note Supplemental Indenture are referred to herein as the “Supplemental Indentures.”

The Company will offer the Senior Exchange Notes in exchange for \$1,175,000,000 aggregate principal amount of its outstanding 10.625% Senior Notes due 2015 (the “Existing Senior Notes”) and the Senior Subordinated Exchange Notes in exchange for \$725,000,000 aggregate principal amount of its outstanding 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 (the “Existing Senior Subordinated Notes”) and, together with the Existing Senior Notes, the “Existing Notes”).

We have examined the Registration Statement and the Indentures, which have been filed (or incorporated by reference from previous filings) with the Commission as exhibits to the Registration Statement. We also have examined the originals, or duplicates or certified or conformed copies, of such corporate and other records, agreements, documents and other instruments and have made such other investigations as we have deemed relevant and necessary in connection with the opinions hereinafter set forth. As to questions of fact material to this opinion, we have relied, without independent investigation, upon the representations and warranties made by the parties in the Indentures, and upon certificates or comparable documents of public officials and of officers and representatives of the Company and the Schedule I Guarantors.

In rendering the opinions set forth below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies and the authenticity of the originals of such latter documents. We also have assumed that the Indentures are the valid and legally binding obligation of the Trustee.

Based on the foregoing, it is our opinion that:

- (1) Each of the Company and the Schedule I Guarantors is duly incorporated, formed or organized, as the case may, be under the laws of the state of its respective jurisdiction of formation or organization as reflected on *Schedule I* and is in good standing (or the equivalent thereof) within such jurisdiction.
- (2) Each of the Company and the Schedule I Guarantors (other than DC Financial) has duly authorized, executed and delivered the Senior Note Indenture and the Senior Subordinated Note Indenture. DC Financial has duly authorized, executed and delivered the Supplemental Indentures.
- (3) The execution, delivery and performance by the Company and the Schedule I Guarantors of the Indentures and the Schedule I Guarantees will not violate the laws of the states of their respective jurisdictions of

formation or organization as reflected on *Schedule I* and do not and will not constitute a breach or violation of any of their respective charters, articles of incorporation or formation, partnership agreements, bylaws or operating agreements, as the case may be.

It is further our opinion that, when the applicable provisions of the Securities Act and such “Blue Sky” or other state securities laws as may be applicable shall have been complied with and when the Exchange Notes have been duly executed, authenticated, issued and delivered in accordance with the provisions of the Indentures in exchange for an equal principal amount of Existing Notes and related guarantees:

- (1) The Exchange Notes will constitute valid and legally binding obligations of the Company enforceable against the Company in accordance with their terms; and
- (2) When the Schedule I Guarantees have been duly issued, the Schedule I Guarantees will constitute valid and legally binding obligations of the Schedule I Guarantors enforceable against the Schedule I Guarantors in accordance with their terms.

Our opinions rendered above relating to the enforceability of the Exchange Notes and the Schedule I Guarantees are subject to the following exceptions, limitations and qualifications: (i) the effect of bankruptcy, insolvency, fraudulent conveyance or transfer, reorganization, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors’ rights and remedies generally; (ii) the effect of general principles of equity (including, without limitation, laches and estoppel as equitable defenses, concepts of materiality, reasonableness, good faith and fair dealing, and considerations of impracticability or impossibility of performance and defenses based upon unconscionability), whether enforcement is considered or applied in a proceeding at law or in equity, and the discretion of the court before which any proceeding therefor may be brought; and (iii) the qualification that the remedies of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

Our opinions as set forth herein are limited to the federal law of the United States, the laws of the State of Tennessee and the laws of the Commonwealth of Kentucky. No opinion is given regarding the laws of any other jurisdiction.

This letter speaks as of the date hereof. The foregoing opinions are rendered solely for the benefit of the Company and the Schedule I Guarantors; provided, however, that the foregoing opinions may be relied upon by Simpson Thacher & Bartlett LLP. We disclaim any obligation to provide any subsequent opinion or advice by reason of any future changes or events which may affect or alter any opinion rendered herein. Our

opinion is limited to the matters stated herein, and no opinion is to be implied or inferred beyond the matters stated herein.

We hereby consent to the use of this opinion as an exhibit to the Registration Statement and to the reference to us under the heading “Legal Matters” in the prospectus included in the Registration Statement. In giving this consent, we do not admit that we come within the category of persons whose consent is required by the Securities Act or the Commission’s rules and regulations promulgated thereunder.

Very truly yours,

/s/ Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C.

BAKER, DONELSON, BEARMAN, CALDWELL & BERKOWITZ,
P.C.

Guarantors

<u>Name of Guarantor</u>	<u>State or Other Jurisdiction of Incorporation or Organization</u>
DC Financial, LLC	Tennessee
DG Logistics, LLC	Tennessee
DG Promotions, Inc.	Tennessee
DG Retail, LLC	Tennessee
DG Transportation, Inc.	Tennessee
Dolgencorp of New York, Inc.	Kentucky
Dolgencorp of Texas, Inc	Kentucky
Dolgencorp, Inc	Kentucky
Dollar General Merchandising, Inc.	Tennessee
Dollar General Partners	Kentucky

2007 STOCK INCENTIVE PLAN
FOR KEY EMPLOYEES OF
DOLLAR GENERAL CORPORATION AND ITS AFFILIATES

1. Purpose of Plan

The 2007 Stock Incentive Plan for Key Employees of Dollar General Corporation and its Affiliates (the “Plan”) is designed:

- (a) to promote the long term financial interests and growth of Dollar General Corporation (the “Company”) and its Subsidiaries by attracting and retaining management and other personnel and key service providers with the training, experience and ability to enable them to make a substantial contribution to the success of the Company’s business;
- (b) to motivate management personnel by means of growth-related incentives to achieve long range goals; and
- (c) to further the alignment of interests of participants with those of the stockholders of the Company through opportunities for increased stock, or stock-based ownership in the Company.

2. Definitions

As used in the Plan, the following words shall have the following meanings:

- (a) “Affiliate” means with respect to any Person, any entity directly or indirectly controlling, controlled by or under common control with such Person.
 - (b) “Board” means the Board of Directors of the Company.
 - (c) “Change in Control” means, in one or a series of related transactions, (i) the sale of all or substantially all of the assets of Buck Holdings, L.P. or the Company and its subsidiaries to any person (or group of persons acting in concert), other than to (x) investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P. (together the “Sponsor”) or its Affiliates or (y) any employee benefit plan (or trust forming a part thereof) maintained by the Company, the Sponsor or their respective Affiliates or other person of which a majority of its voting power or other equity securities is owned, directly or indirectly, by the Company, the Sponsor or their respective Affiliates; or (ii) a merger, recapitalization or other sale by the Company, the Sponsor (indirectly) or any of their respective Affiliates, to a person (or group of persons acting in concert) of Common Stock or other voting securities of the Company that results in more than 50% of the Common Stock or other voting securities of the Company (or any resulting company after a merger) being held, directly or indirectly, by a person (or group of persons acting in concert) that is not Controlled by (x) the Sponsor or its Affiliates or (y) an employee benefit plan (or trust forming a part thereof) maintained by the Company, the Sponsor or their respective Affiliates or other person of which a majority of its voting power or other equity securities is owned, directly or indirectly, by the Company, the Sponsor or their respective Affiliates; in any event, which results in the
-

Sponsor and its Affiliates or such employee benefit plan ceasing to hold the ability to elect (or cause to be elected) a majority of the members of the Board.

For purposes of this definition, “controlled by” means with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, by contract or otherwise, including the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

(d) “Code” means the United States Internal Revenue Code of 1986, as amended.

(e) “Committee” means the Compensation Committee of the Board (or, if no such committee is appointed, the Board).

(f) “Common Stock” or “Share” means the common stock, par value \$0.01 per share, of the Company, which may be authorized but unissued, or issued and reacquired.

(g) “Employee” means a person, including an officer, in the regular employment of the Company or any other Service Recipient who, in the opinion of the Committee, is, or is expected to have involvement in the management, growth or protection of some part or all of the business of the Company or any other Service Recipient.

(h) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(i) “Fair Market Value” means, on a per Share basis, the fair market value of the Common Stock on any given date, as determined reasonably and in good faith by the Board, which shall not take into account any minority interest discount or discount for the imposition of transfer restrictions.

(j) “Grant” means an award made to a Participant pursuant to the Plan and described in Section 5, including, without limitation, an award of a Stock Option, Stock Appreciation Right, Other Stock-Based Award or Dividend Equivalent Right (as such terms are defined in Section 5), or any combination of the foregoing.

(k) “Grant Agreement” means an agreement between the Company and a Participant that sets forth the terms, conditions and limitations applicable to a Grant.

(l) “Group” means “group,” as such term is used for purposes of Section 13(d) or 14(d) of the Exchange Act.

(m) “Management Stockholder’s Agreement” shall mean that certain Management Stockholder’s Agreement between the applicable Participant and the Company.

(n) “Participant” means an Employee, non-employee member of the Board, consultant or other person having a service relationship with the Company or any other Service Recipient, to whom one or more Grants have been made and remain outstanding.

(o) “Person” means “person,” as such term is used for purposes of Section 13(d) or 14(d) of the Exchange Act.

(p) “Public Offering” means any registered public offering of the Common Stock on the New York Stock Exchange or the Nasdaq National Market or other nationally recognized stock exchange or listing system.

(q) “Sale Participation Agreement” shall mean that certain Sale Participation Agreement between the applicable Participant and Buck Holdings, L.P.

(r) “Service Recipient” shall mean, the Company, any Subsidiary of the Company, or any Affiliate of the Company that satisfies the definition of “service recipient” within the meaning of Proposed Treasury Regulation Section 1.409A-1(g) (or any successor regulation), with respect to which the person is a “service provider” (within the meaning of Proposed Treasury Regulation Section 1.409A-1(f) (or any successor regulation)).

(s) “Subsidiary” means any corporation or other entity in an unbroken chain of corporations or other entities beginning with the Company if each of the corporations or other entities, or group of commonly controlled corporations or other entities, other than the last corporation or other entity in the unbroken chain then owns stock or other equity interests possessing 50% or more of the total combined voting power of all classes of stock or other equity interests in one of the other corporations or other entities in such chain.

3. Administration of Plan

(a) The Plan shall be administered by the Committee. The Committee may adopt its own rules of procedure, and action of a majority of the members of the Committee taken at a meeting, or action taken without a meeting by unanimous written consent, shall constitute action by the Committee. The Committee shall have the power and authority to administer, construe and interpret the Plan, to make rules for carrying it out and to make changes in such rules. Any such interpretations, rules, and administration shall be consistent with the basic purposes of the Plan.

(b) The Committee may delegate to the Chief Executive Officer and to other senior officers of the Company its duties under the Plan, subject to applicable law and such conditions and limitations as the Committee shall prescribe, except that only the Committee may designate and make Grants to Participants.

(c) The Committee may employ counsel, consultants, accountants, appraisers, brokers or other persons. The Committee, the Company, and the officers and directors of the Company shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon all Participants, the Company and all other interested persons. No member of the Committee, nor employee or representative of the Company shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Grants, and all such members of the Committee, employees and representatives shall be fully protected and indemnified to the greatest extent permitted by applicable law by the Company with respect to any such action, determination or interpretation.

4. Eligibility

The Committee may from time to time make Grants under the Plan to such Employees, or other persons having a relationship with Company or any other Service Recipient, and in such form and having such terms, conditions and limitations as the Committee may determine. The terms, conditions and limitations of each Grant under the Plan shall be set forth in a Grant Agreement, in a form approved by the Committee, consistent, however, with the terms of the Plan; provided, however, that such Grant Agreement shall contain provisions dealing with the treatment of Grants in the event of the termination of employment or other service relationship, death or disability of a Participant, and may also include provisions concerning the treatment of Grants in the event of a Change in Control.

5. Grants

From time to time, the Committee will determine the forms and amounts of Grants for Participants. Such Grants may take the following forms in the Committee's sole discretion:

(a) Stock Options - These are options to purchase Common Stock ("Stock Options"). At the time of Grant the Committee shall determine, and shall include in the Grant Agreement, the option exercise period, the option exercise price, vesting requirements, and such other terms, conditions or restrictions on the grant or exercise of the option as the Committee deems appropriate including, without limitation, the right to receive dividend equivalent payments on vested options. Notwithstanding the foregoing, the exercise price per Share of a Stock Option shall in no event be less than the Fair Market Value on the date the Stock Option is granted (subject to later adjustment pursuant to Section 8 hereof). In addition to other restrictions contained in the Plan, a Stock Option granted under this Section 5(a) may not be exercised more than 10 years after the date it is granted. Payment of the Stock Option exercise price shall be made (i) in cash, (ii) with the consent of the Committee, in Shares (any such Shares valued at Fair Market Value on the date of exercise) that the Participant has held for at least six months (or such other period of time as may be required by the Company's accountants), (iii) through the withholding of Shares (any such Shares valued at Fair Market Value on the date of exercise) otherwise issuable upon the exercise of the Stock Option in a manner that is compliant with applicable law, or (iv) a combination of the foregoing methods, in each such case in accordance with the terms of the Plan, the Grant Agreement and of any applicable guidelines of the Committee in effect at the time.

(b) Stock Appreciation Rights - The Committee may grant "Stock Appreciation Rights" (as hereinafter defined) independent of, or in connection with, the grant of a Stock Option or a portion thereof. Each Stock Appreciation Right shall be subject to such other terms as the Committee may determine. The exercise price per Share of a Stock Appreciation Right shall in no event be less than the Fair Market Value on the date the Stock Appreciation Right is granted. Each "Stock Appreciation Right" granted independent of a Stock Option shall be defined as a right of a Participant, upon exercise of such Stock Appreciation Right, to receive an amount equal to the product of (i) the excess of (A) the Fair Market Value on the exercise date of one Share over (B) the exercise price per Share of such Stock Appreciation Right, multiplied by (ii) the number of Shares covered by the Stock Appreciation Right. Payment of the Stock Appreciation Right shall be made in Shares or in cash, or partly in Shares and partly in cash (any such Shares valued at the Fair Market Value on the date of the payment), all as shall be determined by the Committee.

(c) Other Stock-Based Awards - The Committee may grant or sell awards of Shares, awards of restricted Shares and awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value of, Shares (including, without limitation, restricted stock units). Such "Other Stock-Based Awards" shall be in such form, and dependent on such conditions, as the Committee may determine, including, without limitation, the right to receive, or vest with respect to, one or more Shares (or the equivalent cash value of such Shares) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives. Other Stock-Based Awards may be granted alone or in addition to any other Grants under the Plan. Subject to the provisions of the Plan, the Committee shall determine to whom and when Other Stock-Based Awards will be made, the number of Shares to be awarded under (or otherwise related to) such Other Stock-Based Awards; whether such Other Stock-Based Awards shall be settled in cash, Shares or a combination of cash and Shares; and all other terms and conditions of such awards (including, without limitation, the vesting provisions thereof and provisions ensuring that all Shares so awarded and issued shall be fully paid and non-assessable).

(d) Dividend Equivalent Rights – The Committee may grant Dividend Equivalent Rights either alone or in connection with the grant of a Stock Option or SAR. A "Dividend Equivalent Right" shall be the right to receive a payment in respect of one Share (whether or not subject to a Stock Option) equal to the amount of any dividend paid in respect of one Share held by a shareholder in the Company. Each Dividend Equivalent Right shall be subject to such terms as the Committee may determine.

6. Limitations and Conditions

(a) The number of Shares available for Grants under this Plan shall be 24 million subject to adjustment as provided for in Sections 8 and 9, unless restricted by applicable law. Shares related to Grants that are forfeited, terminated, canceled, expire unexercised, withheld to satisfy tax withholding obligations, or are repurchased by the Company shall immediately become available for new Grants.

(b) No Grants shall be made under the Plan beyond ten years after July 6, 2007, the effective date of the Plan (the "Effective Date"), but the terms of Grants made on or before the expiration of the Plan may extend beyond such expiration. At the time a Grant is made or amended in accordance with the terms of the Plan, or the terms or conditions of a Grant are changed in accordance with the terms of the Plan or the Grant Agreement, the Committee may provide for limitations or conditions on such Grant.

(c) Nothing contained herein shall affect the right of the Company or any other Service Recipient to terminate any Participant's employment or other service relationship at any time or for any reason.

(d) Other than as specifically provided in the Management Stockholder's Agreement or Sale Participation Agreement, no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to do so shall be void. No such benefit shall, prior to receipt thereof by the Participant, be in any manner liable for or subject to the debts, contracts, liabilities, engagements, or torts of the Participant.

(e) Participants shall not be, and shall not have any of the rights or privileges of, stockholders of the Company in respect of any Shares purchasable in connection with any Grant unless and until certificates representing any such Shares have been issued by the Company to such Participants (or book entry representing such Shares has been made and such Shares have been deposited with the appropriate registered book-entry custodian).

(f) No election as to benefits or exercise of any Grant may be made during a Participant's lifetime by anyone other than the Participant except by a legal representative appointed for or by the Participant.

(g) Absent express provisions to the contrary, any Grant under this Plan shall not be deemed compensation for purposes of computing benefits or contributions under any retirement or severance plan of the Company or other Service Recipient and shall not affect any benefits under any other benefit plan of any kind now or subsequently in effect under which the availability or amount of benefits is related to level of compensation. This Plan is not a "Retirement Plan" or "Welfare Plan" under the Employee Retirement Income Security Act of 1974, as amended.

(h) Unless the Committee determines otherwise, no benefit or promise under the Plan shall be secured by any specific assets of the Company or any other Service Recipient, nor shall any assets of the Company or any other Service Recipient be designated as attributable or allocated to the satisfaction of the Company's obligations under the Plan.

7. Transfers and Leaves of Absence

For purposes of the Plan, unless the Committee determines otherwise: (a) a transfer of a Participant's employment without an intervening period of separation among the Company and any other Service Recipient shall not be deemed a termination of employment, and (b) a Participant who is granted in writing a leave of absence or who is entitled to a statutory leave of absence shall be deemed to have remained in the employ of the Company (and other Service Recipient) during such leave of absence.

8. Adjustments

In the event of any stock split, spin-off, share combination, reclassification, recapitalization, liquidation, dissolution, reorganization, merger, Change in Control, payment of a dividend (other than a cash dividend paid as part of a regular dividend program) or other similar transaction or occurrence which affects the equity securities of the Company or the value thereof, the Committee shall (i) adjust the number and kind of shares subject to the Plan and available for or covered by Grants, (ii) adjust the share prices related to outstanding Grants, and/or (iii) take such other action (including, without limitation providing for payment of a cash amount to holders of outstanding Grants), in each case as it deems reasonably necessary to address, on an equitable basis, the effect of the applicable corporate event on the Plan and any outstanding Grants, without adverse tax consequences under Section 409A of the Code. Any such adjustment made or action taken by the Committee in accordance with the preceding sentence shall be final and binding upon holders of Options and upon the Company.

9. Change in Control

In the event of a Change in Control: (a) if determined by the Committee in the applicable Grant Agreement or otherwise determined by the Committee in its sole discretion, any outstanding Grants then held by Participants which are unexercisable or otherwise unvested or subject to lapse restrictions may automatically be deemed exercisable or otherwise vested or no longer subject to lapse restrictions, as the case may be, as of immediately prior to such Change in Control and (b) the Committee may, to the extent determined by the Committee to be permitted under Section 409A of the Code, but shall not be obligated to: (i) cancel such awards for fair value (as determined in the sole discretion of the Committee) which, in the case of Stock Options and Stock Appreciation Rights, may equal the excess, if any, of the value of the consideration to be paid in the Change in Control transaction to holders of the same number of Shares subject to such Stock Options or Stock Appreciation Rights (or, if no consideration is paid in any such transaction, the Fair Market Value of the Shares subject to such Stock Options or Stock Appreciation Rights) over the aggregate option price of such Stock Options or the aggregate exercise price of such Stock Appreciation Rights, as the case may be; (ii) provide for the issuance of substitute awards that will substantially preserve the otherwise applicable terms of any affected Grants previously granted hereunder, as determined by the Committee in its sole discretion; or (iii) provide that for a period of at least ten business days prior to the Change in Control, any Stock Options or Stock Appreciation Rights shall be exercisable as to all Shares subject thereto and that upon the occurrence of the Change in Control, such Stock Options or Stock Appreciation Rights shall terminate and be of no further force and effect.

10. Amendment and Termination

(a) The Committee shall have the authority to make such amendments to any terms and conditions applicable to outstanding Grants as are consistent with this Plan, provided that no such action shall modify any Grant in a manner that adversely impacts, other than in a *de minimis* manner, a Participant with respect to any outstanding Grants, other than pursuant to Section 8, 9 or 10(c) hereof, without the Participant's consent, except as such modification is provided for or contemplated in the terms of the Grant or this Plan.

(b) The Board may amend, suspend or terminate the Plan, except that no such action, other than an action under Section 8, 9 or 10 (c) hereof, may be taken which would, without stockholder approval, increase the aggregate number of Shares available for Grants under the Plan, decrease the price of outstanding Grants, change the requirements relating to the Committee, extend the term of the Plan. However, no such action shall adversely impacts, other than in a *de minimis* manner, a Participant with respect to any outstanding Grants, other than pursuant to Section 8, 9 or 10(c) hereof, without the Participant's consent, except as otherwise contemplated in the terms of the Grant or the Plan.

(c) This Plan is intended to comply with Section 409A of the Code and will be interpreted in a manner intended to comply with Section 409A of the Code. Notwithstanding anything herein to the contrary, (i) if at the time of the Participant's termination of employment with any Service Recipient the Participant is a "specified employee" as defined in Section 409A of the Code, and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of service is necessary in order to prevent the imposition

of any accelerated or additional tax under Section 409A of the Code, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to the Participant) until the date that is six months and one day following the Participant's termination of employment with all Service Recipients (or the earliest date as is permitted under Section 409A of the Code), if such payment or benefit is payable upon a termination of employment and (ii) if any other payments of money or other benefits due to the Participant hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred, if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, reasonably determined by the Board in consultation with the Participant, that does not cause such an accelerated or additional tax or result in an additional cost to the Company (without any reduction in such payments or benefits ultimately paid or provided to the Participant).

11. Governing Law; International Participants

(a) This Plan shall be governed by and construed in accordance with the laws of the State of Delaware applicable therein.

(b) With respect to Participants who reside or work outside the United States of America, the Committee may, in its sole discretion, amend the terms of the Plan or awards with respect to such Participants in order to conform such terms with the requirements of local law or to obtain more favorable tax or other treatment for a Participant, the Company or any other Service Recipient.

12. Withholding Taxes

The Company shall have the right to deduct from any payment made under the Plan any federal, state or local income or other taxes required by law to be withheld with respect to such payment. It shall be a condition to the obligation of the Company to deliver Shares upon the exercise of a Stock Option that the Participant pays to the Company such amount as may be requested by the Company for the purpose of satisfying any liability for such withholding taxes.

13. Effective Date and Termination Dates

The Plan shall be effective on July 6, 2007 and shall terminate ten years later, subject to earlier termination by the Board pursuant to Section 10.

STOCK OPTION AGREEMENT

THIS AGREEMENT, dated as of July 6, 2007 (the “Grant Date”) is made by and between Dollar General Corporation, a Tennessee corporation (hereinafter referred to as the “Company”), and the individual whose name is set forth on the signature page hereof, who is an employee of the Company or a Subsidiary or Affiliate of the Company, hereinafter referred to as the “Optionee”. Any capitalized terms herein not otherwise defined in Article I shall have the meaning set forth in the 2007 Stock Incentive Plan for Key Employees of Dollar General Corporation and its Affiliates (the “Plan”).

WHEREAS, the Company wishes to carry out the Plan, the terms of which are hereby incorporated by reference and made a part of this Agreement; and

WHEREAS, the Compensation Committee of the Board of the Company (or, if no such committee is appointed, the Board) (the “Committee”) has determined that it would be to the advantage and best interest of the Company and its shareholders to grant the Option provided for herein to the Optionee as an incentive for increased efforts during his term of office with the Company or its Subsidiaries or Affiliates, and has advised the Company thereof and instructed the undersigned officers to issue said Option;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Whenever the following terms are used in this Agreement, they shall have the meaning specified below unless the context clearly indicates to the contrary.

Section 1.1. Base Price

“Base Price” shall mean \$5.00.

Section 1.2. Cause

“Cause” shall mean “Cause” as such term may be defined in any employment agreement or change-in-control agreement in effect at the time of termination of employment between the Optionee and the Company or any of its Subsidiaries or Affiliates, or, if there is no such employment or change-in-control agreement, “Cause” shall mean, with respect to an Optionee: (i) any act involving fraud or dishonesty; (ii) any material breach of any SEC or other law or regulation or any Company policy governing trading or dealing with stock, securities, investments or the like or with inappropriate disclosure or “tipping” relating to any stock; (iii) 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 the Company or its affiliates or would bring any one of these into public contempt or ridicule; (iv) attendance at work in a state of intoxication or otherwise being found in possession at his place of work of any prohibited drug or substance, possession of which would amount to a criminal offense; (v) assault or other act of violence; or (vi) conviction of, or a plea of *nolo contendere* to, any felony whatsoever or any misdemeanor that would preclude employment under the Company’s hiring policy.

Section 1.3. Closing Date

“Closing Date” shall have the same meaning as that term is defined in the Merger Agreement.

Section 1.4. Disability

“Disability” shall mean “Disability” as such term is defined in any employment agreement between Optionee and the Company or any of its Subsidiaries, or, if there is no such employment agreement, “Disability” as defined in the long-term disability plan of the Company.

Section 1.5. Fiscal Year

“Fiscal Year” shall mean each of the 2007, 2008, 2009, 2010, and 2011 fiscal years of the Company.

Section 1.6. Good Reason

“Good Reason” shall mean “Good Reason” as such term may be defined in any employment agreement or change-in-control agreement in effect at the time of termination of employment between the Optionee and the Company or any of its Subsidiaries or Affiliates, or, if there is no such employment or change-in-control agreement, “Good Reason” shall mean (i) reduction by the Company in Participant’s base salary or target bonus level; (ii) the Company fails to continue in effect any significant Company-sponsored compensation plan or benefit (without replacing it with a similar plan or with a compensation equivalent), unless such action is in connection with across-the-board plan changes or terminations similarly affecting at least ninety-five percent (95%) of all executive employees of the Company; (iii) the Company’s principal executive offices shall be moved to a location outside the middle-Tennessee area, or Participant is required to be based anywhere other than the Company’s principal executive offices; (iv) without Participant’s written consent, the assignment to Participant by the Company of duties inconsistent with, or the significant reduction of the title, powers and functions associated with, Participant’s position, titles or offices as described in the employment agreement, unless such action is the result of a restructuring or realignment of duties and responsibilities by the Company, for business reasons, that leaves Participant at the same compensation and officer level (i.e., Vice President, Senior Vice President, or Executive Vice President, etc.) and with a similar level of responsibility, or unless such action is the result of Participant’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, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform the 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. In each case other than any isolated, insubstantial and inadvertent failure by the Company that is not in bad faith and is cured within ten (10) business days after the Participant gives the Company notice of such event.

Section 1.7. Management Stockholder’s Agreement

“Management Stockholder’s Agreement” shall mean that certain Management Stockholder’s Agreement between the Optionee and the Company.

Section 1.8. Merger Agreement

“Merger Agreement” shall mean the Agreement and Plan of Merger by and among Buck Holdings, L.P., Buck Acquisition Corp. and Dollar General Corporation, dated March 11, 2007.

Section 1.9. Option

“Option” shall mean the aggregate of the Time Option and the Performance Option granted under Section 2.1 of this Agreement.

Section 1.10. Performance Option

“Performance Option” shall mean the right and option to purchase, on the terms and conditions set forth herein, all or any part of an aggregate of the number of shares of Common Stock set forth on the signature page hereof opposite the term Performance Option.

Section 1.11. Secretary

“Secretary” shall mean the Secretary of the Company.

Section 1.12. Sponsor IRR

“Sponsor IRR” shall mean, on any given date, a pretax compounded annual internal rate of return of at least 25% realized by the Sponsors or any of their affiliates after the Closing Date on any Shares held by the Sponsors or any of their affiliates, on a per Share, fully diluted basis, based on the amount invested by the Sponsors in the equity securities of the Company. For the avoidance of doubt, (a) any calculation of Sponsor IRR will for purposes of Section 3.1(c)(ii) and 3.1(d) be calculated solely with respect to Sponsor Shares (as defined herein) actually sold or otherwise disposed of in the applicable transaction, and (b) Sponsor IRR will not be calculated taking into account the receipt by the Sponsor or any of its affiliates of any management, monitoring, transaction or other fees payable to such parties in connection with their separate letter agreement with the Company, and shall only take into account actual distributions paid on the shares of Common Stock indirectly held by such parties.

Section 1.13. Sponsor Return

“Sponsor Return” shall mean, on any given date, all cash proceeds actually received by the Sponsors or any of their affiliates after the Closing Date, including the receipt of any cash dividends or other cash distributions thereon, on a per Share, fully diluted basis, in an amount that equals or exceeds the product of 2.5 and the Base Price. For the avoidance of doubt, (a) any calculation of Sponsor Return will for purposes of Section 3.1(c)(ii) and 3.1(d) be calculated solely with respect to Sponsor Shares actually sold or otherwise disposed of in the applicable transaction, and (b) Sponsor Return will not be calculated taking into account the receipt by the Sponsor or any of its affiliates of any management, monitoring, transaction or other fees payable to such parties in connection with their separate letter agreement with the Company, and shall only take into account actual distributions paid on the shares of Common Stock indirectly held by such parties.

Section 1.14. Time Option

“Time Option” shall mean the right and option to purchase, on the terms and conditions set forth herein, all or any part of an aggregate of the number of shares of Common Stock set forth on the signature page hereof opposite the term Time Option.

ARTICLE II

GRANT OF OPTIONS

Section 2.1. Grant of Options

For good and valuable consideration, on and as of the date hereof the Company irrevocably grants to the Optionee the following Stock Options: (a) the Time Option and (b) the Performance Option, in each case on the terms and conditions set forth in this Agreement.

Section 2.2. Exercise Price

Subject to Section 2.4, the exercise price of the shares of Common Stock covered by the Option (the "Exercise Price") shall be as set forth on the signature page hereof, which shall be the Base Price if such Option is granted at the time of the closing of the transactions contemplated by the Merger Agreement or the Fair Market Value if the Option is granted thereafter.

Section 2.3. No Guarantee of Employment

Nothing in this Agreement or in the Plan shall confer upon the Optionee any right to continue in the employ of the Company or any Subsidiary or Affiliate or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries or Affiliates, which are hereby expressly reserved, to terminate the employment of the Optionee at any time for any reason whatsoever, with or without cause, subject to the applicable provisions of, if any, the Optionee's employment agreement with the Company or offer letter provided by the Company to the Optionee.

Section 2.4. Adjustments to Option

The Option shall be subject to the adjustment provisions of Sections 8 and 9 of the Plan, provided, however, that in the event of the payment of an extraordinary dividend by the Company to its stockholders, then: the Exercise Prices of the Option shall be reduced by the amount of the dividend paid, but only to the extent the Committee determines it to be permitted under applicable tax laws and not have adverse tax consequences to the Optionee under Section 409A of the Code; and, if such reduction cannot be fully effected due to such tax laws and it will not have adverse tax consequences to the Optionee, then the Company shall pay to the Optionee a cash payment, on a per Share basis, equal to the balance of the amount of the dividend not permitted to be applied to reduce the Exercise Price of the applicable Option as follows: (a) for each Share subject to a vested Option, immediately upon the date of such dividend payment; and (b), for each Share subject to an unvested Option, on the date on which such Option becomes vested and exercisable with respect to such Share.

ARTICLE III

PERIOD OF EXERCISABILITY

Section 3.1. Commencement of Exercisability

(a) So long as the Optionee continues to be employed by the Company or any other Service Recipients, the Option shall become exercisable pursuant to the following schedules:

(i) *Time Option* . The Time Option shall become vested and exercisable with respect to 20% of the Shares subject to such Option on each of the first five anniversaries of the Closing Date.

(ii) *Performance Option* . The Performance Option shall be eligible to become vested and exercisable as to 20% of the Shares subject to such Option at the end of each of the five Fiscal Years if the Company, on a consolidated basis, achieves its annual EBITDA targets as set forth in Schedule A attached hereto (each an “EBITDA Target”) for the given Fiscal Year. Notwithstanding the foregoing, in the event that an EBITDA Target is not achieved in a particular Fiscal Year, then that portion of the Performance Option that was eligible to vest but failed to vest due to the Company’s failure to achieve its EBITDA Target shall nevertheless vest and become exercisable at the end of any subsequent Fiscal Years (or the 2012 Fiscal Year) if the cumulative EBITDA Target (each a “Cumulative EBITDA Target”) set forth on Schedule A attached hereto is achieved on a cumulative basis at the end of such Fiscal Year (or the 2012 Fiscal Year) with respect to all then completed Fiscal Years;

(b) Notwithstanding any of the foregoing, upon a termination of the Optionee’s employment at any time by reason of death or Disability:

(i) that 20% portion of the Time Option that would have become exercisable on the next anniversary date of the Closing Date if the Optionee had remained employed with the Company or the applicable Service Recipient through such date will become vested and exercisable; and

(ii) that 20% portion of the Performance Option, if any, that would have become exercisable in respect of the Fiscal Year in which the Optionee’s employment terminates if the Optionee had remained employed with the Company or the applicable Service Recipient through such date, shall remain outstanding through the date the Company determines whether the Annual Performance Target or Cumulative EBITDA Target is met for such Fiscal Year, and shall become exercisable on such date *if and only if*, and *only to the extent* that, the Annual Performance Target or Cumulative EBITDA Target is met for such Fiscal Year in accordance with Section 3.1(a)(ii) above; *provided, however*, that if such Annual Performance Target or Cumulative EBITDA Target is not met for such Fiscal Year, that portion of the Performance Option shall remain unvested and shall be forfeited upon such date.

(c) Notwithstanding any of Section 3.1(a) or (b) above, upon the earlier occurrence of a Change in Control:

(i) the Time Option shall become immediately exercisable as to 100% of the shares of Common Stock subject to such Option immediately prior to a Change in Control (but only to the extent such Option has not otherwise terminated or become exercisable); and

(ii) the Performance Option shall become immediately exercisable as to 100% of the shares of Common Stock subject to such Option immediately prior to a Change in Control (but only to the extent such Option has not otherwise terminated or become exercisable) if as a result of the Change in Control, (x) the Sponsor achieves the Sponsor IRR on 100% of the Sponsors’ aggregate investment, directly or indirectly, in the equity securities of the Company (the “Sponsor Shares”) *and* (y) the Sponsor earns an Sponsor Return on 100% of the Sponsor Shares; *provided, however*, that in the event that there occurs a Change in Control wherein more than 50% but less than 100% of the Common Stock or other voting securities of the Company or Buck Holdings, L.P. is sold or otherwise disposed of, then, the Performance Option will become vested (to the extent not already previously vested pursuant to Section 3.1(a) or (d)) up to the same percentage of Sponsor Shares on which such Sponsor Return and Sponsor IRR has been so achieved.

(d) Notwithstanding any of Section 3.1(a), (b) or (c) above, if after a Public Offering (as such term is defined in the Management Stockholder's Agreement), the Sponsor or its affiliates, through one transaction or a series of transactions, sells Shares and achieves the Sponsor Return and the Sponsor IRR on any percentage of Sponsor Shares, so long as the Optionee has remained employed with the Company or the applicable Service Recipient through the relevant sale date, then, the Performance Option will become vested (to the extent not already previously vested pursuant to Section 3.1(a) or (c)) up to the same percentage of Sponsor Shares on which such Sponsor Return and Sponsor IRR has been so achieved.

(e) Notwithstanding the foregoing but except as provided in Section 3.1(b), no Option shall become exercisable as to any additional shares of Common Stock following the termination of employment of the Optionee for any reason and any Option, which is unexercisable as of the Optionee's termination of employment, shall immediately expire without payment therefor.

Section 3.2. Expiration of Option

Except as otherwise provided in Section 5 or 6 of the Management Stockholder's Agreement, the Optionee may not exercise the Option to any extent after the first to occur of the following events:

(a) The tenth anniversary of the Closing Date so long as the Optionee remains employed with the Company or any Service Recipient through such date;

(b) The first anniversary of the date of the Optionee's termination of employment with the Company and all Service Recipients, if the Optionee's employment is terminated by reason of death or Disability (unless earlier terminated as provided in Section 3.2 (h) below);

(c) Immediately upon the date of the Optionee's termination of employment by the Company and all Service Recipients for Cause;

(d) Immediately upon the date of the Optionee's termination of employment by the Company and all Service Recipients by the Optionee without Good Reason (except due to death or Disability);

(e) One hundred and eighty (180) days after the date of an Optionee's termination of employment by the Company and all Service Recipients without Cause (for any reason other than as set forth in Section 3.2(b));

(f) One hundred and eighty (180) days after the date of an Optionee's termination of employment with the Company and all Service Recipients by the Optionee for Good Reason;

(g) The date the Option is terminated pursuant to Section 6 or 7 of the Management Stockholder's Agreement; or

(h) At the discretion of the Company, if the Committee so determines pursuant to Section 9 of the Plan.

ARTICLE IV

EXERCISE OF OPTION

Section 4.1. Person Eligible to Exercise

During the lifetime of the Optionee, only the Optionee (or his or her duly authorized legal representative) may exercise an Option or any portion thereof. After the death of the Optionee, any exercisable portion of an Option may, prior to the time when an Option becomes unexercisable under Section 3.2, be exercised by his personal representative or by any person empowered to do so under the Optionee's will or under the then applicable laws of descent and distribution.

Section 4.2. Partial Exercise

Any exercisable portion of an Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 3.2; provided, however, that any partial exercise shall be for whole shares of Common Stock only.

Section 4.3. Manner of Exercise

An Option, or any exercisable portion thereof, may be exercised solely by delivering to the Secretary or his office all of the following prior to the time when the Option or such portion becomes unexercisable under Section 3.2:

(a) Notice in writing signed by the Optionee or the other person then entitled to exercise the Option or portion thereof, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Committee;

(b) (i) Full payment (in cash or by check or by a combination thereof) for the shares with respect to which such Option or portion thereof is exercised or (ii) indication that the Optionee elects to have the number of Shares that would otherwise be issued to the Optionee reduced by a number of Shares having an equivalent Fair Market Value to the payment that would otherwise be made by Optionee to the Company pursuant to clause (i) of this subsection (b);

(c) (i) Full payment (in cash or by check or by a combination thereof) to satisfy the minimum withholding tax obligation with respect to which such Option or portion thereof is exercised; or (ii) solely in the event that the Optionee's employment terminates under circumstances identified in Section 3.2(b), (e) or (f) above, notice in writing that the Optionee elects to have the number of Shares that would otherwise be issued to the Optionee reduced by a number of Shares having an equivalent Fair Market Value to the payment that would otherwise be made by Optionee to the Company pursuant to clause (i) of this subsection (c);

(d) A bona fide written representation and agreement, in a form satisfactory to the Committee, signed by the Optionee or other person then entitled to exercise such Option or portion thereof, stating that the shares of Common Stock are being acquired for his own account, for investment and without any present intention of distributing or reselling said shares or any of them except as may be permitted under the Securities Act of 1933, as amended (the "Act"), and then applicable rules and regulations thereunder, and that the Optionee or other person then entitled to exercise such Option or portion thereof will indemnify the Company against and hold it free and harmless from any loss, damage, expense or liability resulting to the Company if any sale or distribution of the shares by such person is

contrary to the representation and agreement referred to above; provided, however, that the Committee may, in its reasonable discretion, take whatever additional actions it deems reasonably necessary to ensure the observance and performance of such representation and agreement and to effect compliance with the Act and any other federal or state securities laws or regulations; and

(e) In the event the Option or portion thereof shall be exercised pursuant to Section 4.1 by any person or persons other than the Optionee, appropriate proof of the right of such person or persons to exercise the option.

Without limiting the generality of the foregoing, the Committee may require an opinion of counsel acceptable to it to the effect that any subsequent transfer of shares acquired on exercise of an Option does not violate the Act, and may issue stop-transfer orders covering such shares. Share certificates evidencing stock issued on exercise of this Option shall bear an appropriate legend referring to the provisions of subsection (d) above and the agreements herein. The written representation and agreement referred to in subsection (d) above shall, however, not be required if the shares to be issued pursuant to such exercise have been registered under the Act, and such registration is then effective in respect of such shares.

Section 4.4. Conditions to Issuance of Stock Certificates

The shares of stock deliverable upon the exercise of an Option, or any portion thereof, may be either previously authorized but unissued shares or issued shares, which have then been reacquired by the Company. Such shares shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any certificate or certificates for shares of stock purchased (if certified, or if not certified, register the issuance of such shares on its books and records) upon the exercise of an Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The obtaining of approval or other clearance from any state or federal governmental agency which the Committee shall, in its reasonable and good faith discretion, determine to be necessary or advisable;

(b) The execution by the Optionee of the Management Stockholder's Agreement and a Sale Participation Agreement; and

(c) The lapse of such reasonable period of time following the exercise of the Option as the Committee may from time to time establish for reasons of administrative convenience or as may otherwise be required by applicable law.

Section 4.5. Rights as Stockholder

Except as otherwise provided in Section 2.4 of this Agreement, the holder of an Option shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any shares purchasable upon the exercise of the Option or any portion thereof unless and until certificates representing such shares shall have been issued by the Company to such holder or the Shares have otherwise been recorded in the records of the Company as owned by such holder.

ARTICLE V

MISCELLANEOUS

Section 5.1. Administration

The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Optionee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Option. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement.

Section 5.2. Option Not Transferable

Neither the Option nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Optionee or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 5.2 shall not prevent transfers by will or by the applicable laws of descent and distribution.

Section 5.3. Notices

Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary, and any notice to be given to the Optionee shall be addressed to him at the address given beneath his signature hereto. By a notice given pursuant to this Section 5.3, either party may hereafter designate a different address for notices to be given to him. Any notice, which is required to be given to the Optionee, shall, if the Optionee is then deceased, be given to the Optionee's personal representative if such representative has previously informed the Company of his status and address by written notice under this Section 5.3. Any notice shall have been deemed duly given when (i) delivered in person, (ii) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service, or (iii) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with fees prepaid) in an office regularly maintained by FedEx, UPS, or comparable non-public mail carrier.

Section 5.4. Titles; Pronouns

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 5.5. Applicability of Plan, Management Stockholder's Agreement and Sale Participation Agreement

The Option and the shares of Common Stock issued to the Optionee upon exercise of the Option shall be subject to all of the terms and provisions of the Plan, the Management Stockholder's Agreement and a Sale Participation Agreement, to the extent applicable to the Option and such Shares.

Section 5.6. Amendment

Subject to Section 10 of the Plan, this Agreement may be amended only by a writing executed by the parties hereto, which specifically states that it is amending this Agreement.

Section 5.7. Governing Law

The laws of the State of Delaware shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

Section 5.8. Arbitration

In the event of any controversy among the parties hereto arising out of, or relating to, this Agreement which cannot be settled amicably by the parties, such controversy shall be finally, exclusively and conclusively settled by mandatory arbitration conducted expeditiously in accordance with the American Arbitration Association rules, by a single independent arbitrator. Such arbitration process shall take place within the Nashville, Tennessee metropolitan area. 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. Judgment upon the award rendered may be entered in any court having jurisdiction thereof. Each party shall bear its own legal fees and expenses, unless otherwise determined by the arbitrator.

[Signatures on next page .]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

DOLLAR GENERAL CORPORATION

By: _____

Its: _____

Option Grants :

Aggregate number of shares of Common Stock
for which the **Time Option** granted hereunder is
exercisable :

Aggregate number of shares of Common Stock
for which the **Performance Option**
granted hereunder is exercisable:

Exercise Price of all options:

\$5.00 per share

Grant Date :

July , 2007

OPTIONEE:

Name: _____

Address

[Signature Page of Stock Option Agreement]

Schedule A
Annual and Cumulative Performance Targets

The Annual and Cumulative Performance Targets are based on the Company's achievement of the following EBITDA targets for the following Fiscal Years:

Fiscal Year	Annual Performance Target		Cumulative Performance Target	
2007	\$	700,000,000(1)		
2008	\$	828,000,000	\$	1,528,000,000
2009	\$	961,000,000	\$	2,489,000,000
2010	\$	1,139,000,000	\$	3,628,000,000
2011	\$	1,350,000,000	\$	4,978,000,000

"EBITDA" shall mean earnings before interest, taxes, depreciation and amortization plus transaction, management and/or similar fees paid to the Sponsor and/or its Affiliates. The Board shall, fairly and appropriately, adjust the calculation of EBITDA to reflect, to the extent not contemplated in the management plan, the following: acquisitions, divestitures, any change required by GAAP relating to share-based compensation or for other changes in GAAP promulgated by accounting standard setters that, in each case, the Board in good faith determines require adjustment of EBITDA. The Board's determination of such adjustment shall be based on the Company's accounting as set forth in its books and records and on the financial plan of the Company pursuant to which the Annual Performance Targets were originally established.

If the Company makes an acquisition in any year, the Annual Performance Target for such year and Cumulative Performance Target for such year and subsequent years will be adjusted, fairly and appropriately, by the amount of EBITDA in the plan for the target presented to the Board at the time the acquisition is approved by the Board. Annual Performance Targets and Cumulative Performance Targets will also be fairly and appropriately adjusted by the Board, in consultation with management, to the extent not contemplated in the plan for the following: any divestitures, major capital investment programs, any change required by GAAP relating to share-based compensation or other changes in GAAP promulgated by accounting standard setters. In the event that any of the foregoing action is taken, such adjustment shall be only the amount deemed reasonably necessary by the Board, in the exercise of its good faith judgment, after consultation of the Company's accountants, to accurately reflect the direct and measurable effect such event has on such Annual Performance Targets and Cumulative Performance Targets. The intent of such adjustments is to keep the probability of achieving the Annual Performance Targets and Cumulative Performance Targets the same as if the event triggering such adjustment had not

(1) The Board will make a good faith determination of the adjustments to the EBITDA targets for Alpha costs and other one time expenses after consulting with the CEO and CFO.

occurred. The Board's determination of such necessary adjustment shall be made within 60 days following the completion or closing of such event, and shall be based on the Company's accounting as set forth in its books and records and on the Company's financial plan pursuant to which the Annual Performance Targets and Cumulative Performance Targets were originally established.

FORM OF
OPTION ROLLOVER AGREEMENT

OPTION ROLLOVER AGREEMENT dated as of the date indicated on Schedule I hereto (this “Option Rollover Agreement”) between Dollar General Corporation, a Tennessee corporation (the “Company”), and the individual listed on Schedule I hereto (the “Management Stockholder”).

WHEREAS, on March 11, 2007, the Company, Buck Holdings, L.P., a Delaware limited partnership (“Parent”) and Buck Acquisition Corp., a Tennessee corporation and a direct wholly owned subsidiary of Parent (“Merger Sub”) entered into an Agreement and Plan of Merger (the “Merger Agreement”), pursuant to which Merger Sub will merge with and into the Company (the “Merger”) with the Company continuing as the surviving corporation (the effective time of such merger, the “Effective Time”);

WHEREAS, the Management Stockholder currently holds options to acquire shares of common stock, par value \$0.50 per share, of the Company (“DG Options”), all of which shall become fully vested upon consummation of the Merger, pursuant to one or more of the following plans: the Company’s 1993 Employee Stock Incentive Plan, 1995 Employee Stock Incentive Plan, 1995 Stock Option Plan for Outside Directors, and 1998 Stock Incentive Plan, and Employment Agreement with David A. Perdue effective as of April 2, 2003 (the “DG Plans”), and has agreed, as of the Effective Time, to retain certain of such DG Options (the “Rollover Options”) in lieu of receiving the consideration specified in Section 2.3 of the Merger Agreement with respect to such options, subject to the terms and conditions of this Option Rollover Agreement; and

WHEREAS, the Management Stockholder desires to make an investment in the equity securities of the Company in connection with the Merger, and the Company desires to allow the Management Stockholder to make such an investment.

NOW THEREFORE, in consideration of the foregoing, and the covenants and promises and representations set forth herein, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged and accepted, the parties hereto agree, subject to the Company’s acceptance of the Management Stockholder’s execution of this Agreement, to the following:

1. The Management Stockholder acknowledges that, in consideration of, among other good and valuable consideration, including the Management Stockholder’s obligation pursuant to the Management Stockholder’s Agreement to make an investment in the Company, the Company has offered the Management Stockholder the opportunity to, among other good and valuable consideration, satisfy such obligation to invest, in whole or in part, pursuant to the “roll over” of certain of the DG Options held by Management Stockholder (the “Rollover”).

2. The Management Stockholder further acknowledges and agrees that from and after the Effective Time:

(a) pursuant to the terms of the Merger Agreement and the DG Plans, any DG Options, to the extent not exercised prior to the Merger and not otherwise part of the Management Stockholder's Rollover (such options being the "Cancelled Options"), will be cancelled immediately prior to the Effective Time and will thereafter represent only the right to receive a cash payment equal to the product of (x) the number of shares of common stock of the Company underlying the options immediately prior to the Effective Time, multiplied by (y) the amount (if any) by which \$22.00 exceeds the per share option exercise price relating to such Cancelled Options, without interest and less any applicable withholding taxes (the "Option Payment"), and will no longer be exercisable for any securities of the Company, Parent or any of their respective subsidiaries, successors or assigns, all in accordance with the terms of the Merger Agreement; and

(b) in accordance with the Merger Agreement and the DG Plans, the Management Stockholder shall have no right to receive payments in respect of any Cancelled Options, the exercise price of which are equal to or greater than \$22.00 per share (i.e., the Management Stockholder's "out of the money" Options); and

(c) subject to the payment of the Option Payment, all of the Management Stockholder's rights and claims in respect of the Cancelled Options (including the Management Stockholder's "out of the money" Options) shall terminate in all respects; and

(d) all of the Management Stockholder's rights and claims in respect of the Management Stockholder's DG Options that are (and solely to the extent) permitted pursuant to this Agreement to become Rollover Options as of the Effective Time (as defined in the Merger Agreement) shall be limited to (i) the terms of the agreements or instruments evidencing the grant of such awards and the applicable DG Plan governing such awards, as amended as provided by this Agreement, and (ii) the terms and conditions of a Management Stockholder's Agreement, to be entered into by and between the Company and the undersigned Management Stockholder effective as of the Effective Time, and a Sale Participation Agreement, to be entered into by and between the Management Stockholder and Parent, effective as of the Effective Time.

3. The Management Stockholder hereby represents and warrants to the Company that the Management Stockholder is the sole record and beneficial owner of the DG Options and that the Management Stockholder has not sold, transferred, conveyed, pledged or hypothecated any interest in the DG Options, and the Management Stockholder agrees not to take any action that would cause the foregoing representations and warranties not to be true as of the Effective Time.

4. The Management Stockholder agrees to retain, as Rollover Options, DG Options as set forth on Schedule I. However, no DG Option with a Total Rollover Value that is a negative number will be retained as a Rollover Option. For purposes of this Option Rollover Agreement, "Total Rollover Value" shall mean, with respect to a DG Option immediately prior to the Effective Time, the excess of (a) the product of (i) \$22.00 and (ii) the number of shares of common stock of the Company subject to such option over (b) the aggregate exercise price per share of such option.

5. The terms of the Rollover Options shall be amended, effective immediately upon the Effective Time, to provide for the following: each Rollover Option shall be hereby adjusted such that (i) the exercise price per share of the common stock of the Company (“Common Stock”) underlying each Rollover Option will be as set forth on Exhibit A and (ii) the number of shares of Common Stock underlying each Rollover Option will be equal to the number set forth on Exhibit A. For the avoidance of doubt, for each Rollover Option, the adjustment referenced in this Section 5 will not result in any difference between (i) the excess of the product of (x) the fair market value of one share of Common Stock as it exists immediately after the Effective Time and (y) the number of shares of Common Stock subject to the Rollover Option immediately after the Effective Time, over the aggregate exercise price per share of such Rollover Option immediately after the Effective Time as compared to (ii) the Total Rollover Value of the Rollover Option immediately prior to the Effective Time. In addition, the ratio of the exercise price to the fair market value of the shares of Common Stock subject to each Rollover Option immediately after the Effective Time will not be greater than the ratio of the exercise price to the fair market value of the shares subject to the Rollover Option immediately prior to the Effective Time.

6. This Option Rollover Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

7. This Option Rollover Agreement may be executed in counterparts, all of which shall be considered one and the same agreement, it being understood that all parties need not sign the same counterpart.

[Signatures on next page.]

Schedule I

OPTION ROLLOVER ELECTION FORM

Name of Management Stockholder:

Do you wish to "roll over" certain of your options to purchase shares of Common Stock of the Company which you currently hold for options to purchase shares of common stock in the Surviving Corporation pursuant to the Option Rollover Agreement? **Please note that you may not rollover a portion of a given grant. Only whole grants may be rolled over.**

Yes No

If yes, please select **either** A or B below:

A. I, Management Stockholder, agree to rollover ALL of the DG Options (as defined in the Option Rollover Agreement), other than DG Options the exercise price of which are equal to or greater than \$22.00 per share (i.e., "out of the money" Options")

B. I, Management Stockholder, agree to rollover each DG Option identified in the chart below that I have designated by checking the box in the far right column:

Date of Option Grant	Expiration Date	Number of Shares of Common Stock of DG subject to the Grant	Exercise Price Per Share	Aggregate Spread Value at time of Closing	Please check the box to the right of each DG Option that you wish to rollover
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>
					<input type="checkbox"/>

Executed this day of , 2007 by:

Management Stockholder:

Accepted this day of , 2007 by:

DOLLAR GENERAL CORPORATION

By: _____
Name:
Title:

Exhibit A

Exercise Price of the DG Options	Number of Shares Underlying the DG Options	Adjusted Exercise Price of Rollover Options	Number of Shares Underlying the Rollover Options

MANAGEMENT STOCKHOLDER'S AGREEMENT

This Management Stockholder's Agreement (this "Agreement") is entered into as of July 6, 2007 among Dollar General Corporation, a Tennessee corporation (the "Company"), Buck Holdings, L.P., a Delaware limited partnership ("Parent"), and the undersigned person (the "Management Stockholder") (the Company, Parent and the Management Stockholder being hereinafter collectively referred to as the "Parties"). All capitalized terms not immediately defined are hereinafter defined in Section 7(b) of this Agreement.

WHEREAS, pursuant to the Agreement and Plan of Merger, dated as of March 11, 2007 (the "Merger Agreement"), by and among Parent, Buck Acquisition Corp., a Tennessee corporation and a direct wholly owned subsidiary of Parent ("Merger Sub") and the Company, and subject to the terms and conditions set forth in the Merger Agreement, Merger Sub will on the Closing Date (as defined in Section 7(b) below) merge with and into the Company (the "Merger"), with the Company surviving the Merger;

WHEREAS, in connection with the Merger, KKR 2006 Fund L.P. and its affiliated investment funds, KKR PEI Investments, L.P., GS Capital Partners VI Fund, L.P., GS Capital Partners VI Parallel, L.P., GS Capital Partners VI GmbH & Co. KG and GS Capital Partners VI Offshore Fund, L.P., and Citigroup Capital Partners II Employee Master Fund, L.P., Citigroup Capital Partners II 2007 Citigroup Investment, L.P., Citigroup Capital Partners II Onshore, L.P., Citigroup Capital Partners II Cayman Holdings, L.P. and CPE Co-Investment (Dollar General) LLC (collectively, the "Investors") are contributing certain funds to Parent in exchange for limited partnership units representing, as of the Closing Date;

WHEREAS, as a result of the Merger and after giving effect to the issuance of all Rollover Stock and Purchased Stock (in each case as defined below) in connection therewith, immediately after the Merger on the Closing Date, Parent will own, beneficially and of record, approximately 99.7% of the issued and outstanding shares of the Company's common stock, par value \$0.50 per share (the "Common Stock");

WHEREAS, in connection with the Merger, the Management Stockholder has been selected by the Company (i) to exchange certain shares of common stock of the Company owned immediately prior to the Effective Time for new shares of Common Stock (the "Rollover Stock") pursuant to an Exchange Agreement entered into between the Management Stockholder and Parent (the "Exchange Agreement"), which exchange the Parties intend for U.S. federal income tax purposes to be treated as an exchange of shares by the Management Stockholder in a transaction described in section 1036 and/or section 368(a)(1)(E) of the Internal Revenue Code of 1986, as amended, in which no gain or loss is recognized by the Management Stockholder; (ii) to exchange all or a portion of the Management Stockholder's options to purchase shares of common stock of the Company outstanding prior to the effective time of the Merger for fully-exercisable options to purchase Common Stock after the Merger (the "Rollover Options") pursuant to the terms of the Company's current option plan under which the options were issued (the "Pre-Merger Plans"), as adjusted pursuant to the Option Rollover Agreement to be entered into between the Management Stockholder and the Company (the "Option Rollover Agreement"); (iii) to be permitted to transfer to the Company cash in exchange for shares of Common Stock (the "Purchased Stock"); and/or (iv) to receive options to purchase shares of Common Stock (the

“ New Options ” and together with the Rollover Options, the “ Options ”) pursuant to the terms set forth below and the terms of the 2007 Stock Incentive Plan for Key Employees of Dollar General Corporation and its Affiliates (the “ Option Plan ”) and the Stock Option Agreement dated as of the date hereof, entered into by and between the Company and the Management Stockholder (the “ New Option Agreement ” and together with the Option Rollover Agreement, the “ Stock Option Agreements ”); and

WHEREAS, this Agreement is one of several other agreements (“ Other Management Stockholders Agreements ”) which concurrently with the execution hereof or in the future will be entered into between the Company and other individuals who are or will be key employees of the Company or one of its subsidiaries (collectively, the “ Other Management Stockholders ”).

NOW THEREFORE, to implement the foregoing and in consideration of the mutual agreements contained herein, the Parties agree as follows:

1. Issuance of Purchased Shares; New Options; Rollover Stock and Options; Voting.

(a) Subject to the terms and conditions hereinafter set forth, the Management Stockholder hereby subscribes for and shall purchase, as of the Closing Date (but immediately after the Effective Time), and the Company shall issue and deliver to the Management Stockholder as of the Closing Date, the number of shares of Purchased Stock at a per share purchase price (the “ Base Price ”), in each case as set forth on Schedule I hereto, which Base Price is equal to the effective per share purchase price paid by the Investors for the shares of the Company in connection with the Merger.

(b) Immediately prior to the Effective Time, the Management Stockholder shall, if applicable, transfer to Parent the shares identified by such Management Stockholder in the Exchange Agreement and immediately after the Effective Time the Management Stockholder will receive a number of shares, in each case pursuant to the Exchange Agreement. The Parties agree that they will not treat the Management Stockholder as holding a limited partnership interest in Parent for U.S. federal income tax purposes.

(c) Subject to the terms and conditions hereinafter set forth and as set forth in the Option Plan, as of the Closing Date the Company is granting to the Management Stockholder New Options, at an initial exercise price equal to \$5.00, to acquire the number of shares of Common Stock as set forth in such Management Stockholder’s New Option Agreement which the Parties shall execute and deliver to each other copies of concurrently with the issuance of such New Options.

(d) Subject to the terms and conditions hereinafter set forth and as set forth in the Option Rollover Agreement and the Pre-Merger Plans, as of the Effective Time, the Rollover Options shall be adjusted as set forth in the Option Rollover Agreement.

(e) The Company shall have no obligation to sell any Purchased Stock to any person who (i) is a resident or citizen of a state or other jurisdiction in which the sale of the Common Stock to him or her would constitute a violation of the securities or “blue sky” laws of such jurisdiction or (ii) is not an employee or director of the Company or its subsidiaries as of the Closing Date.

2. Management Stockholder's Representations, Warranties and Agreements.

(a) The Management Stockholder agrees and acknowledges that he will not, directly or indirectly, offer, transfer, sell, assign, pledge, hypothecate or otherwise dispose of (any of the foregoing acts being referred to herein as a "transfer") any shares of Purchased Stock, Rollover Stock and, at the time of exercise, Common Stock issuable upon exercise of Options ("Option Stock"); together with all Purchased Stock, Rollover Stock and any other Common Stock otherwise acquired and/or held by the Management Stockholder Entities as of or after the date hereof, "Stock"), except as provided in this Section 2(a) below and Section 3 hereof. If the Management Stockholder is an Affiliate of the Company, the Management Stockholder also agrees and acknowledges that he or she will not transfer any shares of the Stock unless:

(i) the transfer is pursuant to an effective registration statement under the Securities Act of 1933, as amended, and the rules and regulations in effect thereunder (the "Act"), and in compliance with applicable provisions of state securities laws; or

(ii) (A) counsel for the Management Stockholder (which counsel shall be reasonably acceptable to the Company) shall have furnished the Company with an opinion or other advice, reasonably satisfactory in form and substance to the Company, that no such registration is required because of the availability of an exemption from registration under the Act and (B) if the Management Stockholder is a citizen or resident of any country other than the United States, or the Management Stockholder desires to effect any transfer in any such country, counsel for the Management Stockholder (which counsel shall be reasonably satisfactory to the Company) shall have furnished the Company with an opinion or other advice reasonably satisfactory in form and substance to the Company to the effect that such transfer will comply with the securities laws of such jurisdiction.

Notwithstanding the foregoing, the Company acknowledges and agrees that any of the following transfers of Stock are deemed to be in compliance with the Act and this Agreement (including without limitation any restrictions or prohibitions herein), and no opinion of counsel is required in connection therewith: (1) a transfer made pursuant to Sections 3, 4, 5, 6 or 9 hereof, (2) a transfer (x) upon the death or Disability of the Management Stockholder to the Management Stockholder's Estate or (y) to the executors, administrators, testamentary trustees, legatees, immediate family members or beneficiaries of a person who has become a holder of Stock in accordance with the terms of this Agreement; provided that it is expressly understood that any such transferee shall be bound by the provisions of this Agreement, (3) a transfer made after the Closing Date in compliance with the federal securities laws to a Management Stockholder's Trust; provided that such transfer is made expressly subject to this Agreement and that the transferee agrees in writing to be bound by the terms and conditions hereof as a "Management Stockholder" with respect to the representations and warranties and other obligations of this Agreement; and provided further that it is expressly understood and agreed that if such Management Stockholder's Trust at any point includes any person or entity other than the Management Stockholder, his spouse (or ex-spouse) or his lineal descendants (including adopted children) such that it fails to meet the definition thereof as set forth in Section 7(b) hereof, such transfer shall no longer be deemed in compliance with this Agreement and shall be subject to 3 (d) below, (4) a transfer of Stock made by the Management Stockholder to Other Management Stockholders; provided that it is expressly

understood that any such transferee(s) shall be bound by the provisions of this Agreement (in addition to the provisions set forth in an Other Management Stockholders Agreement to which such Other Management Stockholders are a party), and (5) a transfer made by the Management Stockholder, with the Board's approval, to the Company or any subsidiary of the Company.

(b) The certificate (or certificates) representing the Stock, if any, shall bear the following legend:

“THE SHARES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION COMPLIES WITH THE PROVISIONS OF THE MANAGEMENT STOCKHOLDER’S AGREEMENT BETWEEN DOLLAR GENERAL CORPORATION (THE “COMPANY”) AND THE MANAGEMENT STOCKHOLDER NAMED ON THE FACE HEREOF OR THE SALE PARTICIPATION AGREEMENT AMONG SUCH MANAGEMENT STOCKHOLDER AND BUCK HOLDINGS, L.P., IN EACH CASE DATED AS OF JULY 6, 2007 (COPIES OF WHICH ARE ON FILE WITH THE SECRETARY OF THE COMPANY) AND ALL APPLICABLE FEDERAL AND STATE SECURITIES LAWS.”

(c) The Management Stockholder acknowledges that he has been advised that (i) the Stock are characterized as “restricted securities” under the Act inasmuch as they are being acquired from the Company in a transaction not involving a Public Offering and that under the Act (including applicable regulations) the Stock may be resold without registration under the Act only in certain limited circumstances, (ii) a restrictive legend in the form heretofore set forth shall be placed on the certificates (if any) representing the Stock and (iii) a notation shall be made in the appropriate records of the Company indicating that the Stock is subject to restrictions on transfer and appropriate stop transfer restrictions will be issued to the Company’s transfer agent with respect to the Stock.

(d) If any shares of the Stock are to be disposed of in accordance with Rule 144 under the Act or otherwise, the Management Stockholder shall promptly notify the Company of such intended disposition and shall deliver to the Company at or prior to the time of such disposition such documentation as the Company may reasonably request in connection with such sale and take any actions reasonably requested by the Coordination Committee prior to any such sale (provided that such instructions shall not have a disproportionate adverse impact on any Management Stockholder vis-à-vis any other stockholders of the Company or limited partners of Parent) and, in the case of a disposition pursuant to Rule 144, shall deliver to the Company an executed copy of any notice on Form 144 required to be filed with the SEC.

(e) The Management Stockholder agrees that, if any shares of the Stock are offered to the public pursuant to an effective registration statement under the Act (other than registration of securities issued on Form S-8, S-4 or any successor or similar form), the Management Stockholder will not effect any public sale or distribution of any shares of the Stock not covered by such registration statement from the time of the receipt of a notice from the Company that the Company has filed or imminently intends to file such registration statement to, or within 180 days (or such shorter period as may be consented to by the

managing underwriter or underwriters) in the case of the IPO and ninety (90) days (or in an underwritten offering such shorter period as may be consented to by the managing underwriter or underwriters, if any) in the case of any other Public Offering after the effective date of such registration statement, unless otherwise agreed to in writing by the Company.

(f) The Management Stockholder represents and warrants that (i) with respect to the Purchased Stock, Rollover Stock and Option Stock, the Management Stockholder has received and reviewed the available information relating to such Stock, including having received and reviewed the documents related thereto, certain of which documents set forth the rights, preferences and restrictions relating to the Options and the Stock underlying the Options and (ii) the Management Stockholder has been given the opportunity to obtain any additional information or documents and to ask questions and receive answers about such information, the Company and the business and prospects of the Company which the Management Stockholder deems necessary to evaluate the merits and risks related to the Management Stockholder's investment in the Stock and to verify the information contained in the information received as indicated in this Section 2(f), and the Management Stockholder has relied solely on such information.

(g) The Management Stockholder further represents and warrants that (i) the Management Stockholder's financial condition is such that the Management Stockholder can afford to bear the economic risk of holding the Stock for an indefinite period of time and has adequate means for providing for the Management Stockholder's current needs and personal contingencies, (ii) the Management Stockholder can afford to suffer a complete loss of his or her investment in the Stock, (iii) the Management Stockholder understands and has taken cognizance of all risk factors related to the purchase of the Stock (iv) the Management Stockholder's knowledge and experience in financial and business matters are such that the Management Stockholder is capable of evaluating the merits and risks of the Management Stockholder's purchase of the Stock as contemplated by this Agreement, (v) with respect to the Purchased Stock, such Purchased Stock is being acquired by the Management Stockholder for his or her own account, not as nominee or agent, and not with a view to the resale or distribution of any part thereof in violation of the Act, and the Management Stockholder has no present intention of selling or otherwise distributing the Purchased Stock in violation of the Act, and (vi) if the box next to the Management Stockholder's signature is checked, the Management Stockholder is an "accredited investor" as defined in Rule 501(a) of Regulation D, as amended, under the Act.

3. Transferability of Stock.

(a) The Management Stockholder agrees that he or she will not transfer any shares of Stock at any time during the period commencing on the date hereof and ending on the fifth anniversary of the Closing Date; provided, however, that during such period, the Management Stockholder may transfer shares of Stock during such time pursuant to one of the following exceptions: (i) transfers permitted by Sections 5 or 6; (ii) transfers permitted by clauses (2), (3) and (4) of Section 2(a); (iii) a sale of shares of Common Stock pursuant to an effective registration statement under the Act filed by the Company upon the proper exercise of registration rights of such Management Stockholder under Section 9 (excluding any registration on Form S-8, S-4 or any successor or similar form); (iv) transfers permitted pursuant to the Sale Participation Agreement (as defined in Section 7(b)); (v) transfers permitted by the Board or (vi) transfers to Parent or its designee (any such exception, a "Permitted Transfer"). In addition, during the period commencing on the fifth anniversary of

the Closing Date through the earlier of a Change of Control or consummation of a Qualified Public Offering, the Management Stockholder may only transfer shares of Stock in compliance with Section 4.

(b) Notwithstanding anything to the contrary herein: (i) Section 3(a) shall terminate and be of no further force or effect upon the occurrence of a Change in Control and (ii) upon the occurrence of any sale or other disposition of any percentage of limited partnership units of Parent held by the Sponsors or their Affiliates who are limited partners of Parent, the restrictions on transfer of shares of Common Stock contained in Section 3(a) shall cease to be of any further force or effect with respect to the percentage of shares of Common Stock held by the Management Stockholder Entities equal to quotient of the number of limited partnership units of Parent sold or disposed of by the Sponsors or such Affiliates in such transaction divided by the aggregate number of Limited Partnership Units owned by the Sponsors or such Affiliates prior to such transaction, and for the avoidance of doubt, such transfer restrictions shall continue to apply to the remaining shares of Common Stock held by the Management Stockholder Entities.

(c) No transfer of any such shares in violation hereof shall be made or recorded on the books of the Company and any such transfer shall be void ab initio and of no effect.

(d) Notwithstanding anything to the contrary herein, Parent may, at any time and from time to time, waive the restrictions on transfers contained in Section 3(a), whether such waiver is made prior to or after the transferee has effected or committed to effect the transfer, or has notified the Investors of such transfer or commitment to transfer. Any transfers made pursuant to such waiver or which are later made subject to such a waiver shall, as of the date of the waiver and at all times thereafter, not be deemed to violate any applicable restrictions on transfers contained in this Agreement.

4. Right of First Refusal.

(a) If, at any time after the fifth anniversary of the Closing Date and prior to the earlier to occur of a Change of Control or consummation of a Qualified Public Offering, the Management Stockholder proposes to transfer any or all of the Management Stockholder's Stock to a third party (any such third party, the "ROFR Transferee") (other than any transfer pursuant to clauses (1), (2), (3), (4) or (5) of Section 2(a), to the extent made to a third party), the Management Stockholder shall notify the Company in writing of the Management Stockholder's intention to transfer such Stock (such written notice, a "ROFR Notice"). The ROFR Notice shall include a true and correct description of the number of shares of Stock to be transferred and the material terms of such proposed transfer and a copy of any proposed documentation to be entered into with any ROFR Transferee in respect of such transfer) and shall contain an irrevocable offer to sell such Stock to the Company or its designees (as provided below) (in the manner set forth below) at a purchase price equal to the minimum price at which the Management Stockholder proposes to transfer such Stock to any ROFR Transferee and on substantially the same terms and conditions as the proposed transfer. At any time within twenty (20) days after the date of the receipt by the Company of the ROFR Notice, the Company shall have the right and option to purchase, or to arrange for a subsidiary, third party or Affiliate to purchase, all (but not less than all) of the shares of Stock proposed to be transferred to a ROFR Transferee, pursuant to Section 4(b).

(b) The Company shall have the right and option to purchase, or to arrange for a subsidiary, third party or Affiliate to purchase, all of the shares of Stock proposed to be transferred to any ROFR Transferee at a purchase price equal to the minimum price at which the Management Stockholder proposes to transfer such Stock to any ROFR Transferee and otherwise on substantially the same terms and conditions as the proposed transfer (or, if the proposed transfer to any ROFR Transferee includes any consideration other than cash, then at the sole option of the Company, at the equivalent all cash price, determined in good faith by the Board), by delivering (i) a certified bank check or checks in the appropriate amount (or by wire transfer of immediately available funds, if the Management Stockholder Entities provide to the Company wire transfer instructions) and/or (ii) if the proposed transfer to any ROFR Transferee includes any consideration other than cash, any such non-cash consideration to be paid to the Management Stockholder at the principal office of the Company against delivery of certificates or other instruments representing the shares of Stock so purchased, appropriately endorsed by the Management Stockholder. If at the end of the 20-day period, the Company has not tendered (or caused to be tendered) the purchase price for such shares in the manner set forth above, the Management Stockholder may, during the succeeding 60-day period, sell not less than all of the shares of Stock proposed to be transferred to any ROFR Transferee (subject to compliance with the other terms of this Agreement) on terms no less favorable to the Management Stockholder than those contained in the ROFR Notice. Promptly after such sale, the Management Stockholder shall notify the Company of the consummation thereof and shall furnish such evidence of the completion and time of completion of such sale and of the terms thereof as may reasonably be requested by the Company. If, at the end of sixty (60) days following the expiration of the 20-day period during which the Company is entitled hereunder to purchase the Stock, the Management Stockholder has not completed the sale of such shares of the Stock as aforesaid, all of the restrictions on sale, transfer or assignment contained in this Agreement shall again be in effect with respect to such shares of the Stock.

(c) Notwithstanding anything in this Agreement to the contrary, this Section 4 shall terminate and be of no further force or effect upon the earlier of occurrence of a Change in Control or a Qualified Public Offering.

5. The Management Stockholder's Right to Resell Stock and Options to the Company.

(a) Except as otherwise provided herein, and subject to Section 6(h), if, prior to the fifth anniversary of the Closing Date, the Management Stockholder's employment with the Company (or, if applicable, any of its subsidiaries or affiliates) terminates as a result of the death or Disability of the Management Stockholder, then the applicable Management Stockholder Entity, shall, for 365 days (the "Put Period") following the date of such termination for death or Disability, have the right to:

(i) With respect to Stock, sell to the Company, and the Company shall be required to purchase, on one occasion, all of the shares of Stock then held by the applicable Management Stockholder Entities at a per share price equal to Fair Market Value on the Repurchase Calculation Date (the "Section 5 Repurchase Price"); and

(ii) With respect to any outstanding Rollover Options and vested New Options, sell to the Company, and the Company shall be required to purchase, on one occasion, all of the Rollover Options and vested New Options then held by the applicable Management Stockholder Entities for an amount equal to the product of

(x) the excess, if any, of the Section 5 Repurchase Price over the Option Exercise Price and (y) the number of Exercisable Option Shares, which Options shall be terminated in exchange for such payment. In the event the Management Stockholder Entity elects to sell under this Section 5(a)(ii) and the foregoing Option Excess Price is zero or a negative number, all outstanding exercisable Options granted to the Management Stockholder shall be automatically terminated without any payment in respect thereof. In addition, and for the avoidance of doubt, all unvested New Options shall be terminated and cancelled without any payment therefor.

(b) In the event the applicable Management Stockholder Entities intend to exercise their rights pursuant to Section 5 (a) or 5(e), such Management Stockholder Entities shall send written notice to the Company, at any time during the Put Period, of their intention to sell shares of Stock in exchange for the payment referred to in Section 5(a)(i) or 5(e)(i) (as the case may be) and/or to sell such Options in exchange for the payment referred to in Section 5(a)(ii) or 5(e)(ii) (as the case may be) and shall indicate the number of shares of Stock to be sold and the number of Options (based on the number of Exercisable Option Shares) to be sold with payment in respect thereof (the “Redemption Notice”). The completion of the purchases shall take place at the principal office of the Company on no later than the twentieth business day (such date to be determined by the Company) after the giving of the Redemption Notice. The applicable Repurchase Price (including any payment with respect to the Options as described above) shall be paid by delivery to the applicable Management Stockholder Entities, at the option of the Company, of a certified bank check or checks in the appropriate amount payable to the order of each of the applicable Management Stockholder Entities (or by wire transfer of immediately available funds, if the Management Stockholder Entities provide to the Company wire transfer instructions) against delivery of certificates or other instruments representing the Stock so purchased and appropriate documents cancelling the Options so terminated appropriately endorsed or executed by the applicable Management Stockholder Entities or any duly authorized representative.

(c) Notwithstanding anything in this Section 5 to the contrary, if there exists and is continuing a default or an event of default on the part of the Company or any subsidiary of the Company under any loan, guarantee or other agreement under which the Company or any subsidiary of the Company has borrowed money or if the repurchase referred to in Section 5(a) or 5(e) (or Section 6 below, as the case may be) would result in a default or an event of default on the part of the Company or any affiliate of the Company under any such agreement or if a repurchase would reasonably be expected to be prohibited by the Tennessee Business Corporation Act (“TBCA”) or any federal or state securities laws or regulations (or if the Company reincorporates in another state, the business corporation law of such state) (each such occurrence being an “Event”), the Company shall not be obligated to repurchase any of the Stock or the Options from the applicable Management Stockholder Entities to the extent it would cause any such default or would be so prohibited by the Event for cash but instead, with respect to such portion with respect to which cash settlement is prohibited, may satisfy its obligations with respect to the Management Stockholder Entities’ exercise of their rights under Section 5(a) or 5(e) by delivering to the applicable Management Stockholder Entity a note with a principal amount equal to the amount payable under this Section 5 that was not paid in cash, having terms acceptable to the Company’s (and its affiliate’s, as applicable) lenders and permitted under the Company’s (and its affiliate’s, as applicable) debt instruments but which in any event (i) shall be mandatorily repayable promptly and to the extent that an Event no longer prohibits the payment of cash to the applicable Management Stockholder Entity pursuant to this

Agreement; and (ii) shall bear interest at a rate equal to the effective rate of interest in respect of the Company's U.S. dollar-denominated subordinated public debt securities (including any original issue discount). Notwithstanding the foregoing and subject to Section 5(d), if an Event exists and is continuing for ninety (90) days after the date of the Redemption Notice, the Management Stockholder Entities shall be permitted by written notice to rescind any Redemption Notice with respect to that portion of the Stock and Options repurchased by the Company from the Management Stockholder Entities pursuant to this Section 5 with the note described in the foregoing sentence, and such repurchase shall be rescinded; provided that, upon such rescission, such note shall be immediately canceled without any action on the part of the Company or the Management Stockholder Entities, and notwithstanding anything herein or in such note to the contrary, the Company shall have no obligation to pay any amounts of principal or interest thereunder.

(d) Notwithstanding anything in this Agreement to the contrary, except for any payment obligation of the Company which has arisen prior to the occurrence of a Change in Control, Section 5 shall terminate and be of no further force or effect upon the occurrence of such Change in Control.

(e) If prior to the later of (i) the first anniversary of the Closing Date and (ii) the last day of the six-month period a new chief executive officer of the Company commences employment, an Executive Management Stockholder terminates his or her employment with the Company (for any reason), then the applicable Executive Management Stockholder will, for the Put Period following the date of such termination, have the right to:

(i) With respect to Stock, sell to the Company, and the Company shall be required to purchase, on one occasion, all of the shares of Stock then held by the applicable Management Stockholder Entities at a per share price equal to the Base Price; and

(ii) With respect to any outstanding Rollover Options, sell to the Company, and the Company shall be required to purchase, on one occasion, all of the Rollover Options then held by the applicable Management Stockholder Entities for an amount equal to the product of (x) the excess, if any, of the Base Price over the Option Exercise Price and (y) the number of Exercisable Option Shares (solely relating to Rollover Options), which Options shall be terminated in exchange for such payment.

6. The Company's Option to Purchase Stock and Options of the Management Stockholder Upon Certain Terminations of Employment.

(a) *Termination for Cause by the Company and other Call Events*. If, (i) prior to the fifth anniversary of the Closing Date, the Management Stockholder's active employment with the Company (or, if applicable, its subsidiaries or affiliates) is terminated by the Company (or, if applicable, its subsidiaries or affiliates) for Cause, or (ii) the Management Stockholder Entities effect a transfer of Stock (or Options) that is prohibited under this Agreement (or the Stock Option Agreements, as applicable), after notice from the Company of such impermissible transfer and a reasonable opportunity to cure such transfer which is not so cured (each event described above, a "Section 6(a) Call Event"), then:

(i) With respect to Stock, the Company may purchase, on one occasion, all or any portion of the shares of Stock then held by the applicable Management Stockholder Entities at a per share purchase price equal to the lesser of (x) Base Price (or other applicable price paid by such Management Stockholder Entities for such Stock) and (y) the Fair Market Value on the Repurchase Calculation Date;

(ii) With respect to any outstanding Rollover Options, the Company may purchase, on one occasion, all or any portion of the Rollover Options then held by the applicable Management Stockholder Entities for an amount equal to the product of (x) the lesser of (I) Base Price over the Option Exercise Price and (II) Fair Market Value on the Repurchase Calculation Date over the Option Exercise Price and (y) the number of Exercisable Option Shares (solely relating to Rollover Options), which Options shall be terminated in exchange for such payment; and

(iii) With respect to all New Options, all outstanding New Options shall be automatically terminated without any payment in respect thereof upon the occurrence of the Section 6(a) Call Event.

(b) *Termination without Cause by the Company (other than due to his death or Disability), and Termination by the Management Stockholder with Good Reason* . If, prior to the fifth anniversary of the Closing Date, the Management Stockholder's active employment with the Company (or, if applicable, its subsidiaries or affiliates) is terminated (i) by the Company (or, if applicable, its subsidiaries or affiliates) without Cause (which shall constitute any termination without Cause under any applicable employment agreement) (other than due to his death or Disability), or (ii) by the Management Stockholder with Good Reason (each, a "Section 6(b) Call Event") then:

(i) With respect to Stock, the Company may purchase all or any portion of the shares of such Stock then held by the applicable Management Stockholder Entities at a per share purchase price equal to Fair Market Value on the Repurchase Calculation Date;

(ii) With respect to any outstanding Rollover Options and vested New Options, the Company may purchase, on one occasion, all or any portion of the Rollover Options and the exercisable vested New Options held by the applicable Management Stockholder Entities for an amount equal to the product of (x) the excess, if any, of the Fair Market Value on the Repurchase Calculation Date over the Option Exercise Price and (y) the number of Exercisable Option Shares (solely relating to Rollover Options and the vested New Options), which Rollover Options and vested New Options shall be terminated in exchange for such payment. In the event the Company elects to repurchase under this Section 6(b)(ii) and the foregoing Option Excess Price is zero or a negative number, all outstanding Rollover Options and exercisable vested New Options shall be automatically terminated without any payment in respect thereof; and

(iii) With respect to unvested New Options, all outstanding unvested New

Options shall automatically be terminated without any payment in respect thereof.

(c) *Termination for Death or Disability*. If, prior to the fifth anniversary of the Closing Date, the Management Stockholder's employment with the Company (or, if applicable, its subsidiaries or affiliates) is terminated as a result of the death or Disability of the Management Stockholder (each a "Section 6(c) Call Event"), then:

(i) With respect to Stock, the Company may purchase, on one occasion, all or any portion of the shares of such Stock then held by the applicable Management Stockholder Entities at a per share purchase price equal to Fair Market Value on the Repurchase Calculation Date;

(ii) With respect to any outstanding Rollover Options and vested New Options, the Company may purchase, on one occasion, all or any portion of the Rollover Options and the exercisable vested New Options for an amount equal to the product of (x) the excess, if any, of Fair Market Value on the Repurchase Calculation Date over the Option Exercise Price and (y) the number of Exercisable Option Shares (solely relating to Rollover Options and vested New Options), which Rollover Options and vested New Options shall be terminated in exchange for such payment. In the event the Company elects to repurchase under this Section 6(c) (ii) and the foregoing Option Excess Price is zero or a negative number, all outstanding exercisable stock options granted to the Management Stockholder under the Option Plan shall be automatically terminated without any payment in respect thereof; and

(iii) With respect to unvested New Options, all outstanding unvested New Options shall automatically be terminated without any payment in respect thereof.

(d) *Termination by the Management Stockholder without Good Reason*. If, prior to the fifth anniversary of the Closing Date, the Management Stockholder's active employment with the Company (and/or, if applicable, its subsidiaries or affiliates) is terminated by the Management Stockholder without Good Reason (a "Section 6(d) Call Event"), then:

(i) With respect to any Purchased Stock, Rollover Stock or Stock acquired pursuant to the exercise of Rollover Options, the Company may purchase, on one occasion, all or any portion of the shares of such Stock then held by the applicable Management Stockholder Entities at a per share purchase price equal to the lesser of (x) the Fair Market Value and (y) the sum of (A) the Base Price (or other applicable price paid by such Management Stockholder Entities for such Stock), plus (B) the Applicable Percentage of the excess of the Fair Market Value over the Base Price (or other applicable price paid by such management Stockholder Entities for such Stock), as of the Repurchase Calculation Date; and

(ii) With respect to the Options, the Company may purchase, on one occasion, all or any portion of the Rollover Options for an amount equal to the lesser of (x) the excess, if any, of Fair Market Value on the Repurchase Calculation Date

over the Option Exercise Price and (y) the sum of (A) the Base Price plus (B) the Applicable Percentage of the excess of the Fair Market Value over the Base Price, less (C) the Option Exercise Price, in each of case (x) and (y), multiplied by the number of Exercisable Option Shares (solely relating to Rollover Options), which Rollover Options shall be terminated in exchange for such payment. All new Options (whether or not then exercisable) held by the applicable Management Stockholder Entities will terminate immediately without payment in respect thereof; and

(iii) With respect to any Stock acquired pursuant to the exercise of New Options, the Company may purchase, on one occasion, all or any portion of the shares of such Stock then held by the applicable Management Stockholder Entities at a per share purchase price equal to the lesser of (x) the Fair Market Value as of the Repurchase Calculation Date and (y) the applicable per share purchase price paid by the applicable Management Stockholder Entities for such Stock (which equals the Base Price for any New Options granted on the Closing Date).

(e) *Call Notice*. The Company shall have a period (the “Call Period”) of one hundred eighty (180) days from the date of any Call Event (or, if later, with respect to a Section 6(a) Call Event, the date after discovery of, and the applicable cure period for, an impermissible transfer constituting a Section 6(a) Call Event) in which to give notice in writing to the Management Stockholder of its election to exercise its rights and obligations pursuant to this Section 6 (“Repurchase Notice”). The completion of the purchases pursuant to the foregoing shall take place at the principal office of the Company no later than the fifteenth business day after the giving of the Repurchase Notice. The applicable Repurchase Price (including any payment with respect to the Options as described in this Section 6) shall be paid by delivery to the applicable Management Stockholder Entities of a certified bank check or checks in the appropriate amount payable to the order of each of the applicable Management Stockholder Entities (or by wire transfer of immediately available funds, if the Management Stockholder Entities provide to the Company wire transfer instructions) against delivery of certificates or other instruments representing the Stock so purchased and appropriate documents canceling the Options so terminated, appropriately endorsed or executed by the applicable Management Stockholder Entities or any duly authorized representative.

(f) *Use of Note to Satisfy Call Payment*. Notwithstanding any other provision of this Section 6 to the contrary, if there exists and is continuing any Event, the Company will, to the extent it has exercised its rights to purchase Stock or Options pursuant to this Section 6, in order to complete the purchase of any Stock or Options pursuant to this Section 6, deliver to the applicable Management Stockholder Entities (i) a cash payment for any amounts payable pursuant to this Section 6 that would not cause an Event and (ii) a note having the same terms as that provided in Section 5(c) above with a principal amount equal to the amount payable but not paid in cash pursuant to this Section 6 due to the Event. Notwithstanding the foregoing, if an Event exists and is continuing for ninety (90) days from the date of the Call Event, the Management Stockholder Entities shall be permitted by written notice to cause the Company to rescind any Repurchase Notice with respect to that portion of the Stock and Options repurchased by the Company from the Management Stockholder Entities pursuant to this Section 6 with the note described in the foregoing sentence; provided that, upon such rescission, such repurchase shall be immediately rescinded and such note shall be immediately canceled without any action on the part of the Company or the

Management Stockholder Entities and, notwithstanding anything herein or in such note to the contrary, the Company shall have no obligation to pay any amounts of principal or interest thereunder.

(g) *Effect of Change in Control* . Notwithstanding anything in this Agreement to the contrary, except for any payment obligation of the Company which has arisen prior to the occurrence of a Change in Control, this Section 6 shall terminate and be of no further force or effect upon the occurrence of such Change in Control.

7. Adjustment of Repurchase Price; Definitions .

(a) *Adjustment of Repurchase Price* . In determining the applicable repurchase price of the Stock and Options, as provided for in Sections 5 and 6, above, appropriate adjustments shall be made for any stock dividends, splits, combinations, recapitalizations or any other adjustment in the number of outstanding shares of Stock in order to maintain, as nearly as practicable, the intended operation of the provisions of Sections 5 and 6.

(b) *Definitions* . All capitalized terms used in this Agreement and not defined herein shall have such meaning as such terms are defined in the Option Plan. Terms used herein and as listed below shall be defined as follows:

“ Act ” shall have the meaning set forth in Section 2(a)(i) hereof.

“ Affiliate ” means with respect to any Person, any entity directly or indirectly controlling, controlled by or under common control with such Person; provided, however, for purposes of this Agreement, Buck Holdings Co-Invest, LP shall not be deemed to be an Affiliate of the Sponsor.

“ Agreement ” shall have the meaning set forth in the introductory paragraph.

“ Applicable Percentage ” shall mean : (i) 20% on or after the first anniversary of the Closing Date, (ii) 40% on and after the second anniversary of the Closing Date, (iii) 60% on and after the third anniversary of the Closing Date, (iv) 80% on and after the fourth anniversary of the Closing Date, and (v) 100% on and after the fifth anniversary of the Closing Date.

“ Base Price ” shall have the meaning set forth in Section 1(a) hereof.

“ Board ” shall mean the board of directors of the Company.

“ Call Events ” shall mean, collectively, Section 6(a) Call Events, Section 6(b) Call Events, Section 6(c) Call Events and Section 6 (d) Call Events.

“ Call Notice ” shall have the meaning set forth in Section 6(e) hereof.

“ Call Period ” shall have the meaning set forth in Section 6(e) hereof.

“ Cause ” shall mean “Cause” as such term may be defined in any employment agreement or change in control agreement in effect at the time of termination of employment between the Management Stockholder and the Company or any of its subsidiaries or Affiliates; or, if there is no such employment or change in control agreement, “Cause” shall

mean, with respect to a Management Stockholder: (i) any act involving fraud or dishonesty; (ii) any material breach of any securities or other law or regulation or any Company policy governing trading or dealing with stock, securities, investments or the like or with inappropriate disclosure or “tipping” relating to any stock, securities or investments or the like; (iii) other than as required by law, the carrying out of any activity or making any public statement which prejudices or ridicules the good name and standing of the Company or its Affiliates (including any limited partner of Parent) or would bring such persons into public contempt or ridicule; (iv) attendance at work in a state of intoxication or otherwise being found in possession at the place of work of any prohibited drug or substance, possession of which would amount to a criminal offence; (v) any assault or other act of violence; or (vi) conviction of, or a plea of nolo contendere to, a crime constituting (x) any felony whatsoever or (y) any misdemeanor that would preclude employment under the Company’s hiring policy. A termination for Cause shall be effective when the Company has given Management Stockholder written notice of its intention to terminate for Cause, describing those acts or omissions that are believed to constitute Cause, and has given Management Stockholder an opportunity to respond.

“Change in Control” means, in one or a series of related transactions, (i) the sale of all or substantially all of the assets of Buck Holdings, L.P. or the Company and its subsidiaries to any person (or group of persons acting in concert), other than to (x) investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P. (the “Sponsor”) or its Affiliates or (y) any employee benefit plan (or trust forming a part thereof) maintained by the Company, the Sponsor or their respective Affiliates or other person of which a majority of its voting power or other equity securities is owned, directly or indirectly, by the Company, the Sponsor or their respective Affiliates; or (ii) a merger, recapitalization or other sale by the Company, the Sponsor (indirectly) or any of their respective Affiliates, to a person (or group of persons acting in concert) of Common Stock or other voting securities of the Company that results in more than 50% of the Common Stock or other voting securities of the Company (or any resulting company after a merger) being held, directly or indirectly, by a person (or group of persons acting in concert) that is not Controlled by (x) the Sponsor or its Affiliates or (y) an employee benefit plan (or trust forming a part thereof) maintained by the Company, the Sponsor or their respective Affiliates or other person of which a majority of its voting power or other equity securities is owned, directly or indirectly, by the Company, the Sponsor or their respective Affiliates; in any event, which results in the Sponsor and its Affiliates or such employee benefit plan ceasing to hold the ability to elect (or cause to be elected) a majority of the members of the Board.

“Closing Date” shall mean the date of closing of the Merger pursuant to the Merger Agreement.

“Common Stock” shall have the meaning set forth in the third “whereas” paragraph.

“Company” shall have the meaning set forth in the introductory paragraph.

“Confidential Information” shall mean all non-public information concerning trade secret, know-how, software, developments, inventions, processes, technology, designs, the financial data, strategic business plans or any proprietary or confidential information, documents or materials in any form or media, including any of the foregoing relating to research, operations, finances, current and proposed products and services, vendors, customers, advertising and marketing, and other non-public, proprietary, and confidential information of the Restricted Group.

“Controlled by” means with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, by contract or otherwise, including the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

“Coordination Committee” shall have the meaning set forth in the Partnership Agreement.

“Custody Agreement and Power of Attorney” shall have the meaning set forth in Section 9(e) hereof.

“Disability” shall mean “Disability” as such term is defined in the then current long-term disability plan of the Company.

“Effective Time” shall have the meaning set forth in the Merger Agreement.

“Event” shall have the meaning set forth in Section 5(c) hereof.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended (or any successor section thereto).

“Executive Management Stockholders” shall mean any of the Management Stockholders whose job grade level, as of the date hereof, is 32 or higher and are designated as such on Schedule I hereto.

“Exercisable Option Shares” shall mean the shares of Common Stock that, at the time that Redemption Notice or Repurchase Notice is delivered (as applicable), could be purchased by the Management Stockholder upon exercise of his or her outstanding and exercisable Options.

“Fair Market Value” shall mean the fair market value of one share of Common Stock on any given date, as determined reasonably and in good faith by the Board, determined without regard to any discount for minority interest and transfer restrictions imposed on the Common Stock of the Management Stockholder Entities.

“Good Reason” shall mean “Good Reason” as such term may be defined in any employment agreement or change-in-control agreement in effect at the time of termination of employment between the Management Stockholder and the Company or any of its subsidiaries or Affiliates, or, if there is no such employment or change-in-control agreement, “Good Reason” shall mean, with respect to the Management Stockholder: (i) a reduction in base salary or target bonus level; (ii) the Company’s failure to continue in effect any significant Company-sponsored compensation or benefit plan (without replacing it with a similar plan or with a compensation equivalent), unless such action is in connection with a change or termination that affects at least ninety-five percent (95%) of all executive employees of the Company; (iii) the Company’s principal executive offices shall be moved to a location outside the middle- Tennessee area, or the Management Stockholder is required to be based anywhere other than the Company’s principal executive offices; (iv) without the Management Stockholder’s prior written consent, the assignment by the Company of duties inconsistent with, or the significant reduction of the title, powers and functions associated

with, the Management Stockholder's position, titles or offices, unless such action is the result of a restructuring or realignment of duties and responsibilities by the Company, for business reasons that leaves the Management Stockholder at the same compensation and officer level (i.e., Vice President, Senior Vice President, Executive Vice President, etc.) and with a similar level of responsibility, or unless such action is a result of the Management Stockholder'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, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform the terms of this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place; provided, however, that any isolated, insubstantial and inadvertent failure by the Company that is not in bad faith and is cured within ten (10) business days after the Management Stockholder gives the Company written notice of any such event set forth above, shall not constitute Good Reason.

“Group” shall mean “group,” as such term is used for purposes of Section 13(d) or 14(d) of the Exchange Act.

“Investors” shall have the meaning set forth in the second “whereas” paragraph.

“Management Stockholder” shall have the meaning set forth in the introductory paragraph.

“Management Stockholder Entities” shall mean the Management Stockholder's Trust, the Management Stockholder and the Management Stockholder's Estate, collectively.

“Management Stockholder's Estate” shall mean the conservators, guardians, executors, administrators, testamentary trustees, legatees or beneficiaries of the Management Stockholder.

“Management Stockholder's Trust” shall mean a partnership, limited liability company, corporation, trust, private foundation or custodianship, the beneficiaries of which may include only the Management Stockholder, his or her spouse (or ex-spouse) or his or her lineal descendants (including adopted) or, if at any time after any such transfer there shall be no then living spouse or lineal descendants, then to the ultimate beneficiaries of any such trust or to the estate of a deceased beneficiary.

“Merger” shall have the meaning set forth in the first “whereas” paragraph.

“Merger Agreement” shall have the meaning set forth in the first “whereas” paragraph.

“Merger Sub” shall have the meaning set forth in the first “whereas” paragraph.

“New Options” shall have the meaning set forth in the fourth “whereas” paragraph.

“New Option Agreement” shall have the meaning set forth in the fourth “whereas” paragraph.

“Options” shall have the meaning set forth in the fourth “whereas” paragraph.

“Option Excess Price” shall mean the aggregate amount paid or payable by the Company in respect of Exercisable Option Shares, as determined pursuant to Section 5 or 6 hereof, as applicable.

“Option Exercise Price” shall mean the then-current exercise price of the shares of Common Stock covered by the applicable Option.

“Option Plan” shall have the meaning set forth in the fourth “whereas” paragraph.

“Option Rollover Agreement” shall have the meaning set forth in the fourth “whereas” paragraph.

“Option Stock” shall have the meaning set forth in Section 2(a) hereof.

“Other Management Stockholders” shall have the meaning set forth in the fifth “whereas” paragraph.

“Other Management Stockholders Agreements” shall have the meaning set forth in the fifth “whereas” paragraph.

“Parent” shall have the meaning set forth in the introductory paragraph.

“Parties” shall have the meaning set forth in the introductory paragraph.

“Partnership Agreement” means the Amended and restated Limited Partnership Agreement of Buck holdings, L.P., as it may be amended, modified, restated or supplemented from time to time.

“Permitted Transfer” shall have the meaning set forth in Section 3(a).

“Person” shall mean “person,” as such term is used for purposes of Section 13(d) or 14(d) of the Exchange Act.

“Piggyback Notice” shall have the meaning set forth in Section 9(b) hereof.

“Piggyback Registration Rights” shall have the meaning set forth in Section 9(a) hereof.

“Proposed Registration” shall have the meaning set forth in Section 9(b) hereof.

“Public Offering” shall mean the sale of shares of Common Stock to the public subsequent to the date hereof pursuant to a registration statement under the Act which has been declared effective by the SEC (other than a registration statement on Form S-4, S-8 or any other similar form).

“Purchased Stock” shall have the meaning set forth in the fourth “whereas” paragraph.

“Put Period” shall have the meaning set forth in Section 5(a) hereof.

“Qualified Public Offering” means the initial Public Offering (i) for which cash proceeds to be received by the Company (or any successor thereto) from such offering (or

series of related offerings) (without deducting underwriter discounts, expenses and commissions) are at least \$400,000,000, or (ii) pursuant to which at least 35% of the outstanding shares of Common Stock are sold by the Company (or any successor thereto).

“Redemption Notice” shall have the meaning set forth in Section 5(b) hereof.

“Registration Rights Agreement” shall have the meaning set forth in Section 9(a) hereof.

“Repurchase Calculation Date” shall mean (i) prior to the occurrence of a Public Offering, the last day of the month preceding the month in which date of repurchase occurs, and (ii) on and after the occurrence of a Public Offering, the closing trading price on the date immediately preceding the date of repurchase.

“Repurchase Notice” shall have the meaning set forth in Section 6(e) hereof.

“Repurchase Price” shall mean the amount to be paid in respect of the Stock and Options to be purchased by the Company pursuant to Section 5 and Section 6, as applicable.

“Request” shall have the meaning set forth in Section 9(b) hereof.

“Restricted Group” shall mean, collectively, the Company, its subsidiaries, the Investors and their respective affiliates.

“ROFR Notice” shall have the meaning set forth in Section 4(a) hereof.

“ROFR Transferee” shall have the meaning set forth in Section 4(a) hereof.

“Rollover Options” shall have the meaning set forth in the fourth “whereas” paragraph.

“Rollover Stock” shall have the meaning set forth in the fourth “whereas” paragraph.

“Sale Participation Agreement” shall mean that certain sale participation agreement entered into by and between the Management Stockholder and Parent dated as of the date hereof.

“SEC” shall mean the Securities and Exchange Commission.

“Senior Management Stockholder” shall mean any of the Management Stockholders or Other Management Stockholders whose job grade level is Vice President or above and who has been designated as such on Schedule I hereto or the corresponding schedule of the Other Management Stockholders Agreements, as applicable.

“Stock” shall have the meaning set forth in Section 2(a) hereof.

“Stock Option Agreements” shall have the meaning set forth in the fourth “whereas” paragraph.

“TBCA” shall have the meaning set forth in Section 5(c) hereof.

“transfer” shall have the meaning set forth in Section 2(a) hereof.

8. The Company’s Representations and Warranties and Covenants .

(a) The Company represents and warrants to the Management Stockholder that (i) this Agreement has been duly authorized, executed and delivered by the Company and is enforceable against the Company in accordance with its terms and (ii) the Stock, when issued and delivered in accordance with the terms hereof and the other agreements contemplated hereby, will be duly and validly issued, fully paid and nonassessable.

(b) If the Company becomes subject to the reporting requirements of Section 12 of the Exchange Act, the Company will file the reports required to be filed by it under the Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder, to the extent required from time to time to enable the Management Stockholder to sell shares of Stock, subject to compliance with the provisions hereof (including requirements of the Coordination Committee of Parent or the Company) without registration under the Exchange Act within the limitations of the exemptions provided by (A) Rule 144 under the Act, as such Rule may be amended from time to time, or (B) any similar rule or regulation hereafter adopted by the SEC. Notwithstanding anything contained in this Section 8(b), the Company may de-register under Section 12 of the Exchange Act if it is then permitted to do so pursuant to the Exchange Act and the rules and regulations thereunder and, in such circumstances, shall not be required hereby to file any reports which may be necessary in order for Rule 144 or any similar rule or regulation under the Act to be available. Nothing in this Section 8(b) shall be deemed to limit in any manner the restrictions on transfers of Stock contained in this Agreement.

(c) The Company will not agree to any amendment of the terms of the credit agreement entered into on the Closing Date,

or to any corresponding provision in any successor or equivalent debt agreement, that imposes any limits on the Company's permission thereunder to repurchase stock, or make payments on any note, in each case under Section 5(c) or 6(e) of this Agreement, that are materially more restrictive than such provision under such credit agreement as in effect on the Closing Date if, at or prior to the time of such agreement, restrictions corresponding and proportionate thereto have not also been imposed thereunder on the payment of cash dividends on the Common Stock.

9. "Piggyback" Registration Rights. Effective after the occurrence of an initial Public Offering:

(a) The Parties agree to be bound, with respect to Senior Management Stockholders or to any other Management Stockholder who are provided such rights pursuant to this Section 9, by all of the terms, conditions and obligations of the Registration Rights Agreement (the "Registration Rights Agreement") as they relate to the exercise of piggyback registration rights as provided in Sections 4, 6, 7, 8 and 11 (but not Section 11(l)) of the Registration Rights Agreement entered into by and among the Company and investors party thereto (the "Piggyback Registration Rights"), as in effect on the date hereof (subject, with respect to any such Management Stockholder provided Piggyback Registration Rights, only to any amendments thereto to which such Management Stockholder has agreed in writing to be bound), and, if any of the Investors are selling stock, shall have all of the rights and privileges of the Piggyback Registration Rights (including, without limitation, the right to participate in the initial Public Offering and any rights to indemnification and/or contribution from the Company and/or the Investors), in each case as if the Management Stockholder were an original party (other than the Company) to the Registration Rights Agreement, subject to

applicable and customary underwriter restrictions; provided, however, that at no time shall the Management Stockholder have any rights to request registration under Section 3 of the Registration Rights Agreement. All Stock purchased or held by the applicable Management Stockholder Entities pursuant to this Agreement shall be deemed to be “Registrable Securities” as defined in the Registration Rights Agreement.

(b) In the event of a sale of Common Stock by any of the Investors in accordance with the terms of the Registration Rights Agreement, the Company will promptly notify each Senior Management Stockholder or other Management Stockholder to whom the Board, after consultation with the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer of the Company, has decided to extend the Piggyback Registration Rights, in writing (a “Piggyback Notice”) of any proposed registration (a “Proposed Registration”), which Piggyback Notice shall include: the principal terms and conditions of the proposed registration, including (A) the number of the shares of Common Stock to be sold, (B) the fraction expressed as a percentage, determined by dividing the number of shares of Common Stock to be sold by the holders of Registrable Securities by the total number of shares held by the holders of Registrable Securities selling the shares of Common Stock, (C) the proposed per share purchase price (or an estimate thereof), and (D) the proposed date of sale. If within fifteen (15) days of the receipt by the Management Stockholder or Management Stockholder, as the case may be, of such Piggyback Notice, the Company receives from the applicable Management Stockholder Entities of the Senior Management Stockholder or Management Stockholder, as the case may be, a written request (a “Request”) to register shares of Stock held by the applicable Management Stockholder Entities (which Request will be irrevocable unless otherwise mutually agreed to in writing by the Senior Management Stockholder or Management Stockholder, if any, and the Company), shares of Stock will be so registered as provided in this Section 9; provided, however, that for each such registration statement only one Request, which shall be executed by the applicable Management Stockholder Entities, may be submitted for all Registrable Securities held by the applicable Management Stockholder Entities.

(c) The maximum number of shares of Stock which will be registered pursuant to a Request will be the lowest of (i) the number of shares of Stock then held by the Management Stockholder Entities, including all shares of Stock which the Management Stockholder Entities are then entitled to acquire under an unexercised Option to the extent then exercisable, multiplied by a fraction, the numerator of which is the aggregate number of shares of Stock being sold by holders of Registrable Securities and the denominator of which is the aggregate number of shares of Stock owned by the holders of Registrable Securities or (ii) the maximum number of shares of Stock which the Company can register in connection with such Request in the Proposed Registration without adverse effect on the offering in the view of the managing underwriters (reduced pro rata as more fully described in subsection (d) of this Section 9 or (iii) the maximum number of shares which the Senior Management Stockholder (pro rata based upon the aggregate number of shares of Stock the Senior Management Stockholder and all Other Management Stockholders who are Senior Management Stockholders have requested to be registered) is permitted to register under the Piggyback Registration Rights.

(d) If a Proposed Registration involves an underwritten offering and the managing underwriter advises the Company in writing that, in its opinion, the number of shares of Stock requested to be included in the Proposed Registration exceeds the number which can be sold in such offering, so as to be likely to have an adverse effect on the price,

timing or distribution of the shares of Stock offered in such Public Offering as contemplated by the Company, then, unless the managing underwriter advises that marketing factors require a different allocation, the Company will include in the Proposed Registration (i) first, 100% of the shares of Stock the Company proposes to sell and (ii) second, to the extent of the number of shares of Stock requested to be included in such registration which, in the opinion of such managing underwriter, can be sold without having the adverse effect referred to above, the number of shares of Stock which the selling holders of Registrable Securities, the Senior Management Stockholder and all Other Management Stockholders who are Senior Management Stockholders and any other Persons who are entitled to piggyback or incidental registration rights in respect of Stock (together, the “Holders”) have requested to be included in the Proposed Registration, such amount to be allocated pro rata among all requesting Holders on the basis of the relative number of shares of Stock then held by each such Holder (including upon exercise of all exercisable Options) (provided that any shares thereby allocated to any such Holder that exceed such Holder’s request will be reallocated among the remaining requesting Holders in like manner).

(e) Upon delivering a Request a Senior Management Stockholder or other Management Stockholder having Piggyback Registration Rights pursuant to clause (b) of this Section 9 will, if requested by the Company, execute and deliver a custody agreement and power of attorney having customary terms and in form and substance reasonably satisfactory to the Company with respect to the shares of Stock to be registered pursuant to this Section 9 (a “Custody Agreement and Power of Attorney”). The Custody Agreement and Power of Attorney will provide, among other things, that the Senior Management Stockholder or Management Stockholder, as the case may be, will deliver to and deposit in custody with the custodian and attorney-in-fact named therein a certificate or certificates (to the extent applicable) representing such shares of Stock (duly endorsed in blank by the registered owner or owners thereof or accompanied by duly executed stock powers in blank) and irrevocably appoint said custodian and attorney-in-fact as the Senior Management Stockholder’s or Management Stockholder’s agent and attorney-in-fact with full power and authority to act under the Custody Agreement and Power of Attorney on the Senior Management Stockholder’s or Management Stockholder’s behalf with respect to the matters specified therein.

(f) The Management Stockholder agrees that he will execute such other agreements as the Company may reasonably request to further evidence the provisions of this Section 9, including reasonable and customary lock-up agreements; provided that Parent and its Affiliates enter into a similar agreement if requested by the managing underwriter.

(g) Notwithstanding Section 11(l) of the Registration Rights Agreement, this Section 9 will terminate on the earlier of (i) the occurrence of a Change in Control and (ii) with respect to each Management Stockholder, on the date on which such Management Stockholder ceases to own any Registrable Securities.

10. Additional Rights of Management Stockholders. Notwithstanding anything herein to the contrary, in the event that the Company receives notice of any event giving rise to any of the tag-along or piggyback registration rights of Senior Management Stockholders in Section 9 hereof or in the Sale Participation Agreement, the Board shall promptly (and in event within such period of time to allow the Management Stockholder to exercise such right, if applicable) after being informed of such notice consult with the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer of the Company to

determine whether and to what extent any such rights shall be granted to the Management Stockholder and the Other Management Stockholders who are not Senior Management Stockholders. Any such grant shall be effective upon, and to the extent set forth in, any applicable resolution passed by the Board, and the Company shall give prompt notice to the Management Stockholder and the Other Management Stockholders of the adoption thereof.

11. Rights to Negotiate Repurchase Price. Nothing in this Agreement shall be deemed to restrict or prohibit the Company from purchasing, redeeming or otherwise acquiring for value shares of Stock or Options from the Management Stockholder, at any time, upon such terms and conditions, and for such price, as may be mutually agreed upon in writing between the Parties, whether or not at the time of such purchase, redemption or acquisition circumstances exist which specifically grant the Company the right to purchase, or the Management Stockholder the right to sell, shares of Stock or any Options under the terms of this Agreement; provided that no such purchase, redemption or acquisition shall be consummated, and no agreement with respect to any such purchase, redemption or acquisition shall be entered into, without the prior approval of the Board.

12. Notice of Change of Beneficiary. Immediately prior to any transfer of Stock to a Management Stockholder's Trust, the Management Stockholder shall provide the Company with a copy of the instruments creating the Management Stockholder's Trust and with the identity of the beneficiaries of the Management Stockholder's Trust. The Management Stockholder shall notify the Company as soon as practicable prior to any change in the identity of any beneficiary of the Management Stockholder's Trust.

13. Recapitalizations, etc. The provisions of this Agreement shall apply, to the full extent set forth herein with respect to the Stock or the Options, to any and all shares of capital stock of the Company or any capital stock, partnership units or any other security evidencing ownership interests in any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for, or substitution of the Stock or the Options by reason of any stock dividend, split, reverse split, combination, recapitalization, liquidation, reclassification, merger, consolidation or otherwise.

14. Management Stockholder's Employment by the Company. Nothing contained in this Agreement (a) obligates the Company or any subsidiary of the Company to employ the Management Stockholder in any capacity whatsoever or (b) prohibits or restricts the Company (or any such subsidiary) from terminating the employment of the Management Stockholder at any time or for any reason whatsoever, with or without Cause, and the Management Stockholder hereby acknowledges and agrees that neither the Company nor any other person has made any representations or promises whatsoever to the Management Stockholder concerning the Management Stockholder's employment or continued employment by the Company or any subsidiary of the Company.

15. Binding Effect. The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. In the case of a transferee permitted under Section 2(a) or Section 3(a) (other than clauses (iii) or (iv) thereof) hereof, such transferee shall be deemed the Management Stockholder hereunder; provided, however, that no transferee (including without limitation, transferees referred to in Section 2(a) or Section 3(a) hereof) shall derive any rights under this Agreement unless and until such transferee has delivered to the Company a valid undertaking and becomes bound by the terms of this

Agreement. No provision of this Agreement is intended to or shall confer upon any Person other than the Parties any rights or remedies hereunder or with respect hereto.

16. Amendment. This Agreement may be amended by the Company at any time upon notice to the Management Stockholder thereof; provided that any amendment (i) that materially disadvantages the Management Stockholder shall not be effective unless and until the Management Stockholder has consented thereto in writing and (ii) that disadvantages a class of stockholders in more than a de minimis way but less than a material way shall require the consent of a majority of the equity interests held by such affected class of stockholders.

17. Closing. Except as otherwise provided herein, the closing of each purchase and sale of shares of Stock pursuant to this Agreement shall take place at the principal office of the Company on the tenth business day following delivery of the notice by either Party to the other of its exercise of the right to purchase or sell such Stock hereunder.

18. Applicable Law; Jurisdiction; Arbitration; Legal Fees.

(a) The laws of the State of Tennessee applicable to contracts executed and to be performed entirely in such state shall govern the interpretation, validity and performance of the terms of this Agreement.

(b) In the event of any controversy among the parties hereto arising out of, or relating to, this Agreement which cannot be settled amicably by the parties, such controversy shall be finally, exclusively and conclusively settled by mandatory arbitration conducted expeditiously in accordance with the American Arbitration Association rules by a single independent arbitrator. Such arbitration process shall take place in Nashville, TN. 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. Judgment upon the award rendered may be entered in any court having jurisdiction thereof.

(c) Notwithstanding the foregoing, the Management Stockholder acknowledges and agrees that the Company, its subsidiaries, the Investors 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 Section 23(a) of this Agreement.

(d) In the event of any arbitration or other disputes with regard to this Agreement or any other document or agreement referred to herein, each Party shall pay its own legal fees and expenses, unless otherwise determined by the arbitrator.

19. Assignability of Certain Rights by the Company. The Company shall have the right to assign any or all of its rights or obligations) to purchase shares of Stock pursuant to Sections 4, 5 and 6 hereof; provided, however, that no such assignment shall relieve the Company from its obligations thereunder.

20. Miscellaneous.

(a) In this Agreement all references to “dollars” or “\$” are to United States dollars and the masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

(b) If any provision of this Agreement shall be declared illegal, void or unenforceable by any court of competent jurisdiction, the other provisions shall not be affected, but shall remain in full force and effect.

21. Withholding. The Company or its subsidiaries shall have the right to deduct from any cash payment made under this Agreement to the applicable Management Stockholder Entities any federal, state or local income or other taxes required by law to be withheld with respect to such payment, if applicable.

22. Notices. All notices and other communications provided for herein shall be in writing. Any notice or other communication hereunder shall be deemed duly given (i) upon electronic confirmation of facsimile, (ii) one business day following the date sent when sent by overnight delivery and (iii) five (5) business days following the date mailed when mailed by registered or certified mail return receipt requested and postage prepaid, in each case as follows:

(a) If to the Company, to it at the following address:

Dollar General Corporation
100 Mission Ridge
Goodlettsville, TN 37202
Attention: General Counsel
Telecopy: (615) 855-5180

with copies to:

Kohlberg Kravis Roberts & Co. L.P.
2800 Sand Hill Road, Suite 200
Menlo Park, CA 94025
Attention: Michael Calbert
Telecopy: (650) 233-6553

and

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: David J. Sorkin, Esq.
Marni J. Lerner, Esq.
Telecopy: (212) 455-2502

(b) If to the Management Stockholder, to the Management Stockholder at the address set forth below under the Management Stockholder’s signature; or at such other address as either party shall have specified by notice in writing to the other.

23. Confidential Information; Covenant Not to Compete; Covenant Not to Solicit.

(a) In consideration of the Company entering into this Agreement with the Management Stockholder, unless there exists any covenant that pertains to the same subject matter as set forth in this Section 23 in any employment agreement or change in control agreement in effect at the time of termination of employment between the Management Stockholder and the Company or any of its subsidiaries or Affiliates (the "Existing Restrictive Covenants"), in which case such covenants shall supersede the covenants contained in this Section 23; then the Management Stockholder shall be subject to the covenants contained in this Section 23; provided, however, that the Existing Restrictive Covenants, if they contain the defined term "Competitive Position", are hereby amended (and such Management Stockholder hereby consents to such amendment) to add to the list of entities deemed to be competitive the following: Costco, BJ's Wholesale Club, Longs Drug Stores, Casey's general Stores Inc., and Pantry Inc. Subject to the preceding sentence, the Management Stockholder shall not, directly or indirectly:

(i) at any time during or after the Management Stockholder's employment with the Company or its subsidiaries, disclose any Confidential Information pertaining to the business of the Company or any of its subsidiaries or the Investors or any of their respective Affiliates, except when required to perform his or her duties to the Company or one of its subsidiaries, by law or judicial process;

(ii) at any time during the Management Stockholder's employment with the Company or its subsidiaries and for a period of two years thereafter, directly or indirectly, act as a proprietor, investor, director, officer, employee, substantial stockholder, consultant, or partner in any business that directly or indirectly competes, at the relevant determination date, with the business of the Company, any Investor or any of their respective Affiliates in any geographic area where the Company or its Affiliates manufactures, produces, sells, leases, rents, licenses or otherwise provides products or services ,

(iii) at any time during the Management Stockholder's employment with the Company or its subsidiaries and for a period of two years thereafter, directly or indirectly (A) solicit customers or clients of the Company, any of its subsidiaries, the Investors or any of their respective Affiliates to terminate their relationship with the Company, any of its subsidiaries, the Investors or any of their respective Affiliates or otherwise solicit such customers or clients to compete with any business of the Company, any of its subsidiaries, the Investors or any of their respective Affiliates or (B) solicit or offer employment to any person who is, or has been at any time during the twelve (12) months immediately preceding the termination of the Management Stockholder's employment employed by the Company or any of its Affiliates;

provided that in each of (ii) and (iii) above, such restrictions shall not apply with respect to any Investor or any of their Affiliates that is not engaged in any business that competes, directly or indirectly, with the Company or any of its subsidiaries. If the Management

Stockholder is bound by any other agreement with the Company regarding the use or disclosure of Confidential Information, the provisions of this Agreement shall be read in such a way as to further restrict and not to permit any more extensive use or disclosure of Confidential Information. Notwithstanding the foregoing, for the purposes of Section 23(a)(ii), the Management Stockholder may, directly or indirectly own, solely as an investment, securities of any Person engaged in the business of the Company or its affiliates which are publicly traded on a national or regional stock exchange or quotation system or on the over-the-counter market if the Management Stockholder (I) is not a controlling person of, or a member of a group which controls, such person and (II) does not, directly or indirectly, own 5% or more of any class of securities of such Person.

(b) Notwithstanding clause (a) above, if at any time a court holds that the restrictions stated in such clause (a) are unreasonable or otherwise unenforceable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographic area determined to be reasonable under such circumstances by such court will be substituted for the stated period, scope or area. Because the Management Stockholder's services are unique and because the Management Stockholder has had access to Confidential Information, the parties hereto agree that money damages will be an inadequate remedy for any breach of this Agreement. In the event of a breach or threatened breach of this Agreement, the Company or its successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive relief in order to enforce, or prevent any violations of, the provisions hereof (without the posting of a bond or other security).

(c) In the event that the Management Stockholder breaches any of the provisions of Section 23(a), in addition to all other remedies that may be available to the Company, the Management Stockholder shall be required to pay to the Company any amounts actually paid to him or her by the Company in respect of any repurchase by the Company of any Options or Stock held by such Management Stockholder; provided that with respect to Option Stock, the Management Stockholder shall be required to pay to the Company only such amounts, if any, that the Management Stockholder received in excess of the exercise price paid by the Management Stockholder in acquiring such Option Stock, on a net after-tax basis.

24. Irrevocable Proxy. In accordance with Tenn. Code Ann. § 48-17-203, each Management Stockholder hereby irrevocably appoints Buck Holdings, L.P. and any authorized representatives and designees thereof as its lawful proxy and attorney-in-fact to exercise with full power in such Management Stockholder's name and on its behalf such Management Stockholder's right to vote all of the shares of outstanding Common Stock owned by the Management Stockholder at any regular or special meeting of the stockholders of the Company for the express purpose of electing any one or more members to the Board. Buck Holdings, L.P. and any authorized representatives and designees thereof shall vote under this proxy on behalf of each such Management Stockholder in the same manner as Buck Holdings, L.P. votes any outstanding shares of Common Stock owned by it at any such regular or special meeting of the stockholders of the Company for the express purpose of electing any one or more members to the Board. **This proxy is irrevocable and is coupled with an interest and shall not be terminable as long as this Agreement remains effective among the parties hereto, their successors, transferees and assigns and, if such Management Stockholder is a natural person, shall not terminate on the disability or**

incompetence of such Management Stockholder. The Company is hereby requested and directed to honor this proxy upon its presentation by Buck Holdings, L.P. and any authorized representatives and designees thereof, without any duty of investigation whatsoever on the part of the Company. Each such Management Stockholder agrees that the Company, and the Company's secretary shall not be liable to such Management Stockholder for so honoring this proxy.

25. Effectiveness. Except for Sections 1, 2(a), 2(f), 2(g), 3, 14, 15, 16, 18, 20 and 22 and this Section 25, which shall become effective as of the execution and delivery of this Agreement by the Parties, this Agreement shall become effective upon the Effective Time and prior thereto shall be of no force or effect. If the Merger Agreement shall be terminated in accordance with its terms prior to the Effective Time, this Agreement shall automatically terminate and be of no force or effect.

[Signatures on next page .]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

DOLLAR GENERAL CORPORATION

By: _____

Name: _____

Title: _____

BUCK HOLDINGS, L.P.

By: Buck Holdings, LLC, its General Partner

By: _____

Name: _____

Title: _____

[*signature page to Management Stockholder's Agreement*]

MANAGEMENT STOCKHOLDER:

Name: _____

ADDRESS:

The above-signed represents that he/she is an “accredited investor” as defined in Rule 501(a) of Regulation Dm as amended, under the Act.

[*signature page to Management Stockholder’s Agreement*]

PURCHASED STOCK

Number of shares of Purchased Stock (up to _____) (to be purchased at the Base Price):

Base Price: \$5.00

Number of restricted shares being applied towards purchase of Purchased Stock (up to _____):

STATUS AS SENIOR MANAGEMENT STOCKHOLDER

Yes *No*

STATUS AS EXECUTIVE MANAGEMENT STOCKHOLDER

Yes *No*

SALE PARTICIPATION AGREEMENT

July 6, 2007

To: The Person whose name is
set forth on the signature page hereof

Dear Sir or Madam:

You have entered into an Exchange Agreement with Buck Holdings, L.P., a Delaware limited partnership and the parent entity of the Company (“Parent”), and/or a Management Stockholder’s Agreement, dated as of the date hereof, among Dollar General Corporation, a Tennessee corporation (the “Company”), Parent and you (the “Stockholder’s Agreement”) relating to (i) Rollover Stock (as defined in the Stockholder’s Agreement); (ii) Rollover Options (as defined in the Stockholder’s Agreement); (iii) the purchase by you of Purchased Stock (as defined in the Stockholder’s Agreement); and/or (iv) the grant by the Company to you of new options (together with the Rollover Options, “Options”) to purchase shares of common stock, par value \$0.50 per share, of the Company (“Common Stock”, which includes Rollover Stock and Purchased Stock). Parent hereby agrees with you as follows, effective as of the Closing Date (as defined in the Stockholder’s Agreement):

1. (a) In the event that at any time on or after the Closing Date Parent or any of its Affiliates (as defined in the Stockholder’s Agreement) proposes to sell directly for cash or any other consideration any shares of Common Stock owned by Parent or any such Affiliate, in any transaction other than a Public Offering (as defined in the Stockholder’s Agreement) or a sale, directly or indirectly, to an Affiliate of Parent, then, unless Parent is entitled to and does exercise the drag-along rights pursuant to Paragraph 7 below and the Drag Transaction is consummated, solely to the extent you are a Senior Management Stockholder (as defined in the Stockholder’s Agreement) or the provisions hereof are otherwise applicable to you pursuant to and in accordance with Section 10 of the Stockholder’s Agreement or as a result of a decision by the Board (as defined in the Stockholder’s Agreement), after consultation with the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer of the Company, to extend the rights under this Section 1 to you, Parent will notify you or your Management Stockholder’s Estate or Management Stockholder’s Trust (as such terms are defined in the Stockholder’s Agreement, and collectively with you, the “Management Stockholder Entities”), as the case may be, in writing (a “Notice”) of such proposed sale (a “Proposed Sale”) specifying the principal terms and conditions of the Proposed Sale (the “Material Terms”) including (A) the amount of Common Stock to be included in the Proposed Sale, (B) the percentage of the outstanding Common Stock at the time the Notice is given that is represented by the number of shares to be included in the Proposed Sale, (C) the price per share of Common Stock subject to the Proposed Sale, including a description of any pricing formulae and of any non-cash consideration sufficiently detailed to permit valuation thereof, (D) the Tag Along Sale Percentage of Parent and (E) the name and address of the Person (as defined in the Stockholder’s Agreement) to whom the offered Common Stock is proposed to be issued.

(b) If, within 10 business days after the delivery of Notice under Section 1(a), Parent receives from a Management Stockholder Entity a written request (a “Request”) to include Common Stock held by the Management Stockholder Entity in the Proposed Sale (which Request shall be irrevocable except (a) as set forth in clauses (c) and (d) of this Section 1 below or (b) if otherwise mutually agreed to in writing by the Management Stockholder Entity and Parent), the Common Stock held by you (not in any event to exceed the Tag Along Sale Percentage multiplied by the total number of shares of Common Stock held by the Management Stockholder Entities in the aggregate) will be so included as provided herein. Promptly after the execution of the Sale Agreement, Parent will furnish each Management Stockholder Entity with a copy of the Sale Agreement, if any. For purposes of this Agreement, the “Tag Along Sale Percentage” shall mean the fraction, expressed as a percentage, determined by dividing the number of shares of Common Stock to be purchased from Parent by the total number of shares of Common Stock owned directly or indirectly by Parent.

(c) Notwithstanding anything to the contrary contained in this Agreement, if any of the economic terms of the Proposed Sale change, including without limitation if the per share price will be less than the per share price disclosed in the Notice, or any of the other principal terms or conditions will be materially less favorable to the selling Management Stockholder Entities than those described in the Notice, Parent will provide written notice thereof to each Management Stockholder Entity who has made a Request and each such Management Stockholder Entity will then be given an opportunity to withdraw the offer contained in such holder’s Request (by providing prompt (and in any event within five (5) business days; provided that, notwithstanding the foregoing, if the proposed closing with respect to the Proposed Sale is to occur within five (5) business days or less, no later than three (3) business days prior to such closing) written notice of such withdrawal to Parent), whereupon such withdrawing Management Stockholder Entity will be released from all obligations thereunder.

(d) If Parent does not complete the Proposed Sale by the end of the 120th day following the date of the effectiveness of the Notice, each selling Management Stockholder Entity may elect to be released from all obligations under the applicable Request by notifying Parent in writing of its desire to so withdraw. Upon receipt of that withdrawal notice, the Notice of the relevant Management Stockholder Entity shall be null and void, and it will then be necessary for a separate Notice to be furnished, and the terms and provisions of clauses (a) and (b) of this Section 1 separately complied with, in order to consummate such Proposed Sale pursuant to this Section 1, unless the failure to complete such proposed sale resulted from any failure by any selling Management Stockholder Entity to comply with the terms of this Section 1.

2. (a) The number of shares of Common Stock that you will be permitted to include in a Proposed Sale pursuant to a Request will be the lesser of (A) the number of shares of Common Stock that you have offered to sell in the Proposed Sale as set forth in the Request and (B) the number of shares of Common Stock determined by multiplying (i) the number of shares of Common Stock to be included in the Proposed Sale by (ii) a fraction the numerator of which is the number of shares of Common Stock owned by you plus all shares of Common Stock which you are then entitled to acquire under any unexercised portion of Options, to the extent such Option is then exercisable or would become exercisable as a result of the consummation of the Proposed Sale and the denominator of which is the total number of shares of Common Stock

owned by the Management Stockholder Entities and all other Persons participating in such sale as tag-along sellers pursuant to Other Management Stockholder Agreements (as defined in the Stockholder's Agreement) or other agreements (all such participants, the "Tag Along Sellers") plus all shares of Common Stock which you and such Persons are then entitled to acquire under any unexercised portion of Options, to the extent such Options are then exercisable or would become exercisable as a result of the consummation of the Proposed Sale, plus all shares of Common Stock owned by Parent.

(b) If one or more Tag Along Sellers elect not to include the maximum number of shares of Common Stock which such holders would have been permitted to include in a Proposed Sale pursuant to Paragraph 2(a) (such non-included shares, the "Eligible Shares"), then each of Parent, or the remaining Tag Along Sellers, or any of them, will have the right to sell in the Proposed Sale a number of additional shares of their Common Stock equal to their pro rata portion of the number of Eligible Shares, based on the relative number of shares of Common Stock then held by each such holder plus all shares of Common Stock which you are then entitled to acquire under any unexercised portion of the Option, to the extent such Option is then exercisable or would become exercisable as a result of the consummation of the Proposed Sale, and such additional shares of Common Stock which any such holder or holders propose to sell shall not be included in any calculation made pursuant to Paragraph 2(a) for the purpose of determining the number of shares of Common Stock which the Management Stockholder Entities will be permitted to include in a Proposed Sale. The Parent will have the right to sell in the Proposed Sale additional shares of Common Stock owned by it equal to the number, if any, of remaining Eligible Shares which will not be included in the Proposed Sale pursuant to the foregoing.

3. Except as may otherwise be provided herein, shares of Common Stock subject to a Request will be included in a Proposed Sale pursuant hereto and in any agreements with purchasers relating thereto on the same terms and subject to the same conditions applicable to the shares of Common Stock which Parent proposes to sell in the Proposed Sale. Such terms and conditions shall include, without limitation: the sale price; the payment of fees, commissions and expenses; the provision of, and customary representations and warranties as to, information reasonably requested by Parent covering matters regarding the Management Stockholder Entities' ownership of shares; and the provision of requisite indemnification; provided that any indemnification provided by the Management Stockholder Entities shall be pro rata in proportion with the number of shares of Common Stock to be sold; provided, further, that no Management Stockholder Entity shall be required to indemnify any Person for an amount, in the aggregate, in excess of the gross proceeds received in such Proposed Sale. Notwithstanding anything to the contrary in the foregoing, if the consideration payable for shares of Common Stock is securities and the acquisition of such securities by a Management Stockholder Entity would reasonably be expected to be prohibited under U.S., foreign or state securities laws, such Management Stockholder Entity shall be entitled to receive an amount in cash equal to the value of any such securities such Person would otherwise be entitled to receive.

4. Upon delivering a Request, the Management Stockholder Entities will, if requested by Parent, execute and deliver a custody agreement and power of attorney in form and substance reasonably satisfactory to Parent with respect to the shares of Common Stock which are to be sold by the Management Stockholder Entities pursuant hereto (a "Custody Agreement")

and Power of Attorney”). The Custody Agreement and Power of Attorney will contain customary provisions and will provide, among other things, that the Management Stockholder Entities will deliver to and deposit in custody with the custodian and attorney-in-fact named therein a certificate or certificates (if such shares are certificated) representing such shares of Common Stock (duly endorsed in blank by the registered owner or owners thereof) and irrevocably appoint said custodian and attorney-in-fact as the Management Stockholder Entities’ agent and attorney-in-fact with full power and authority to act under the Custody Agreement and Power of Attorney on the Management Stockholder Entities’ behalf with respect to the matters specified therein.

5. Your right pursuant hereto to participate in a Proposed Sale shall be contingent on your material compliance with each of the provisions hereof and your willingness to execute such documents in connection therewith as may be reasonably requested by Parent.

6. If the consideration to be paid in exchange for shares of Common Stock in a Proposed Sale pursuant to Section 1 includes any securities, and the receipt thereof by Parent and a Management Shareholder Entity would require under applicable law (a) the registration or qualification of such securities or of any Person as a broker or dealer or agent with respect to such securities or (b) the provision to any selling Management Shareholder Entity of any information regarding the Company, its subsidiaries, such securities or the issuer thereof that would not be required to be delivered in an offering solely to a limited number of “accredited investors” under Regulation D promulgated under the Securities Act of 1933, as amended, and the rules and regulations in effect thereunder, Parent and such Management Shareholder Entity shall not, subject to the following sentence, have the right to sell shares of Common Stock in such proposed sale. In such event, Parent shall have the right to cause to be paid to such selling Management Shareholder Entity in lieu thereof, against surrender of the shares of Common Stock which would have otherwise been sold by such selling Management Shareholder Entity to the prospective buyer in the proposed sale, an amount in cash equal to the Fair Market Value (as defined in the Stockholder’s Agreement) of such shares of Common Stock as of the date such securities would have been issued in exchange for such shares of Common Stock.

7. (a) If Parent or any of its Affiliates that directly owns shares of Common Stock proposes to transfer, directly or indirectly, a number of shares of Common Stock equal to 50% or more of the outstanding Common Stock (such Person, the “Drag-Along Purchaser”), then if requested by Parent, the Management Stockholder Entities shall be required to sell a number of shares of Common Stock equal to the aggregate number of shares of Common Stock held by the Management Stockholder Entities (including shares of Common Stock underlying exercisable Options) multiplied by the Tag Along Sale Percentage (such transaction, a “Drag Transaction”).

(b) Shares of Common Stock held by the Management Stockholder Entities included in a Drag Transaction will be included in any agreements with the Drag-Along Purchaser relating thereto on the same terms and subject to the same conditions applicable to the shares of Common Stock which Parent proposes to sell in the Drag Transaction. Such terms and conditions shall include, without limitation: the pro rata reduction of the number of shares of Common Stock to be sold by Parent and the Management Stockholder Entities to be included in the Drag Transaction if required by the Drag-Along Purchaser; the sale price; the payment of

fees, commissions and expenses; the provision of, and representation and warranty as to, information reasonably requested by Parent covering matters regarding the Management Stockholder Entities' ownership of shares; and the provision of requisite indemnification; provided that any indemnification provided by the Management Stockholder Entities shall be pro rata in proportion with the number of shares of Common Stock to be sold; provided, further, that no Management Stockholder Entity shall be required to indemnify any Person for an amount, in the aggregate, in excess of the gross proceeds received in such Proposed Sale.

(c) Your pro rata share of any amount to be paid pursuant to Paragraph 3 or 7(b) shall be based upon the number of shares of Common Stock intended to be transferred by the Management Stockholder Entities plus the number of shares of Common Stock you would have the right to acquire under any unexercised portion of the Option which is then vested or would become vested as a result of the Proposed Sale or Drag Transaction, assuming that you receive a payment in respect of such Option.

(d) Notwithstanding anything to the contrary in the foregoing, if the consideration payable for shares of Common Stock is securities and the acquisition of such securities by a Management Stockholder Entity would reasonably be expected to be prohibited under U.S., foreign or state securities laws, such Management Stockholder Entity shall be entitled to receive an amount in cash equal to the value of any such securities such Person would otherwise be entitled to receive.

8. The obligations of Parent hereunder shall extend only to you and your transferees ("Permitted Transferees") who (a) are Other Management Stockholders (as defined in the Stockholder's Agreement), (b) are party to a Management Stockholder's Agreement with the Company and (c) have acquired Common Stock pursuant to a Permitted Transfer (as defined in the Stockholder's Agreement), and none of the Management Stockholder Entities' successors or assigns, with the exception of any Permitted Transferee and only with respect to the Common Stock acquired by such Permitted Transferee pursuant to a Permitted Transfer, shall have any rights pursuant hereto.

9. This Agreement shall terminate and be of no further force and effect on the occurrence of the earlier of the consummation of a Qualified Public Offering (as defined in the Stockholder's Agreement) or a Change in Control (as defined in the Stockholder's Agreement).

10. All notices and other communications required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid or (d) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to such party's address as set forth below or at such other address or to such other person as the party shall have furnished to each other party in writing in accordance with this provision:

If to Parent, at the following address:

KKR 2006 Fund, L.P.
2800 Sand Hill Road
Menlo Park, CA 94025
Attention: Michael Calbert
Telecopy: (650) 233-6553

with a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: David J. Sorkin, Esq.
Marni J. Lerner, Esq.
Telecopy: (212) 455-2502

If to the Company, to the Company at the following address:

Dollar General Corporation
100 Mission Ridge
Goodlettsville, TN 37202
Attention: General Counsel.
Telecopy: (615) 855-5180

with a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: David J. Sorkin, Esq.
Marni J. Lerner, Esq.
Telecopy: (212) 455-2502

If to you, to you at the address first set forth above herein;

If to your Management Stockholder's Estate or Management Stockholder's Trust, to the address provided to the Company by such entity.

11. The laws of the State of Delaware shall govern the interpretation, validity and performance of the terms of this Agreement. In the event of any controversy among the parties hereto arising out of, or relating to, this Agreement which cannot be settled amicably by the parties, such controversy shall be finally, exclusively and conclusively settled by mandatory arbitration conducted expeditiously in accordance with the American Arbitration Association rules, by a single independent arbitrator. Such arbitration process shall take place in Nashville, Tennessee. 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. Judgment upon the award rendered may be entered in any court having

jurisdiction thereof. Each party shall bear its own legal fees and expenses, unless otherwise determined by the arbitrator; provided that if the Management Stockholder substantially prevails on any of his or her substantive legal claims, then the Investors shall reimburse all legal fees and arbitration fees incurred by the Management Stockholder to arbitrate the dispute. Each party hereto hereby irrevocably waives any right that it may have had to bring an action in any court, domestic or foreign, or before any similar domestic or foreign authority with respect to this Agreement.

12. This Agreement may be executed in counterparts, and by different parties on separate counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

13. It is the understanding of the undersigned that you are aware that no Proposed Sale is contemplated and that such a sale may never occur.

14. This Agreement may be amended by Parent at any time upon notice to the Management Stockholder thereof; provided that any amendment (i) that materially disadvantages the Management Stockholder shall not be effective unless and until the Management Stockholder has consented thereto in writing and (ii) that disadvantages a class of stockholders in more than a de minimis way but less than a material way shall require the consent of a majority of the equity interests held by such affected class of stockholders.

15. Capitalized terms used by not defined herein shall have the meaning ascribed to such terms in the Stockholder's Agreement.

[Signatures on following pages]

If the foregoing accurately sets forth our agreement, please acknowledge your acceptance thereof in the space provided below for that purpose.

Very truly yours,

BUCK HOLDINGS, L.P.

By: BUCK HOLDINGS, LLC,
its general partner

By: _____
Name :
Title:

[*signature page to Sale Participation Agreement*]

Accepted and agreed this day of
2007.

Name: _____

[*signature page to Sale Participation Agreement*]

DOLLAR GENERAL CORPORATION
100 MISSION RIDGE
GOODLETTSVILLE, TN 37072

July 5, 2007

Challis Lowe
c/o Eleanor Banister
King & Spalding
1180 Peachtree Street
30th Floor
Atlanta, Georgia 30309

Re: Call Right and Termination without Good Reason Provision in Management Stockholder's Agreement

Dear Challis Lowe:

In connection with the closing of the acquisition contemplated in that certain Agreement and Plan of Merger, dated as of March 11, 2007, by and among Buck Holdings, L.P., a Delaware corporation ("Parent"), Buck Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of Parent, and the Dollar General Corporation ("Company"), you will execute a Management Stockholder's Agreement. The Management Stockholder's Agreement will be by and among you, the Company and Parent. All capitalized terms not defined herein shall have the meaning set forth in the Management Stockholder's Agreement.

Solely for purposes of your Management Stockholder's Agreement, if you retire from employment with the Company and its affiliates on or after the third anniversary of the Closing Date ("Retirement"), such Retirement will be deemed a termination by you for Good Reason, and as such any rights the Company may have to purchase all or any portion of your shares of Stock and/or Options shall be governed by Section 6 (b) of your Management Stockholder's Agreement, in lieu of Section 6(d) of such agreement. However, for the avoidance of doubt, such termination will not be considered a termination for Good Reason under any employment or severance agreement you may have with the Company or any of its affiliates unless otherwise agreed by the parties hereto.

In addition, notwithstanding any other provision set forth in that certain Stock Option Agreement that you are entering into with the Company concurrently with the execution of this letter agreement, with respect to any vested exercisable New Options held by you upon your Retirement, such New Options shall remain exercisable for the remainder of the ten-year term of the New Option. Except as expressly provided in this letter agreement, all other terms and conditions of your Stock Option Agreement will remain in full force and effect as provided therein.

By signing below, you and the Company agree to recognize your entitlement to the rights hereunder and that the Management Stockholder's Agreement and your Stock Option Agreement

referenced above are each deemed amended to incorporate the terms of this letter agreement solely to the extent of the subject matter contained herein.

This letter agreement does not create any rights, claims or benefits inuring to any person that is not a party hereto (or its successors, permitted transferees, estate, designated beneficiaries or assigns) nor create any or establish any third party beneficiary hereto. In the event of any dispute over the terms of this letter agreement, Section 18 of the Management Stockholder's Agreement shall govern.

This letter agreement may be executed in counterparts.

[*signature page to follow*]

DOLLAR GENERAL CORPORATION
CDP/SERP PLAN
(As Amended and Restated Effective December 31, 2007)

ARTICLE I

Purpose and Adoption of Plans

1.1 **“Introduction”** Dollar General Corporation (the “Company”) previously established and maintained the Dollar General Corporation Supplemental Executive Retirement Plan (the “SERP”) and the Dollar General Corporation Compensation Deferral Plan (the “CDP”) as separate plans. Effective as of January 1, 2000, the Company amended, restated, and consolidated the SERP and CDP plans, so that such plans were combined into one plan with one master plan document. Effective as of January 1, 2003, the Company amended and restated the master plan document. Effective as of November 1, 2004, the Company amended and restated the master plan document and thereafter further amended such restated master plan document. The separate provisions of both the SERP and CDP are contained in this one plan document as separate portions of the combined plan document. Nevertheless, the terms of the SERP and CDP portions of the Plan independently govern participation in, and benefits provided hereunder. Accordingly, an employee may be designated for participation in one or both portions of this Plan, as determined by the terms of each portion of the Plan. Effective as of December 31, 2007, the Company hereby amends and restates the plan document of the Plan to comply with Code Section 409A.

1.2 **“Rights of Employees”** The rights and benefits, if any, of an Employee whose employment terminated before or after the effective date of this amendment and restatement shall be determined in accordance with the provisions of the Plan provided herein, provided, however, that, except as may be expressly provided, there shall be no change in the form or manner of benefits in pay status on December 31, 2007.

1.3 **“Purpose of SERP”** The SERP is designed to permit a select group of management or highly compensated employees who contribute materially to the continued growth, development and future business success of the Company and the Subsidiaries additional benefits and in such amounts as the Company shall determine in its sole discretion. Employees who previously participated in the SERP prior to January 1, 2000 were credited with an initial benefit under the restated CDP/SERP master document equal to the present value of their benefit under the SERP as of December 31, 1999. Such present value of each Participant’s SERP benefit was credited to that Participant’s SERP Account described in Section 2.1 hereof as of January 1, 2000.

1.4 **“Purpose of CDP”** The CDP is designed to permit a select group of management or highly compensated employees who contribute materially to the continued growth, development and future business success of the Company and the Subsidiaries to elect to defer a portion of their compensation until their death, disability, retirement or termination of employment with the Company or the Subsidiaries. The CDP also provides additional benefits, in the form of CDP Company Matching Credits and CDP Company Discretionary Credits, that are, or may be, credited pursuant to Article V.

ARTICLE II

Definitions

For purposes of the Plan, the following terms shall have the following meanings unless a different meaning is plainly required by the context. The words in the masculine gender shall include the feminine and neuter genders and words in the singular shall include the plural and words in the plural shall include the singular.

2.1 “**Accounts**” shall mean the accounts established and maintained by the Plan Committee for bookkeeping purposes to reflect the interest of a Participant in the SERP and/or CDP portions of the Plan, as described below. The Accounts shall be bookkeeping entries only and shall be utilized solely as devices for the measurement and determination of the amounts to be paid to a Participant or Beneficiary under the Plan. Any Account balance for one or more periods may be separately accounted for in subaccounts for any reason determined by the Plan Committee.

(a) **CDP Accounts** shall consist of a CDP Participant’s Company Match Account, Discretionary Credit Account, and Optional Deferral Account.

(b) **SERP Account** shall mean the account established to reflect the interest of a SERP Participant in SERP benefits that may be payable under this Plan.

2.2 “**Base Pay**” shall mean with respect to each CDP Participant, the Participant’s base wages or salary determined prior to any deferrals under Article IV hereof and determined without regard to any qualified plan limits under Code Section 401(a)(17), exclusive of bonuses or other amounts paid in excess of the Participant’s stated base wages or salary, but inclusive of amounts deferred as Elective Deferrals under the Dollar General Corporation 401(k) Savings and Retirement Plan and any amounts contributed on a pre-tax basis under a cafeteria plan maintained by the Company under Code Section 125, all as determined in the sole discretion of the Plan Committee or its delegate.

2.3 “**Beneficiary**” shall mean any person, estate, trust or organization entitled to receive any payment under the Plan upon the death of a Participant. The Participant shall designate his beneficiary on a form provided by the Plan Committee.

2.4 “**Board**” shall mean the Board of Directors of the Company.

2.5 “**Change in Control**” means the happening of any of the following after July 6, 2007:

(a) Any person or entity, including a “group” as defined in Section 13(d)(3) of the Exchange Act, other than the Company or a wholly-owned subsidiary thereof or any employee benefit plan of the Company or any of its subsidiaries, becomes the beneficial owner of the Company’s securities having 35% or more of the combined voting power of the then outstanding securities of the Company that may be cast for the election of directors of the Company (other than as a result of an issuance of securities initiated by the Company in the ordinary course of business);

(b) As the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sales of assets or contested election, or any combination of the foregoing transactions, less than a majority of the combined voting power of the then outstanding securities of the Company or any successor corporation or entity entitled to vote generally in the election of the directors of the Company or such other corporation or entity after such transaction are held in the aggregate by the holders of the Company's securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction; or

(c) During any period of two consecutive years, individuals who at the beginning of any such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the Company's shareholders, of each director of the Company first elected during such period was approved by a vote of at least two-thirds of the directors of the Company then still in office who were directors of the Company at the beginning of any such period.

2.6 "**Code**" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time, or the corresponding section of any subsequent Internal Revenue Code, and, to the extent not inconsistent therewith, regulations issued thereunder.

2.7 "**Company**" shall mean Dollar General Corporation, a Tennessee corporation with principal offices at Goodlettsville, Tennessee.

2.8 "**Company Match Account**" shall mean a CDP Account that is maintained to reflect any CDP Company Matching Credits credited on a CDP Participant's behalf, and earnings and losses thereon, pursuant to Article V.

2.9 "**Deferral Election**" shall mean a CDP Participant's written election under the CDP to defer a portion of his Base Pay and/or his bonus pursuant to Article IV.

2.10 "**Discretionary Credit Account**" shall mean a CDP Account that is maintained to reflect any CDP Company Discretionary Credits credited on a CDP Participant's behalf, and earnings and losses thereon, pursuant to Article V (including amounts attributable to the Automatic Contribution Account for periods prior to January 1, 2003).

2.11 "**Effective Date**" shall mean the January 1 next following or coinciding with the date on which an Employee is designated by the Plan Committee as eligible for participation in the CDP or SERP, as provided by the terms of and applicable to each program.

2.12 "**Eligible SERP Compensation**" shall mean a SERP Participant's base wages or salary and bonuses, determined prior to any CDP deferrals under Article IV, and inclusive of amounts deferred as Elective Deferrals under the Dollar General Corporation 401(k) Savings and Retirement Plan and any amounts contributed on a pre-tax basis under a cafeteria plan maintained by the Company under Code Section 125, all as determined in the sole discretion of the Plan Committee or its delegate.

2.13 "**Employee**" shall mean any common law employee who is actively employed by the Employer. For this purpose, an Employee receiving severance pay shall not be considered

“actively employed” by the Employer. If an individual is not considered to be an “Employee” of the Employer in accordance with this Section for a Plan Year, a subsequent determination by the Employer, any governmental agency or court that the individual is a common law employee of the Employer, even if such determination is applicable to prior years, will not have a retroactive effect for purposes of eligibility to participate in the Plan.

2.14 “**Employer**” shall be defined as follows:

(a) Except as otherwise provided in Section 2.14(b), the term “Employer” shall mean the Company, each U.S. based Subsidiary, except to the extent otherwise provided by the Board, its delegate or the Plan Committee, and/or any non-US. based Subsidiary that has been designated by the Board, its delegate or the Plan Committee as an Employer participating in, or whose employees may be covered by, the Plan.

(b) For the purpose of determining whether a Participant has experienced a Separation from Service, the term “Employer” shall mean:

(i) The Company or Subsidiary for which the Participant performs services and with respect to which the legally binding right to compensation deferred or contributed under this Plan arises; and

(ii) All other entities with which the entity described above would be aggregated and treated as a single employer under Code Section 414(b) (controlled group of corporations) and Code Section 414(c) (a group of trades or businesses, whether or not incorporated, under common control), as applicable. In order to identify the group of entities described in the preceding sentence, the Plan Committee shall use an ownership threshold of a majority when applying, the applicable provisions of (A) Code Section 1563 for determining a controlled group of corporations under Code Section 414(b), and (B) Treas. Reg. §1.414(c)-2 for determining the trades or businesses that are under common control under Code Section 414(c).

2.15 “**Enrollment Date**” shall mean January 1 of each Plan Year.

2.16 “**ERISA**” shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time, or the corresponding section of any subsequent legislation which replaces it, and, to the extent not inconsistent therewith, the regulations issued thereunder.

2.17 “**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended.

2.18 “**Investment Request**” shall mean a Participant’s written request to have his Accounts deemed to be invested pursuant to Article VII.

2.19 “**Leave of Absence**” shall mean a Participant’s leave of absence from his employment on account of military service, Total and Permanent Disability, or any other reason and which is authorized, in writing, by the Company.

2.20 “**Optional Deferral Account**” shall mean a CDP Account that is maintained to reflect a CDP Participant’s elective deferrals, and earnings and losses thereon, made pursuant to Article IV.

2.21 “**Participant**” shall have the following meanings, depending upon whether participation is in the CDP or the SERP:

(a) For purposes of the CDP, a “**CDP Participant**” shall mean an Employee who meets all of the conditions of eligibility under Section 3.2 and who participates in the CDP portion of the Plan in accordance with Article IV and, solely for purposes of determining benefits due to be paid, a current or former Employee who is not currently eligible to participate but who has an Account balance under the Plan (sometimes referred to as a “former Participant”).

(b) For purposes of the SERP, a “**SERP Participant**” shall mean an Employee who meets all of the conditions of eligibility under Section 3.1 and who participates in the SERP portion of the Plan and, solely for purposes of determining benefits due to be paid, a current or former Employee who is not currently eligible to participate but who has an Account balance under the Plan (sometimes referred to as a “former Participant”).

2.22 “**Plan**” shall mean this Dollar General Corporation CDP/SERP Plan, as reflected in this Plan document.

2.23 “**Plan Committee**” shall mean the Board or another committee that is appointed by the Board (or any committee designated by the Board with such authority) to serve as the Plan Committee, subject to the provisions of Section 10.1.

2.24 “**Plan Year**” shall mean the 12 consecutive month period commencing each January 1st and ending on the last day of December next following.

2.25 “**Retirement Eligibility**” shall mean, with respect to a Participant, the earlier of the Participant’s attainment of age 50 or the date such Participant is credited with 10 Years of Service under this Plan.

2.26 “**Separation from Service**” or “**Separate from Service**” shall mean a termination of services provided by a Participant to his or her Employer, whether voluntarily or involuntarily, other than by reason of death or Total and Permanent Disability, as determined by the Plan Committee in accordance with Treas. Reg. §1.409A-1(h) . In determining whether a Participant has experienced a Separation from Service, the following provisions shall apply :

(a) For a Participant who provides services to an Employer as an Employee, except as otherwise provided in Section 2.26 (c), a Separation from Service shall occur when such Participant has experienced a termination of employment with such Employer. A Participant shall be considered to have experienced a termination of employment when the facts and circumstances indicate that the Participant and his or her Employer reasonably anticipate that either (i) no further services will be performed for the Employer after a certain date, or (ii) that the level of bona fide services the Participant will perform for the Employer after such date (whether as an Employee or as an independent contractor) will permanently decrease to less than 50% of the average level of bona fide services performed by such Participant (whether as an

Employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Employer if the Participant has been providing services to the Employer less than 36 months).

(b) If a Participant is on military leave, sick leave, or other bona fide leave of absence, the employment relationship between the Participant and the Employer shall be treated as continuing intact, provided that the period of such leave does not exceed 6 months, or if longer, so long as the Participant retains a right to reemployment with the Employer under an applicable statute or by contract. If the period of a military leave, sick leave, or other bona fide leave of absence exceeds 6 months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship shall be considered to be terminated for purposes of this Plan as of the first day immediately following the end of such 6-month period. In applying these provisions, a leave of absence shall be considered a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Employer.

(c) For a Participant who provides services to an Employer as both an Employee and an independent contractor, a Separation from Service generally shall not occur until the Participant has ceased providing services for such Employer as both as an Employee and as an independent contractor, as determined in accordance with the provisions of this Section. Similarly, if a Participant either (i) ceases providing services for an Employer as an independent contractor and begins providing services for such Employer as an Employee, or (ii) ceases providing services for an Employer as an Employee and begins providing services for such Employer as an independent contractor, the Participant will not be considered to have experienced a Separation from Service until the Participant has ceased providing services for such Employer in both capacities, as determined in accordance with the applicable provisions of this Section.

(d) Notwithstanding the foregoing provisions, if a Participant provides services for an Employer as both an Employee and as a non-employee director, to the extent permitted by Treas. Reg. §1.409A-1(h)(5) the services provided by such Participant as a non-employee director shall not be taken into account in determining whether the Participant has experienced a Separation from Service as an Employee, and the services provided by such Participant as an Employee shall not be taken into account in determining whether the Participant has experienced a Separation from Service as a non-employee director.

2.27 “**SERP Company Credit**” shall mean amounts credited to a SERP Participant’s Account, and earnings and losses thereon, pursuant to Article V of the Plan.

2.28 “**Subsidiary**” shall mean each of the following business entities or other organizations (whether or not incorporated):

- (i) Any corporation the majority of the outstanding voting stock of which is owned, directly or indirectly, by the Company, and
- (ii) Any trade or business (whether or not incorporated) the majority of the outstanding voting equity interests of which is owned, directly or indirectly, by the Company.

2.29 “**Total and Permanent Disability**” shall mean the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or to be of continuous period of not less than 12 months, as evidenced by qualification for disability income benefits under the federal Social Security system.

2.30 “**Year of Service**” shall mean each one-year period of time, including time before a Participant’s Effective Date, commencing on the date on which the Participant was first employed by the Company or a Subsidiary and each anniversary thereof during which the Participant was an Employee of the Company or a Subsidiary or on a Leave of Absence for the entire year. The Plan Committee, in its discretion, shall develop policies and procedures to determine Years of Service for purposes of this Plan and that address the determination of Years of Service for Participants who terminate employment and are later rehired by the Company or a Subsidiary.

2.31 “**Trust Agreement**” shall mean the agreement, if any, by and between the Company and any trustee under which assets pertaining to the Plan, if any, are maintained. If assets pertaining to the Plan are maintained pursuant to a Trust Agreement, such Trust Agreement is intended to be a grantor trust (sometimes referred to as a rabbi trust), of which the Company is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Code.

ARTICLE III

Eligibility

3.1 “**SERP Eligibility Rules**” The Plan Committee shall establish, and amend as necessary, rules to determine which individuals or groups of Employees shall be eligible to participate in the SERP.

3.2 “**CDP Eligibility Rules**” The Plan Committee shall establish, and amend as necessary, rules to determine which individuals or groups of Employees shall be eligible to participate in the CDP.

3.3 “**Cessation of Status as Covered Employee**” If an Employee is a Participant but ceases to be an Employee, such cessation of status as an Employee shall not operate to terminate any deferral election in effect for the Plan Year (or other applicable deferral computation period) of such status change unless and to the extent, if any, permitted under Code Section 409A.

ARTICLE IV

Deferral of Compensation under CDP

4.1 “**Compensation Which May Be Deferred**”

(a) Subject to Section 4.1(b), a CDP Participant may elect to defer amounts under this Plan as follows:

(i) A CDP Participant may elect to defer from his Base Pay otherwise payable to him by the Employer during each payroll period after his Effective Date (or any following Enrollment Date) any whole percentage from 1% to 65% of his Base Pay. The amount of any elective deferral made under this Section 4.1(a) shall be credited to a CDP Participant's Optional Deferral Account; and

(ii) A CDP Participant may elect to defer from any bonus otherwise payable to him by the Employer during each bonus performance period commencing on or after his Effective Date (or any following Enrollment Date) any whole percentage from 1% to 100% of such bonus. The amount of any elective deferral under this Section 4.1(b) shall be credited to a CDP Participant's Optional Deferral Account. The Plan Committee shall determine, in its sole discretion, the bonus type that is eligible for deferrals under this Plan.

For purposes hereof, a CDP Participant's Base Pay or bonus pay which may be deferred may only consist of Base Pay and bonus which is earned after his applicable Effective Date or any following Enrollment Date for which a deferral election is timely made.

(b) Notwithstanding the provisions of Section 4.1(a), the Plan Committee or its delegate may establish lower deferral limits for any CDP Participant (or Participants) as it deems necessary or advisable from time to time. Any affected CDP Participants will be notified of such lower deferral limits by the Plan Committee (or its delegate).

(c) Except as provided in Section 4.7, a Participant's action or inaction under a qualified plan subject to Code Section 402(g), including an adjustment to a deferral election under such a qualified plan, shall not, for any given taxable year of the Participant, result in an increase or decrease in the amounts deferred under this Plan and all other nonqualified deferred compensation arrangements in which the Participant participates in excess of the limit with respect to elective deferrals under Code Section 402(g)(1)(A), (B) and (C) in effect for the taxable year of the Participant in which such action or inaction occurs.

4.2 “**Establishment of Optional Deferral Account**” An Optional Deferral Account shall be established for each CDP Participant by the Plan Committee as of the Effective Date of (or any following Enrollment Date for) such Participant's initial Deferral Election. The Participant's Optional Deferral Account shall be credited at least monthly (based on all pay periods ending in the month or based on each payroll period ending in the month, as determined by the Plan Committee) with amounts that a CDP Participant has deferred under Section 4.1.

4.3 “**Deferral Election Form**” A CDP Participant shall complete a Deferral Election form, which shall be made in writing on a form prescribed by the Plan Committee. The initial Deferral Election form shall state:

(a) That the CDP Participant wishes to make an election to defer the receipt of a portion of his Base Pay and/or bonus pay;

(b) The percentage of such elective deferral, consistent with the provisions of Section 4.1;

(c) Subject to the provisions of Sections 4.5 and 4.6 and Article VIII, the form of any distribution from the Plan, which election may in the discretion of the Plan Committee be made on a Plan Year (or multiple prospective Plan Years) by Plan Year (or multiple prospective Plan Years) basis and/or separately for different Accounts and/or contributions thereto;

(d) That the deferral is to Separation from Service or, pursuant to Section 4.5(a), a specified date no sooner than 5 years after the end of the Plan Year in which amounts are deferred (provided, however, that upon the Participant's unforeseeable emergency, amounts deferred may be paid pursuant to Section 4.5(b) and that upon the Participant's Separation from Service (whether before or after Retirement Eligibility) for any reason, death, or Total and Permanent Disability, all amounts deferred to a date certain shall nevertheless be paid as provided in Article VIII), which election of a specified date may in the discretion of the Plan Committee be made on a Plan Year (or multiple prospective Plan Years) by Plan Year (or multiple prospective Plan Years) basis and/or separately for different Accounts and/or contributions thereto; and

(e) Such other information that the Plan Committee, in its discretion determines to be necessary or advisable to administer deferral elections hereunder.

4.4 “ **Making and Modifying Deferral Elections** ”

(a) The Deferral Election form of a new CDP Participant shall be made by a signed written notice, in a form acceptable to the Plan Committee, that is delivered to the Plan Committee at a date established by the Plan Committee, but no later than the day before the CDP Participant's Effective Date. A CDP Participant shall complete a Deferral Election form annually thereafter at a date established by the Plan Committee, but no later than the day before the applicable Effective Date or any following Enrollment Date for the Plan Year to which such election relates, unless the Plan Committee in its sole discretion waives the requirement for an annual election form (thereby making Deferral Elections evergreen until changed or revoked). Except with respect to an election applicable to performance-based compensation as provided in Section 4.4(b) or a change in the time or form of distribution pursuant to any applicable provision of the Plan, any Deferral Election shall only apply to Base Pay and bonus pay which is earned after the Plan Year in which the election is made. A CDP Participant who desires to modify or revoke a Deferral Election for a subsequent Plan Year must provide the Plan Committee with a signed written notice no later than such date as the Plan Committee may determine in its sole discretion, but not later than the day immediately prior to the first day of the subsequent Plan Year to which such modification or revocation relates. Subject to the provisions of this Section, any modification or revocation shall be effective on the first day of the subsequent Plan Year to which such modification or revocation relates.

(b) As an alternative to the foregoing, in the discretion of the Plan Committee, any Deferral Election to defer a bonus which is performance-based compensation (within the meaning of Code Section 409A(a)(4)(B)(iii)) may be made no later than 6 months prior to the end of the performance period for such bonus determination. Any such Deferral Election therefore may not be modified or revoked by the Participant after the latest time for making the election. For this purpose, “performance-based compensation” shall mean compensation the entitlement to or amount of which is contingent on the satisfaction of pre-established

organizational or individual performance criteria relating to a performance period of at least 12 consecutive months, as determined by the Plan Committee in accordance with Treas. Reg. §1.409A-1(e). The outcome under the applicable pre-established organizational or individual performance criteria must be substantially uncertain at the time of establishment, and the criteria must be established no later than 90 days after the beginning of the period of service to which the incentive compensation and performance relate.

(c) The termination of participation in the CDP shall not affect amounts previously deferred by the CDP Participant under the Plan.

(d) It is intended that all Deferral Elections and modifications thereto will comply with the requirements of Code Section 409A. The Plan Committee is authorized to adopt rules or regulations deemed necessary or appropriate in connection therewith to anticipate and/or comply the requirements of Code Section 409A (including any transition or grandfather rules thereunder). It is intended that all Deferral Elections and modifications thereto will comply with the requirements of Code Section 409A. The Plan Committee is authorized to adopt rules or regulations deemed necessary or appropriate in connection therewith to anticipate and/or comply with the requirements of Code Section 409A (including any transition or grandfather rules thereunder).

4.5 **“ In-Service Distributions and Election Form Procedures ”**

(a) A CDP Participant may elect to receive a “time specific” in-service lump sum distribution of amounts credited to his CDP Accounts, provided that the date of distribution is a date that is no sooner than 5 years after the end of the Plan Year in which amounts are deferred. Notwithstanding anything to the contrary, any amounts deferred to a “time specific” date certain pursuant to this Section 4.5 shall nevertheless be paid as soon as practicable after the Participant’s Separation from Service (whether before or after Retirement Eligibility), death or Total and Permanent Disability, subject to the further provisions of Article VIII. If a CDP Participant elects a “time specific” in-service distribution, payment of benefits pursuant to that election shall be made in the form of a lump sum distribution. With the approval of the Plan Committee, a CDP Participant may amend the timing of his “time specific” in-service benefit distribution date while actively employed by the Company or a Subsidiary, provided, however, that no such amendment shall be effective if it, coupled with the Plan requirement that Plan benefits be distributed after Separation from Service (regardless of the Participant’s “time specific” in-service distribution date), would cause the Plan to violate the requirements of Code Section 409A(a)(2), (3) or (4). Any such amendment must be made on a signed written form that is acceptable to the Plan Committee, must be provided to the Plan Committee not later than 12 months before the CDP Participant’s “time specific” in-service distribution date as stated on the Participant’s currently effective election form, is not effective for 12 months after it is filed with the Plan Committee and must provide a new payment date which is at least 5 years later than the date such payment would otherwise have been made. A CDP Participant that completes an amendment to his “time specific” in-service benefit distribution date in accordance with this Section 4.5 may defer distribution of his Accounts to a date after the date selected in his most recent validly completed form or until his Separation from Service, death or Total and Permanent Disability. A CDP Participant may only complete one amendment with respect to his “time specific” in-service benefit distribution date, unless the Plan Committee in its sole discretion

waives this rule with respect to the CDP Participant. A CDP Participant may not elect to have “time specific” distributions paid to him in any form of distribution other than a single lump sum payment at the elected date of distribution.

(b) A Participant who is an Employee may request to receive an “unforeseeable emergency hardship” in-service lump sum distribution of vested amounts credited to his Account in the event he has an unforeseeable emergency hardship. Upon a finding by the Plan Committee that the Participant has an unforeseeable emergency hardship, the Plan Committee (in its sole discretion) may authorize the payment of all or a part of a Participant’s vested Account in the form of a lump sum distribution prior to his or her ceasing to be an Employee. Any such written request must set forth the circumstances constituting such unforeseeable emergency hardship. Notwithstanding the foregoing, the Plan Committee may not direct payment of any amounts credited to the Account of a Participant to the extent that such unforeseeable emergency hardship is or may be relieved (i) through reimbursement or compensation by insurance or otherwise or (ii) by liquidation of the Participant’s assets, to the extent that such liquidation would itself not cause severe financial hardship. Any distribution due to unforeseeable emergency hardship shall only be permitted to the extent reasonably needed to satisfy such hardship plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, and shall be made in the sole discretion of the Plan Committee, both with respect to the determination as to whether an unforeseeable emergency hardship exists and as to the amount distributable. In all cases, the requirements and standards set forth in Code Section 409A will govern the determinations of a Participant’s eligibility for and the amount of any distributions under this Section 4.5(b). For purposes hereof, “unforeseeable emergency hardship” means as a severe financial hardship of the Participant resulting from an illness or accident of the Participant, the Participant’s spouse, or the Participant’s dependent (as defined in Code Section 152(a)), loss of the Participant’s property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner’s insurance, e.g., as a result of a natural disaster), or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

(c) In-service distributions shall be made in the manner described in Section 8.7.

(d) A SERP Participant may not elect to receive a “time specific” or an “unforeseeable emergency hardship” in-service distribution of vested amounts credited to his SERP Account.

4.6 “**Amending the Deferral Election to Change Form of Distribution at Separation from Service, Death or Total and Permanent Disability Generally Not Permitted**” A Participant may not change his elected or default form of the distribution of his existing Account (including the CDP and SERP portions of the Plan) to be made at his Separation from Service, death or Total and Permanent Disability. The foregoing is not intended to prohibit new and different elections on a prospective basis for amounts earned in a subsequent Plan Year to the extent permitted under Section 4.3. Form of payment elections in effect on November 1, 2004 shall continue to apply to all Account balances attributable to deferrals and credits (and earnings thereon) for periods prior to January 1, 2005 and, unless otherwise

determined by the Plan Committee (e.g., by permitting Plan Year by Plan Year elections effective prospectively), to Deferral Elections made on or after November 1, 2004.

4.7 “ **Automatic Cancellation of Deferral Election upon Receipt of Hardship Withdrawal under 401(k) Plan** ”

(a) A Participant’s Deferral Election in effect at the time of a 401(k) hardship withdrawal shall be cancelled (rather than postponed or delayed) prospectively so that no further deferrals from his Base Pay or bonuses shall be made during the 401(k) hardship withdrawal required cancellation period or with respect to the Plan Year in which the 401(k) hardship withdrawal required cancellation period begins.

(b) The Participant whose Deferral Election is cancelled pursuant to this Section may file a new Deferral Election in order to commence or recommence making deferrals under the Plan from his Base Pay or bonuses at the later of (i) the first payroll period that commences after the end of the 401(k) hardship withdrawal required cancellation period or (ii) the CDP Participant’s next Enrollment Date. The new CDP Deferral Election shall be made by a signed written notice, in a form acceptable to the Plan Committee, and shall be delivered to the Plan Committee at a date established by the Plan Committee, but no later than the day before the CDP Participant’s next or any subsequent Enrollment Date on or following which the Participant’s deferrals from his Base Pay or bonuses will commence or recommence, and shall apply only to Base Pay and bonuses earned after the new Deferral Election becomes effective as required by Code Section 409A.

(c) For purposes hereof, the following terms have the following meanings:

(i) A “401(k) hardship withdrawal” is a hardship withdrawal from a 401(k) plan which requires a suspension of employee contributions and elective deferrals as a result of receipt of the hardship withdrawal in order to satisfy the regulations under Code Section 401(k).

(ii) The “401(k) hardship withdrawal required cancellation period” means the 6-month period (or other stated period in the 401(k) plan) during which employee contributions and elective deferrals must be suspended as a result of receipt of a 401(k) hardship withdrawal in order to satisfy the regulations under Code Section 401(k).

(iii) A “401(k) plan” means the Dollar General Corporation 401(k) Savings and Retirement Plan and any other deferred compensation plan intended to meet the requirements of Code Section 401(k) and maintained by the Company or any other business entity or other organization (whether or not incorporated) which during the relevant period is treated (but only for the portion of the period so treated and for the purpose and to the extent required to be so treated) as a single employer with the Company or any Subsidiary under Code Section 414(b), (c), (m) or (o).

ARTICLE V

Company Credits

5.1 “SERP Company Credits”

(a) As of the last day of each Plan Year, the Plan Committee shall determine the SERP Company Credit in such amounts as the Plan Committee may deem appropriate to the account of an eligible SERP Participant, in accordance with the requirements of Section 5.1 (b) below.

(b) The amount of the SERP Company Credit shall be calculated by using a SERP Participant’s Eligible SERP Compensation, as defined in Section 2.12 as a base. The Plan Committee shall credit a SERP Company Credit only to the SERP Account of a Participant who was a SERP Participant on the first day of the Plan Year and last day of the Plan Year to which the SERP Company Credit relates.

(c) The Employer by which a Participant is employed at the end of a Plan Year shall reflect as a liability on its books as of the end of the Plan Year; and the SERP Company Credit for the Plan Year shall be reflected in the Participant’s SERP Account on the January 31 immediately following the Plan Year (from which time it shall be adjusted for earnings or losses).

(d) To the extent not provided above, the amount (or the method or formula for determining the amount) of a SERP Participant’s SERP Company Credit shall be set forth in writing in one or more documents, which shall be deemed to be incorporated into this Plan, no later than the date on which such SERP Company Credit is credited to the SERP Participant’s SERP Account.

5.2 “CDP Company Matching Credits”

(a) The Company shall credit, at least monthly (based on all pay periods ending in a month or based on each payroll period ending in a month, as determined by the Plan Committee), a CDP Company Matching Credit for each CDP Participant employed by the Employer equal to the lesser of:

(i) 5% of the excess of (A) the CDP Participant’s Base Pay for such month (or payroll period, as applicable) over (B) the CDP Participant’s Eligible 401(k) Matching Base Pay for such month (or payroll period, as applicable); or

(ii) The CDP Participant’s Optional Deferrals from his Base Pay under Section 4.1(a) of this Plan for such month (or payroll period, as applicable).

For purposes hereof, a CDP Participant’s “Eligible 401(k) Matching Base Pay” is his compensation (not in excess of the compensation limit under Code Section 410(a)(17), as adjusted pursuant to Code Section 415(d) for the Plan Year) out of which he may make elective deferrals under the 401(k) Plan during periods he is eligible to participate in the employer matching contribution portion of the 401(k) Plan. A CDP Participant’s Eligible 401(k) Matching

Base Pay shall be determined by counting his described compensation on a first dollar paid basis during a Plan Year so that once the cumulative Eligible 401(k) Matching Base Pay for a Plan Year equals the adjusted compensation limit under Code Section 410(a)(17) for the Plan Year, the CDP Participant will have no more Eligible 401(k) Matching Base Pay for that Plan Year.

(b) If a Participant's action or inaction under a qualified plan with respect to elective deferrals or after-tax contributions by the Participant to the qualified plan affects the amounts that are credited under this Plan or any other nonqualified deferred compensation arrangement as matching amounts or other amounts contingent on the Participant's elective deferrals or after-tax contributions under the qualified plan, then (i) such matching or contingent amounts, as applicable, shall either be forfeited or never credited under this Plan or any other nonqualified deferred compensation arrangement in the absence of the Participant's elective deferral or after-tax contribution, and (ii) except as provided in Section 4.7, all of the Participant's actions or inactions shall not, for any given taxable year of the Participant, result in an increase or decrease during such taxable year in the amounts deferred under this Plan and such other nonqualified deferred compensation arrangements in which the Participant participates in excess of the limit with respect to elective deferrals under Code Section 402(g)(1)(A), (B) and (C) in effect for the taxable year of the Participant in which such action or inaction occurs.

(c) Any CDP Company Matching Credit shall be credited to the CDP Participant's CDP Company Match Account.

5.3 “**Special Rule for a CDP Participant who has not yet met eligibility requirements to receive a matching contribution in the Dollar General Corporation 401(k) Savings and Retirement Plan**” Notwithstanding anything to the contrary in Section 5.2 above, if for a given calendar month (or payroll period, as applicable) a CDP Participant has not yet met the eligibility requirements to receive a matching contribution in the 401(k) Plan, such CDP Participant shall nevertheless be credited with a CDP Company Matching Credit under this Plan for such month (or payroll period, as applicable). In such event, the CDP Participant's Eligible 401(k) Matching Base Pay under Section 5.2(b) for such month (or payroll period, as applicable) shall be zero.

5.4 “**CDP Company Discretionary Credits**” The Company may, in its sole discretion and from time to time, credit an amount equal to 2% of each CDP Participant's Base Pay, if any, that exceeds the compensation limit established under Code Section 401(a)(17). Any CDP Company Discretionary Credit shall be credited to a CDP Participant's Discretionary Credit Account.

ARTICLE VI

Vesting

6.1 “**SERP Vesting**” SERP Company Credits credited pursuant to the provisions of Article V, along with any earnings thereon, shall be fully vested at the earlier of the SERP Participant’s attainment of age 50 or the SERP Participant’s being credited with at least 10 Years of Service. However, until full vesting occurs, a SERP Participant will not have a vested interest in any percentage of his SERP Account. The Plan Committee shall have the discretion to accelerate the vesting of SERP Company Credits on an individual by individual basis for any reason at any time and from time to time.

6.2 “**CDP Vesting**” Amounts credited to a CDP Participant’s Company Match Account, Discretionary Credit Account, and Optional Deferral Account, along with any earnings thereon, shall be fully vested at all times.

6.3 “**Full Vesting Under SERP on Death, Total and Permanent Disability or Change In Control**” Notwithstanding Section 6.1 hereof, a SERP Participant shall be fully vested in his SERP Account if he terminates employment with the Company because of a Total and Permanent Disability, dies while employed by the Company or a Subsidiary, or is a SERP Participant on July 6, 2007 or at the time of a Change in Control occurring after July 6, 2007.

ARTICLE VII

Investments

7.1 “**In General**”

(a) The Plan Committee shall determine the investment options available under the Plan and the procedures for making Investment Requests therefore. Such investment options and procedures may be changed by the Plan Committee at any time and from time to time. The Plan Committee may provide for suspension of any investment option as it deems appropriate at any time.

(b) The Accounts of each Participant shall be credited as of the last day of each calendar month with the deemed investment gains and losses based upon the Account value as of the first day of the calendar month, or on a more frequent basis as determined by the Plan Committee. Unless otherwise provided by the Plan Committee, the Company will pay for general Plan administrative expenses, although the Plan Committee may direct that these expenses be charged to Participants’ accounts as a Plan administrative expense and the manner in which such expenses are charged.

(c) A Participant shall request how his Accounts are deemed to be invested by completing an Investment Request. Such Investment Request shall be made in writing, or through electronic means, in accordance with procedures established by the Plan Committee. Any Investment Request made in accordance with this Section 7.1 shall continue unless the Participant changes the Investment Request under this Plan in accordance with procedures established by the Plan Committee.

(d) Deemed elections made under this Plan and pursuant to an Investment Request shall be applicable only with respect to this Plan and Investment Requests and changes thereto requested by the Participant shall be effective prospectively only. The Plan Committee shall be authorized to permit more frequent changes in investment options to be effective on such dates as it shall specify. The Plan Committee shall consider an Investment Request, but is not obligated to follow such request.

(e) In connection with any change in available investment options under the Plan (whether by reason of changes effected in the investment options under the Plan by the Plan Committee or otherwise), the Plan Committee may establish such blackout period or periods during which Investment Requests and Plan distributions will be suspended and may provide for such mapping of Account balances from old investment options to new investment options and/or such Participant choice with respect thereto as it deems appropriate.

7.2 “ **Gains Invested in Same Option** ” Dividends, interest and other distributions credited with respect to any deemed investment election shall be deemed to be invested in the same investment option.

7.3 “ **Participant Reports on Account Values** ” At the end of each Plan Year (or on a more frequent basis as determined by the Plan Committee), a report shall be issued to each Participant who has an Account stating the value of such Account.

ARTICLE VIII

Distribution of Accounts

8.1 “ **Distribution Upon Separation from Service After Retirement Eligibility** ”

(a) For benefits payable from the Plan on or after the Participant’s Separation from Service (within the meaning of Code Section 409A(a)(2)(A)(i)) after having attained Retirement Eligibility, the Participant shall be entitled to receive the balance of his Accounts (or portions thereof) in one of the following forms as elected by him pursuant to Section 4.3:

(i) A lump sum distribution;

(ii) Monthly installments payable over a 5, 10 or 15 year period, determined by dividing (A) the current balance in such Account by (B) the number of installments in which distributions remain to be made (including the current distribution) ; or

(iii) A combination of an initial lump sum distribution of a specified dollar amount and the remainder in monthly installments payable over a 5, 10 or 15 year period.

(b) Notwithstanding the other provisions of this Plan to the contrary, the Plan shall distribute in a lump sum distribution any benefits payable to a Participant from the SERP portion of the Plan if the value of the Participant’s SERP Account as of the valuation date coincident with or next following his termination or retirement is \$25,000 (or any lesser amount required to comply with the requirements of Code Section 409A) or less; and the Plan shall distribute in a lump sum distribution any benefits payable to a Participant from the CDP portion

of the Plan if the value of the Participant's CDP Account as of the valuation date coincident with or next following his termination or retirement is \$25,000 (or any lesser amount required to comply with the requirements of Code Section 409A) or less.

(c) If a Participant fails to specify a form of payment (or if there is no validly executed form of payment elected by the Participant) for any portion of his Accounts, such portion of his Accounts shall be distributed in a lump sum distribution.

(d) If a Participant Separates from Service prior to attaining Retirement Eligibility, distribution of his Accounts shall be governed by Section 8.5 hereof.

(e) The transfer of a Participant between the Company and a Subsidiary shall not be treated as a termination of employment or Separation from Service for purposes of this Plan.

(f) All distributions to Participants who Separate from Service during January through June after having attained Retirement Eligibility shall commence in the following February, and all distributions to Participants who Separate from Service during July through December after having attained Retirement Eligibility shall commence in the following August.

8.2 **“Distribution on Participant's Death”** Upon the death of a Participant or a former Participant prior to the complete distribution of his Accounts (whether or not distribution has commenced at his death), the balance of his Accounts shall be paid in a lump sum distribution to his Beneficiary within 60 days following the close of the calendar quarter in which the Participant dies, provided that the Plan Committee may delay payment until it obtains or is provided satisfactory evidence of the Participant's death (in which event payment shall be made as soon as reasonably practicable thereafter). In the event a beneficiary designation is not on file with the Plan Committee or the Beneficiary is deceased or cannot be located, payment will be made to the estate of the Participant or former Participant.

8.3 **“Change of Beneficiary Permitted”** A Participant's beneficiary designation may be changed by the Participant or former Participant at any time without the consent of the Participant's prior named Beneficiary.

8.4 **“Distribution on Total and Permanent Disability”**

(a) Upon the Total and Permanent Disability of a Participant or former Participant (whether before or subsequent to the commencement of payment to the Participant) prior to November 1, 2004, the Participant shall be entitled to receive the balance of his Accounts in a form permitted or provided under Section 8.1, as selected by the Participant on a form provided by the Plan Committee for such purpose.

(b) Upon the Total and Permanent Disability of a Participant or former Participant (including, unless violative of the requirements of Code Section 409A, the Participant's Total and Permanent Disability subsequent to the Participant's commencement of payment under the Plan or after the Participant's Separation from Service), the balance of his Accounts shall be paid in a lump sum distribution to him.

(c) Payments made pursuant to this Section 8.4 shall commence within 60 days following the close of the calendar quarter in which the Total and Permanent Disability of a Participant occurs, provided that the Plan Committee may delay payment until it obtains or receives notification of the determination of disability by the Social Security Administration (in which event payment shall be made as soon as reasonably practicable thereafter).

8.5 “**Distribution Upon Separation from Service Prior to Retirement Eligibility**” If a Participant Separates from Service prior to attaining Retirement Eligibility and for reasons other than death or Total and Permanent Disability, then the Participant’s vested Accounts will be paid in a lump sum distribution. Any SERP amounts credited to the Participant’s Accounts which are not otherwise vested shall be forfeited immediately upon the Participant’s termination of employment with the Company and its Subsidiaries. All distributions to Participants who Separate from Service during January through June prior to attaining Retirement Eligibility shall commence in the following February, and all distributions to Participants who Separate from Service during July through December prior to attaining Retirement Eligibility shall commence in the following August.

8.6 “**Correction of Erroneous Credits or Payments**” The Company intends only to credit amounts to a Participant’s Accounts and distribute benefits to which Participants are entitled under the Plan. If the Plan Committee discovers that an amount was or was not appropriately credited to a Participant’s Account(s), the Plan Committee shall take any steps necessary to adjust the Participant’s Account(s) to correct the error, including an adjustment for earnings, if applicable. If the Plan Committee determines that a Participant is entitled to a benefit that is greater than the benefit that has been or is being distributed to the Participant, then the Plan Committee shall adjust future benefit payments, or make a lump sum distribution, if appropriate, of any additional benefit. If the Plan distributes a benefit to a Participant and the Plan Committee determines that the Participant was not entitled to receive such benefit, then the Plan Committee shall take reasonable steps to recover the total amount of the additional benefit from the individual to whom the amounts were distributed. Unless such action would fail to comply with Code Section 409A, the Plan Committee may, in its sole discretion, reduce subsequent payments from the Plan to a Participant, if any, until such time as the full amount of the additional payment has been returned to the Company. At its discretion, the Plan Committee may also require that the Participant return the additional payment immediately or over a period of time. If the Plan Committee elects to reduce a Participant’s subsequent benefit payment(s), the Plan Committee shall provide the Participant with notice of such reduction and the reasons therefor.

8.7 “**Medium of Distribution**” Distributions of Account balances shall be made in cash.

ARTICLE IX

Nature of Employer Obligation and Participant Interest

9.1 “**In General**” A Participant, his Beneficiary, and any other person or persons having or claiming a right to payments under the Plan shall rely solely on the unsecured promise of the Company set forth herein, and nothing in this Plan or any Trust Agreement shall be construed to give a Participant, Beneficiary, or any other person or persons any right, title, interest, or claim in or to any specified assets, fund, reserve, account, or property of any kind whatsoever owned by the Company or in which it may have any right, title or interest now or in the future; but a Participant shall have the right to enforce his claim against the Company in the same manner as any unsecured creditor.

9.2 “**Benefits Payable from General Assets of Company**” All amounts paid under the Plan shall be paid in cash from the general assets of the Company (including, where applicable, any such assets held pursuant to a Trust Agreement). Benefits shall be reflected on the accounting records of the Company but shall not be construed to create, or require the creation of, a trust, custodial or escrow accounting. Nothing contained in this Plan or any Trust Agreement, and no action taken pursuant to the provisions of this Plan or any Trust Agreement, shall create or be construed to create a trust or fiduciary relationship of any kind between the Company and a Participant, Beneficiary or any other person. Neither the Participant, Beneficiary, nor any other person shall acquire any interest greater than that of an unsecured creditor.

9.3 “**Other Benefit Programs**” Any benefits payable under the Plan shall be independent of and in addition to any other benefits or compensation of any sort payable to or on behalf of the Participant under or pursuant to any other employee benefit program sponsored by the Company for its employees generally.

ARTICLE X

Administration of the Plan

10.1 “**In General**” The Plan Committee shall be responsible for the general administration of the Plan. The members of the Plan Committee shall be appointed by and may be removed by the Board (or any committee designated by the Board with such authority), in each case by written notice delivered to the Plan Committee member. The Plan Committee may select a chairman and may select a secretary (who may, but need not, be a member of the Plan Committee) to keep its records or to assist it in the discharge of its duties. A majority of the members of the Plan Committee shall constitute a quorum for the transaction of business at any meeting. Any determination or action of the Plan Committee may be made or taken by a majority of the members present at any meeting thereof, or without a meeting by resolution or written memorandum concurred in by a majority of members. Meetings may be held electronically.

10.2 “**No Special Compensation for Committee**” No member of the Plan Committee shall receive any compensation from the Plan for his service.

10.3 “**Powers of the Committee**” The Plan Committee shall administer the Plan in accordance with its terms and shall have all powers necessary or appropriate to carry out the provisions of the Plan. It shall be the sole interpreter of the Plan provisions and shall determine all questions arising in the administration, interpretation and application of the Plan. The Plan Committee shall determine a person’s eligibility for participation in the CDP and SERP portions of the Plan, a Participant’s right to benefits from the Plan, the amount of any benefit due and the manner in which any benefit is to be paid by the Plan. It will construe the Plan, supply any omissions, reconcile any differences and determine all factual issues that relate to the Plan. Any such determination by the Plan Committee shall be conclusive and binding on all persons. It may adopt any procedure or administrative regulation as it deems necessary or desirable for the conduct of its affairs and appropriate administration of the Plan. The Plan Committee may appoint and retain service providers, including accountants, counsel, actuaries, specialists and other persons as it deems necessary or desirable in connection with the administration of this Plan, and shall be the agent for the service of process.

10.4 “**Expenses of Committee Reimbursed**” The Plan Committee shall be reimbursed by the Company for all reasonable expenses incurred by it in the fulfillment of its duties. Such expenses shall include any expenses incident to its functioning, including, but not limited to, fees of accountants, counsel, actuaries, and other specialists, and other costs of administering the Plan.

10.5 “**Appointment of Agents**” The Plan Committee is responsible for the daily administration of the Plan. It may appoint other persons or entities to perform any of its fiduciary or other functions as required by the terms of the Plan. The Plan Committee and any such appointee may employ advisors and other persons necessary or desirable to help it carry out its duties, including their respective fiduciary duties; provided, however, that any trustee appointed in connection with the Plan shall be appointed by and may be removed by the Board (or any committee designated by the Board with such authority) rather than the Plan Committee. The Plan Committee shall from time to time review the work and performance of each such appointee, and shall have the right to remove any such appointee from his position at any time, with or without notice. Any person, group of persons or entity may serve in more than one fiduciary capacity.

10.6 “**Plan Accounting**” The Plan Committee shall maintain accurate and detailed records of Participants and Accounts established under the Plan and of all receipts, disbursements, transfers and other transactions concerning the Plan. Such Accounts, books and records relating thereto shall be open at all reasonable times to inspection and audit by the Board and by persons designated thereby.

10.7 “**Plan to Comply with Law**” The Plan Committee shall take all steps necessary to ensure that the Plan complies with applicable laws at all times. These steps shall include such items as the preparation and filing of all documents and forms required by any governmental agency; maintaining of adequate Participants’ records; withholding of applicable taxes and filing of all required tax forms and returns; recording and transmission of all notices required to be given to Participants and their Beneficiaries; the receipt and dissemination, if required, of all reports and information received from the Company; and doing such other acts necessary for the administration of the Plan. The Plan Committee shall keep a record of all of its proceedings and

acts and shall keep all such books of account, records and other data as may be necessary for the proper administration of the Plan. The Plan Committee shall notify the Company upon its request of any action taken by it, and when required, shall notify any other interested person or persons.

10.8 **“Claims and Appeals Procedures; Consistent Application of Procedures Required”** The following claims procedure applies to claims filed under the Plan:

(a) A Participant or Beneficiary (the “claimant”) shall have the right to request any benefit under the Plan by filing a written claim for any such benefit with the Plan Committee on a form provided or approved by the Plan Committee for such purpose. The Plan Committee (or a claims fiduciary appointed by the Plan Committee) shall give such claim due consideration and shall either approve or deny it in whole or in part. The following procedure shall apply:

(i) The Plan Committee (or a claims fiduciary appointed by the Plan Committee) may schedule and hold a hearing.

(ii) Within ninety (90) days following receipt of such claim by the Plan Committee, notice of any approval or denial thereof, in whole or in part, shall be delivered to the claimant or his duly authorized representative or such notice of denial shall be sent by mail (postage prepaid) to the claimant or his duly authorized representative at the address shown on the claim form or such individual’s last known address. The aforesaid ninety (90) day response period may be extended to one hundred eighty (180) days after receipt of the claimant’s claim if special circumstances exist and if written notice of the extension to one hundred eighty (180) days indicating the special circumstances involved and the date by which a decision is expected to be made is furnished to the claimant or his duly authorized representative within ninety (90) days after receipt of the claimant’s claim.

(iii) Any notice of denial shall be written in a manner calculated to be understood by the claimant and shall:

(A) set forth a specific reason or reasons for the denial,

(B) make reference to the specific provisions of the Plan document or other relevant documents, records or information on which the denial is based,

(C) describe any additional material or information necessary for the claimant to perfect the claim and explain why such material or information is necessary, and

(D) explain the Plan’s claim review procedures, including the time limits applicable to such procedures (which are generally contained in Section 10.8 (b)), and provide a statement of the claimant’s right to bring a civil action in state or federal court under Section 502(a) of ERISA following an adverse determination on review of the claim denial.

(b) A Participant or Beneficiary whose claim filed pursuant to Section 10.8 (a) has been denied, in whole or in part, may, within sixty (60) days following receipt of notice of such denial, make written application to the Plan Committee for a review of such claim, which

application shall be filed with the Plan Committee. For purposes of such review, the following procedure shall apply:

(i) The Plan Committee (or a claims fiduciary appointed by the Plan Committee) may schedule and hold a hearing.

(ii) The claimant or his duly authorized representative shall be provided the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits.

(iii) The claimant or his duly authorized representative shall be provided, upon request in writing and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to such claim and may submit to the Plan Committee written comments, documents, records, and other information relating to such claim.

(iv) The Plan Committee (or a claims fiduciary appointed by the Plan Committee) shall make a full and fair review of any denial of a claim for benefits, taking into account all comments, documents, records, and other information submitted by the claimant or his duly authorized representative relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

(v) The decision on review shall be in writing, shall be delivered or mailed by the Plan Committee to the claimant or his duly authorized representative in the manner prescribed in Section 10.8 (a) for notices of approval or denial of claims, shall be written in a manner calculated to be understood by the claimant and shall in the case of an adverse determination:

(A) include the specific reason or reasons for the adverse determination,

(B) make reference to the specific provisions of the Plan on which the adverse determination is based,

(C) include a statement that the claimant is entitled to receive, upon request in writing and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits, and

(D) Include a statement of the claimant's right to bring a civil action in state or federal court under Section 502(a) of ERISA following the adverse determination on review.

The Plan Committee's decision made in good faith shall be final.

(c) The period of time within which a benefit determination initially or on review is required to be made shall begin at the time the claim or request for review is filed in accordance with the procedures of the Plan, without regard to whether all the information necessary to make a benefit determination accompanies the filing. In the event that a period of time is extended as permitted pursuant to this Section due to the failure of a claimant or his duly

authorized representative to submit information necessary to decide a claim or review, the period for making the benefit determination shall be tolled from the date on which the notification of the extension is sent to the claimant or his duly authorized representative until the date on which the claimant or his duly authorized representative responds to the request for additional information.

(d) For purposes of the Plan's claims procedure, a document, record, or other information shall be considered "relevant" to a claimant's claim if such document, record, or other information (i) was relied upon in making the benefit determination, (ii) was submitted, considered, or generated in the course of making the benefit determination, without regard to whether such document, record, or other information was relied upon in making the benefit determination, or (iii) demonstrates compliance with the administrative processes and safeguards required in making the benefit determination.

(e) The Plan Committee may establish and consistently apply reasonable procedures for determining whether a person has been authorized to act on behalf of a claimant. The Plan Committee shall establish and consistently apply other procedures hereunder. A claimant's compliance with the foregoing provisions of this Section is a mandatory prerequisite to the claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

10.9 "**Modification of Eligibility Rules**" Notwithstanding anything to the contrary in the Plan, the Plan Committee shall be authorized to modify the eligibility requirements and rescind the eligibility of any Participant if necessary to ensure that the Plans are maintained primarily for the purpose of providing additional benefits to a select group of management or highly compensated employees under ERISA.

ARTICLE XI

Miscellaneous Provisions

11.1 "**No Assignment**" Neither the Participant, his Beneficiary, nor his legal representative shall have any rights to commute, sell, assign, transfer or otherwise convey, or hypothecate or pledge, the right to receive any payments hereunder, which payments and the rights thereto are expressly declared to be nonassignable and nontransferable except by will or the laws of descent and distribution. Any attempt to assign or transfer the right to payments of this Plan shall be void and have no effect.

11.2 "**All Benefits Before Payment Subject to Company's Creditors**" The assets from which Participants' benefits shall be paid shall at all times be subject to the claims of the creditors of the Company before payment to a Participant and a Participant shall have no right, claim or interest in any assets as to which such Participant's account is deemed to be invested or credited under the Plan.

11.3 "**Plan Amendment or Termination**" Subject to the restrictions imposed by and consistent with applicable provisions of Code Section 409A, the Plan may be amended, modified, or terminated by the Board (or any committee designated by the Board with such authority) or the Plan Committee in its sole discretion at any time and from time to time; provided, however,

that no such amendment, modification, or termination shall reduce the value of benefits credited under the Plan prior to such amendment, modification or termination, provided such benefits remain non-forfeitable as determined by the terms of the Plan immediately prior to such amendment, modification or termination and such benefits are subject to the claims of the Company's creditors as described in Article IX hereof. Termination of the Plan shall mean termination of active participation by Participants, but shall not automatically mean immediate or accelerated payment of all vested Account balances; provided, however, that, subject to the restrictions imposed by and consistent with applicable provisions of Code Section 409A, the Board (or any committee designated by the Board with such authority) or the Plan Committee may provide for the acceleration of payment of the vested Accrued Benefits of all affected Participants on such basis as it may direct in connection with the termination of the Plan.

11.4 “**Benefits Under This Plan Are Additional to Other Benefits or Pay**” It is expressly understood and agreed that the payments made in accordance with the Plan are in addition to any other benefits or compensation to which a Participant may be entitled or for which he may be eligible, whether funded or unfunded, by reason of his employment by the Company.

11.5 “**Tax Withholding**”

(a) **Annual Deferral Amounts**. For each Plan Year in which Base pay or bonus pay is being withheld from a Participant, the Employer shall withhold from that portion of the Participant's Base Salary and bonus that is not being deferred, in a manner determined by the Plan Committee or Employer, the Participant's share of FICA and other employment taxes on such deferred Base Salary and bonus. If necessary, the Plan Committee may reduce the deferred Base Salary and bonus in order to comply with this Section.

(b) **Distributions**. The Employer, or the trustee under any Trust Agreement for the Plan, shall deduct from each payment made pursuant to the Plan the amount of any tax (whether federal, state or local income taxes, Social Security taxes or Medicare taxes) required by any governmental authority to be withheld in connection with such payment and paid over by the Company to such governmental authority for the account of the person entitled to such payment, in amounts and in a manner to be determined in the sole discretion of the Plan Committee or the Employer.

11.6 “**Distributions Not Compensation for Purposes of Any Other Plan**” Distributions from this Plan shall not be considered wages, salaries or compensation under any other employee benefit plan sponsored or maintained by the Company or a Subsidiary.

11.7 “**No Promise of Employment**” No provision of this Plan shall be construed to affect in any manner the existing rights of the Company to suspend, terminate, alter, modify, whether or not for cause, the employment relationship between the Participant and the Company.

11.8 “**Applicable Law**” To the extent state law is not preempted by ERISA, this Plan, and all its rights under it, shall be governed and construed in accordance with the laws of the State of Tennessee.

11.9 “**Binding Affects on Assigns and Successors**” This Plan shall be binding upon the Company, its assigns, and any successor which shall succeed to substantially all of its assets and business through sale of assets, merger, consolidation or acquisition.

11.10 “**Titles Do Not Prevail**” The titles to the Sections of this Plan are included only for ease of use and are not terms of the Plan and shall not prevail over the actual provisions of the Plan.

11.11 “**Electronic Administration**” Notwithstanding anything to the contrary in the Plan, the Plan Committee may announce from time to time that Participant enrollments, Participant elections, and any other aspect of plan administration may be made by telephonic or other electronic means rather than in paper form.

11.12 “**Construction**” The Plan is created for the benefit of Employees of the Company and its Subsidiaries and their Beneficiaries, and the Plan and any Trust Agreement shall be interpreted and administered in a manner consistent with their being an unfunded deferred compensation plan maintained for a select group of management or highly compensated employees (sometimes referred to as a “top-hat” plan) described in ERISA Sections 201(2), 301(a)(3) and 401(a)(1) and a nonqualified deferred compensation plan which complies with the requirements of Code Section 409A.

IN WITNESS WHEREOF, this amendment and restatement of the Plan has been executed on the 12th day of October, 2007, but effective as of December 31, 2007.

DOLLAR GENERAL CORPORATION

By: /s/ Jeffrey R. Rice

Its: _____

ATTEST:

/s/ Barbara Warren

**FIRST AMENDMENT
TO THE
DOLLAR GENERAL CORPORATION
CDP/SERP PLAN
(As Amended and Restated Effective December 31, 2007)**

WHEREAS, effective as of December 31, 2007, Dollar General Corporation (“Company”) adopted the latest amendment and restatement of the Dollar General Corporation CDP/SERP Plan (“Plan”);

WHEREAS, pursuant to Section 11.3 of the Plan, the Plan may be amended by due action of the Board of Directors or the Plan Committee (which is the Benefits Administration Committee of the Company); and

WHEREAS, the Benefits Administration Committee of the Company desires to amend the Plan to clarify and conform the Plan’s provisions relating to CDP Company Matching Credits.

NOW, THEREFORE, the Benefits Administration Committee of the Company hereby amends the Plan as follows, effective December 31, 2007 or as otherwise expressly provided herein, provided, however, that if this amendment does not comply with Code Section 409A (including the Income Tax Regulations thereunder) in any manner, the provisions(s) not so complying shall not be effective until amended to so comply (which amendment may be retroactive to the extent permitted under Code Section 409A (including the Income Tax Regulations thereunder)):

1.

Section 5.2(a) is deleted in its entirety and replaced by the following:

(a) Once a CDP Participant’s Base Pay for a Plan Year equals the compensation limit under Code Section 410(a)(17), as adjusted pursuant to Code Section 415(d) for the Plan Year, the Company shall credit, at least monthly (based on all pay periods ending in a month or based on each payroll period ending in a month, as determined by the Plan Committee) for such applicable month (or payroll period) and the remaining months (or payroll periods) in that Plan Year, a CDP Company Matching Credit for each CDP Participant employed by the Employer equal to the lesser of:

(i) 5% of the excess of (A) the CDP Participant’s Base Pay for such month (or payroll period, as applicable) over (B) the CDP Participant’s Eligible 401(k) Matching Base Pay for such month (or payroll period, as applicable); or

(ii) The CDP Participant’s Optional Deferrals from his Base Pay under Section 4.1(a) of this Plan for such month (or payroll period, as applicable).

2. For purposes hereof, a CDP Participant’s “Eligible 401(k) Matching Base Pay” is his compensation (not in excess of the compensation limit under Code Section 410(a)(17), as

Summary of Director Compensation

Cash fees paid to our non-employee directors consist of a \$40,000 annual retainer fee, payable quarterly in advance. We reimburse directors for certain fees and expenses incurred in connection with continuing education seminars and travel expenses related to Dollar General meeting attendance or requested appearances, and we allow directors to travel on our airplane for those purposes.

DOLLAR GENERAL CORPORATION
100 Mission Ridge
Goodlettsville, Tennessee 37072

BUCK HOLDINGS, L.P.
c/o KKR 2006 Fund, L.P.
2800 Sand Hill Road, Suite 200
Menlo Park, California 94025

July 6, 2007

Kohlberg Kravis Roberts & Co L.P.
2800 Sand Hill Road, Suite 200
Menlo Park, CA 94025

and

Goldman, Sachs & Co.
85 Broad Street
New York, NY 10004

Ladies and Gentlemen:

This letter serves to confirm the retention by Dollar General (the “Company”) of Kohlberg Kravis Roberts & Co. L.P. (the “KKR Manager”) and Goldman, Sachs & Co. (the “GS Manager”) and together with the KKR Manager, the “Managers”) and each a “Manager”) to provide management, consulting and financial services to the Company and its divisions, subsidiaries and affiliates (collectively, the “Company Group”), as follows:

1. The Company has retained the Managers, and each Manager hereby agrees to accept such retention, to provide to the Company Group, when and if called upon, certain management, consulting and financial services of the type customarily performed by such Managers. Commencing on the date hereof (the “Effective Date”), the Company agrees to pay the Managers an aggregate annual fee (the “Advisory Fee”) in an amount equal to five million dollars (\$5,000,000), which amount shall increase by 5.0% annually, payable in quarterly installments in arrears at the end of each calendar quarter. The initial Advisory Fee shall be pro rated to reflect the portion of the current fiscal year which has elapsed prior to the Effective Date. The Managers shall split the Advisory Fee so that (i) the GS Manager shall receive a portion of the Advisory Fee equal to the product of (x) the Advisory Fee and (y) a fraction the numerator of which is 600,000,000 (the “Original Investment Amount”) and the denominator of which is 2,775,000,000 (such fraction, the “GS Share”) and (ii) the KKR Manager shall receive the remaining portion of the Advisory Fee. The GS Share of the Advisory Fee shall be adjusted downward in proportion to any reduction in the Original Investment Amount owned in the aggregate by the investment funds affiliated the GS Manager on the last business day in the applicable calendar quarter for which such Advisory Fee is required to be paid.

2. In consideration for the Managers structuring services rendered in connection with the acquisition of the outstanding shares of the Company by Parent pursuant to the Merger Agreement, dated as of March 11, 2007, by and among Buck Holdings, L.P. (“Parent”), Buck Acquisition Corp. and the Company (the “Merger Agreement”), which services included, but were not limited to, financial advisory services and capital structure review (the “Initial Services”), the Company agrees to also pay the Managers a one-time transaction fee to in an aggregate amount equal to seventy-five million dollars (\$75,000,000) (the “Merger Fee”), payable immediately upon the Closing (as defined in the Merger Agreement), which Merger Fee shall be apportioned so that the GS Manager receives the GS Share of such Merger Fee and the KKR Manager receives the remainder of such Merger Fee.

3. The Company shall, with respect to each proposed transaction, including, without limitation, any proposed acquisition, merger, full or partial recapitalization, structural reorganization (including any divestiture of one or more subsidiaries or operating divisions of any member of the Company Group), reorganization of the shareholdings or other ownership structure of the Company Group, sales or dispositions of assets or equity interests or any other similar transaction (each, a “Transaction”) directly or indirectly involving the members of the Company Group, pay to the Managers an aggregate fee (a “Transaction Fee”) equal to 1.0% of the Transaction Value, or such lesser amount as the Managers and the Company may agree, any such Transaction Fee to be apportioned so that the GS Manager receives the GS Share of such Transaction Fee and the KKR Manager receives the remainder of such Transaction Fee. The Company, on behalf of the members of the Company Group, may agree to pay a Transaction Fee in excess of 1.0% of the Transaction Value of a Transaction, subject to the consent of the board of directors of the Company. As used herein, “Transaction Value” means the total value of the applicable Transaction, including, without limitation, the aggregate amount of the cash funds and the aggregate value of the other securities or obligations required to complete such Transaction (excluding any fees payable pursuant to this paragraph 3), including any indebtedness, guarantees, capital stock or similar items issued or made to facilitate, and the amount of any revolving credit or other liquidity facilities or arrangements established in connection with, such Transaction or assumed, refinanced or left outstanding in connection with or immediately following such Transaction. For purposes of calculating a Transaction Fee, the value of any securities included in the Transaction Value will be determined by the average of the last sales prices for such securities on the five trading days ending five days prior to the consummation of the applicable Transaction, provided that if such securities do not have an existing public trading market, the value of the securities shall be their fair market value as mutually reasonably agreed between the Managers and the Company, on behalf of the members of the Company Group, on the day prior to consummation of such Transaction. For the avoidance of doubt, no Transaction Fee (other than the Merger Fee) shall be payable to any Manager in respect of the Initial Services.

4. In addition to any fees that may be payable to the Managers under this agreement, the Company shall, or shall cause one or more of its affiliates to, on behalf of itself and the other members of the Company Group (subject to paragraph 5), reimburse the Managers and their affiliates and their respective employees and agents, from time to time upon request, for all reasonable out-of-pocket expenses incurred, including unreimbursed expenses incurred to the date hereof, in connection with this retention and/or transactions contemplated by the Merger Agreement, including travel expenses and expenses of any legal, accounting or other

professional advisors to us or our affiliates. The Managers may submit monthly expense statements to the Company or any other member of the Company Group, which statements shall be payable within thirty days. Nothing in this paragraph 4 shall limit any obligations of Parent to reimburse any costs and expenses to the Managers, their subsidiaries or affiliates as provided in the Amended and Restated Limited Partnership Agreement of Parent, dated as of the date hereof, among the parties thereto, as the same may be amended from time to time (the “Partnership Agreement”), or in the Amended and Restated Limited Liability Company Agreement of Buck Holdings, LLC, dated as of the date hereof, among the parties thereto.

5. Parent and the Company (on behalf of itself and the other members of the Company Group) hereby acknowledge and agree that the obligations of the Company under paragraphs 1- 4 shall be borne jointly and severally by each member of the Company Group.

6. Parent and the Company (on behalf of itself and the other members of the Company Group) hereby acknowledge and agree that the services provided by the Managers hereunder are being provided subject to the terms of the Indemnification Agreement, dated as of the date hereof, between Parent, the Company, and the Managers (as the same may be amended from time to time, the “Indemnification Agreement”).

7. Any advice or opinions provided by the Managers may not be disclosed or referred to publicly or to any third party (other than the Company Group’s legal, tax, financial or other advisors), except in accordance with our prior written consent.

8. Each Manager shall act as an independent contractor, with duties solely to the Company Group. The provisions hereof shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns. Nothing in this agreement, expressed or implied, is intended to confer on any person other than the parties hereto or their respective successors and assigns, any rights or remedies under or by reason of this agreement. Without limiting the generality of the foregoing, the parties acknowledge that nothing in this agreement, expressed or implied, is intended to confer on any present or future holders of any securities of the Company or its subsidiaries or affiliates, or any present or future creditor of the Company or its subsidiaries or affiliates, any rights or remedies under or by reason of this agreement or any performance hereunder.

9. This agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

10. All notices and other communications provided for hereunder shall be in writing and shall be sent by first class mail, telex, telecopier or hand delivery:

If to Parent:

Buck Holdings, L.P.
c/o Kohlberg Kravis Roberts & Co. L.P.
2800 Sand Hill Road, Suite 200
Menlo Park, CA 94025
Attention: Michael Calbert
Facsimile: (650)233-6548

with a copy to:
(which shall not
constitute notice)

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Marni Lerner, Esq.
Facsimile: (212) 455-2502

If to the Company:

Dollar General Corporation
100 Mission Ridge
Goodlettsville, Tennessee 37072
Attention: Susan S. Lanigan, Esq.
Facsimile: (615) 855-5180

with a copy to:
(which shall not
constitute notice)

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Marni Lerner, Esq.
Facsimile: (212) 455-2502

If to the KKR Manager:

Kohlberg Kravis Roberts & Co. L.P.
2800 Sand Hill Road, Suite 200
Menlo Park, CA 94025
Attention: Michael Calbert
Facsimile: (650) 233-6548

with copies to:
(which shall not
constitute notice)

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Marni Lerner, Esq.
Facsimile: (212) 455-2502

If to the GS Manager:

Goldman, Sachs & Co.
85 Broad Street
New York, New York 10004
Attention: Adrian Jones
Tel: (212) 357-5505

with copies to:
(which shall not
constitute notice)

Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, New York 10004
Attention: Robert C. Schwenkel, Esq.
 Brian Mangino, Esq.
Tel: (212) 859-4000

or to such other address as any of the above shall have designated in writing to the other above. All such notices and communications shall be deemed to have been given or made (i) when delivered by hand, (ii) five business days after being deposited in the mail, postage prepaid or (iii) when telecopied, receipt acknowledged.

11. This agreement shall continue in effect from year to year unless amended or terminated by mutual consent. In addition, in connection with the consummation of a Change of Control (as defined in the Partnership Agreement) or a Qualified IPO (as defined in the Partnership Agreement), the Company may terminate this agreement by delivery of a written notice of termination to the Managers. In the event of such a termination by the Company of this agreement, the Company shall pay in cash to the Managers (i) all unpaid Advisory Fees payable to such Manager hereunder, all unpaid fees payable to such Manager pursuant to Section 3 of this agreement and all expenses due under this agreement to such Manager with respect to periods prior to the termination date, plus (ii) the net present value (using a discount rate equal to the yield as of such termination date on U.S. Treasury securities of like maturity based on the times such payments would have been due) of the Advisory Fees that would have been payable with respect to the period from the termination date through the twelfth anniversary of the Effective Date, or, if terminated following the twelfth anniversary of the Effective Date, through the first anniversary of the Effective Date occurring after the termination date, any such fees payable pursuant to this clause (ii) to be apportioned so that the GS Manager receives the GS Share of such fee and the KKR Manager receives the remainder of such fee.

12. Each party hereto represents and warrants that the execution and delivery of this agreement by such party has been duly authorized by all necessary action of such party.

13. If any term or provision of this agreement or the application thereof shall, in any jurisdiction and to any extent, be invalid and unenforceable, such term or provision shall be ineffective, as to such jurisdiction, solely to the extent of such invalidity or unenforceability without rendering invalid or unenforceable any remaining terms or provisions hereof or affecting the validity or enforceability of such term or provision in any other jurisdiction. To the extent permitted by applicable law, the parties hereto waive any provision of law that renders any term or provision of this agreement invalid or unenforceable in any respect.

14. Each party hereto waives all right to trial by jury in any action, proceeding or counterclaim (whether based upon contract, tort or otherwise) related to or arising out of our retention pursuant to, or our performance of the services contemplated by this agreement.

15. It is expressly understood that the foregoing paragraphs 2-6, 9 and 13 - 17, in their entirety, survive any termination of this agreement.

16. Except in cases of gross negligence or willful misconduct, none of the Managers, their respective affiliates or any of their respective employees, officers, directors, partners, consultants, members, stockholders or their respective affiliates shall have any liability of any kind whatsoever to any member of the Company Group for any damages, losses or expenses (including, without limitation, special, punitive, incidental or consequential damages and interest, penalties and fees and disbursements of attorneys, accountants, investment bankers and other professional advisors) with respect to the provision of services hereunder.

17. This letter agreement, the Partnership Agreement and the Indemnification Agreement contain the complete and entire understanding and agreement between the Managers and the Company with respect to the subject matter hereof and supersede all prior and contemporaneous understandings, conditions and agreements, whether written or oral, express or implied, in respect of the subject matter hereof. The Company acknowledges and agrees that neither Manager makes any representations or warranties in connection with this letter agreement or its provision of services pursuant hereto. The Company agrees that any acknowledgment or agreement made by the Company in this letter agreement is made on behalf of the Company and the other members of the Company Group.

18. This agreement may be executed in counterparts, each of which shall be deemed an original agreement, but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank.]

If the foregoing sets forth the understanding between us, please so indicate on the enclosed signed copy of this letter in the space provided therefor and return it to us, whereupon this letter shall constitute a binding agreement among us.

Very truly yours,

DOLLAR GENERAL CORPORATION

By: /s/ David Tehle
Name: David Tehle
Title: Executive Vice President and Chief Financial Officer

BUCK HOLDINGS, L.P.

By: Buck Holdings, LLC, its general partner

By: /s/ Michael H. Calbert
Name: Michael H. Calbert
Title:

AGREED TO AND ACCEPTED BY:

KOHLBERG KRAVIS ROBERTS & CO. L.P.

By: /s/ Michael H. Calbert
Name: Michael H. Calbert
Title:

GOLDMAN, SACHS & CO.

By: /s/ John E. Bowman
Name: John E. Bowman
Title: Managing Director

This INDEMNIFICATION AGREEMENT, dated as of July 6, 2007 (the “Agreement”), is among Buck Holdings, L.P., a Delaware limited partnership (“Parent”), Dollar General Corporation, a Tennessee corporation (the “Company” and together with Parent, the “Company Entities”) and Kohlberg Kravis Roberts & Co. L.P., a New York limited partnership, and Goldman, Sachs & Co., a New York limited partnership (the “Managers” and each, a “Manager”). Capitalized terms used herein without definition have the meanings set forth in Section 1 of this Agreement.

RECITALS

A. The Company, Parent and Buck Acquisition Corp., a Tennessee corporation and wholly owned subsidiary of Parent (“Merger Sub”) have entered into a Merger Agreement, dated as of March 11, 2007 (as the same may be amended from time to time in accordance with its terms, the “Merger Agreement”), pursuant to which Merger Sub will be merged with and into the Company, with the Company being the surviving corporation of the merger (the “Merger”).

B. In connection with the Merger, Affiliates of each of the Managers (such Affiliates, the “Investors”) have entered into equity commitment letters with Parent or one of its Affiliates, pursuant to which they have agreed to purchase limited partnership interests in Parent.

C. The Investors, along with certain co-investors, have entered into an Amended and Restated Limited Partnership Agreement of Parent (as the same may be amended from time to time in accordance with the terms thereof, the “Partnership Agreement”), dated as the date hereof, setting forth certain agreements with respect to, among other things, the management of Parent and transfers of its limited partnership units in various circumstances.

D. In order to finance the Merger and related transactions, the Managers have assisted Parent in arranging to sell limited partnership units to the Investors and to certain co-investors, including such other limited partners of Parent as are listed in the signature pages of the Partnership Agreement (the “Equity Offering”).

E. In order to finance the Merger, the Company and/or one or more of its wholly-owned Subsidiaries intend to (i) enter into a senior secured asset-based revolving credit facility, (ii) enter into a senior secured term loan facility, and (iii) to issue senior cash-pay notes, senior toggle notes and senior subordinated notes (the “Notes Offering”) (collectively, the “Financings”), which Financings have been facilitated and arranged with the assistance of the Managers.

F. The Company or one or more of its Subsidiaries or Affiliates from time to time in the future may (i) offer and sell or cause to be offered and sold equity or debt

securities (such offerings, collectively, the “Subsequent Offerings”), including without limitation (a) offerings of shares of capital stock of the Company or any of its Subsidiaries, and/or options to purchase such shares to employees, directors and consultants of and to the Company or any of its Subsidiaries (any such offering, a “Management Offering”), and (b) one or more offerings of debt securities for the purpose of refinancing any indebtedness of the Company or any of its Subsidiaries or for other corporate purposes, and (ii) repurchase, redeem or otherwise acquire certain securities of the Company or any of its Subsidiaries or engage in recapitalization or structural reorganization transactions relating thereto (any such repurchase, redemption, acquisition, recapitalization or reorganization, a “Redemption”), in each case subject to the terms and conditions of the Partnership Agreement and any other applicable agreement, which offerings and/or Redemptions are expected to be arranged and facilitated through the services of the Managers as provided herein and pursuant to the terms of that certain letter agreement between the Managers and the Company Entities, dated as of the date hereof (the “Management Agreement”).

G. The parties hereto recognize the possibility that claims might be made against and liabilities incurred by the Managers or related Persons or Affiliates under applicable securities laws or otherwise in connection with the Transactions or the Securities Offerings, or relating to other actions or omissions of or by members of the Company Group, or relating to the provision of financial advisory, investment banking, monitoring and management consulting services (the “Transaction Services”) to the Company Group by the Managers or Affiliates thereof, and the parties hereto accordingly wish to provide for the Managers and related Persons and Affiliates to be indemnified in respect of any such claims and liabilities.

H. The parties hereto recognize that claims might be made against and liabilities incurred by directors and officers of any member of the Company Group in connection with their acting in such capacity, and accordingly wish to provide for such directors and officers to be indemnified to the fullest extent permitted by law in respect of any such claims and liabilities.

NOW, THEREFORE, in consideration of the foregoing premises, and the mutual agreements and covenants and provisions herein set forth, the parties hereto hereby agree as follows:

1. Definitions.

(a) “Affiliate” means, with respect to any Person, (i) any other Person directly or indirectly Controlling, Controlled by or under common Control with, such Person, (ii) any Person directly or indirectly owning or Controlling 10% or more of any class of outstanding voting securities of such Person or (iii) any officer, director, general partner, limited partner or trustee of any such Person described in clause (i) or (ii). “Control” of

any Person shall consist of the power to direct the management and policies of such Person (whether through the ownership of voting securities, by contract, as trustee or executor, or otherwise).

(b) “Change in Control” means (i) the sale of all or substantially all of the assets of Parent to any Person (or group of Persons acting in concert), other than to (x) the Investors or their Affiliates or (y) any employee benefit plan (or trust forming a part thereof) maintained by Parent or its Affiliates or other Person of which a majority of its voting power or other equity securities is owned, directly or indirectly, by Parent; or (ii) a merger, recapitalization or other sale by Parent, the Investors or any of their respective Affiliates, to a Person (or group of Persons acting in concert) of equity interests that results in more than 50% of the equity interests of Parent (or any resulting company after a merger) being held by a Person (or group of Persons acting in concert) that does not include (x) the Investors or their Affiliates or (y) an employee benefit plan (or trust forming a part thereof) maintained by Parent or its Affiliates or other Person of which a majority of its voting power or other equity securities is owned, directly or indirectly, by Parent; in any event, which results in the Investors and their Affiliates or such employee benefit plan ceasing to hold the ability to elect a majority of the members of the board of managers of the general partner of Parent holding a majority of the votes thereon.

(c) “Claim” means, with respect to any Indemnitee, any claim by or against such Indemnitee involving any Obligation with respect to which such Indemnitee may be entitled to be indemnified by any member of the Company Group under this Agreement.

(d) “Commission” means the United States Securities and Exchange Commission or any successor entity thereto.

(e) “Company Group” means Buck Holdings, LLC, Parent, the Company and any of their Subsidiaries or Affiliates.

(f) “Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(g) “Expenses” means all attorneys’ fees and expenses, retainers, court, arbitration and mediation costs, transcript costs, fees of experts, bonds, witness fees, costs of collecting and producing documents, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, appealing or otherwise participating in a Proceeding.

(h) “Indemnitee” means each of the Managers, their respective Affiliates, their respective successors and assigns, and the respective directors, officers, partners,

members, employees, agents, advisors, consultants, representatives and controlling persons (within the meaning of the Securities Act) of each of them, or of their partners, members and controlling persons, and each other person who is or becomes a director or an officer of any member of the Company Group, in each case irrespective of the capacity in which such person acts.

(i) “Obligations” means, collectively, any and all claims, obligations, liabilities, causes of actions, Proceedings, investigations, judgments, decrees, losses, damages (including punitive and exemplary damages), fees, fines, penalties, amounts paid in settlement, costs and Expenses (including without limitation interest, assessments and other charges in connection therewith and disbursements of attorneys, accountants, investment bankers and other professional advisors), in each case whether incurred, arising or existing with respect to third parties or otherwise at any time or from time to time.

(j) “Person” means an individual, corporation, limited liability company, limited or general partnership, trust or other entity, including a governmental or political subdivision or an agency or instrumentality thereof.

(k) “Proceeding” means a threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including without limitation a claim, demand, discovery request, formal or informal investigation, inquiry, administrative hearing, arbitration or other form of alternative dispute resolution, including an appeal from any of the foregoing.

(l) “Public Offering” means the first day as of which (i) sales of shares of Registrable Securities of the IPO Corporation (as such terms are defined in the Partnership Agreement) are made to the public in the United States pursuant to an underwritten public offering led by one or more underwriters at least one of which is an underwriter of nationally recognized standing or (ii) the board of directors of the Company has determined that such shares otherwise have become publicly-traded for this purpose.

(m) “Related Document” means any agreement, certificate, instrument or other document to which any member of the Company Group may be a party or by which it or any of its properties or assets may be bound or affected from time to time relating in any way to the Transactions or any Securities Offering or any of the transactions contemplated thereby, including without limitation, in each case as the same may be amended from time to time, (i) any registration statement filed by or on behalf of any member of the Company Group with the Commission in connection with the Transactions or any Securities Offering, including all exhibits, financial statements and schedules appended thereto, and any submissions to the Commission in connection therewith, (ii) any prospectus, preliminary, free-writing or otherwise, included in such

registration statements or otherwise filed by or on behalf of any member of the Company Group in connection with the Transactions or any Securities Offering or used to offer or confirm sales of their respective securities in any Securities Offering, (iii) any private placement or offering memorandum or circular, information statement or other information or materials distributed by or on behalf of any member of the Company Group or any placement agent or underwriter in connection with the Transactions or any Securities Offering, (iv) any federal, state or foreign securities law or other governmental or regulatory filings or applications made in connection with any Securities Offering, the Transactions or any of the transactions contemplated thereby, (v) any dealer-manager, underwriting, subscription, purchase, stockholders, option or registration rights agreement or plan entered into or adopted by any member of the Company Group in connection with any Securities Offering, (vi) any purchase, repurchase, redemption, recapitalization or reorganization or other agreement entered into by any member of the Company Group in connection with any Redemption, or (vii) any quarterly, annual or current reports or other filing filed, furnished or supplementally provided by any member of the Company Group with or to the Commission or any securities exchange, including all exhibits, financial statements and schedules appended thereto, and any submission to the Commission or any securities exchange in connection therewith.

(n) “Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(o) “Securities Offerings” means the Equity Offering, the Notes Offering, any Management Offering, and any Subsequent Offering.

(p) “Subsidiary” means each corporation or other Person in which a Person owns or Controls, directly or indirectly, capital stock or other equity interests representing more than 50% of the outstanding voting stock or other equity interests.

(q) “Transactions” means the Merger, the Equity Offering, the Financings and transactions for which Transaction Services are provided.

2. Indemnification.

(a) Each of the Company Entities (each an “Indemnifying Party” and collectively the “Indemnifying Parties”), jointly and severally, agrees to indemnify, defend and hold harmless each Indemnitee:

(i) from and against any and all Obligations, whether incurred with respect to third parties or otherwise, in any way resulting from, arising out of or in connection with, based upon or relating to (A) the Securities Act, the Exchange Act or any other applicable securities or other laws, in connection with any Securities Offering, the Financings, any Related Document or any of the

transactions contemplated thereby, (B) any other action or failure to act of any member of the Company Group or any of their predecessors, whether such action or failure has occurred or is yet to occur or any obligation of any member of the Company Group or any of their predecessors, or (C) the performance by the Managers or any of their respective Affiliates of Transaction Services for any member of the Company Group (whether performed prior to the date hereof, hereafter, pursuant to the Management Agreement or otherwise);

(ii) to the fullest extent permitted by the law specified herein as governing this Agreement, by the law of the place of organization of an Indemnifying Party, or by any other applicable law in effect as of the date hereof or as amended to increase the scope of permitted indemnification, whichever is greater (except, with respect to any Indemnifying Party, to the extent that such indemnification may be prohibited by the law of the place of organization of such Indemnifying Party), from and against any and all Obligations whether incurred with respect to third parties or otherwise, in any way resulting from, arising out of or in connection with, based upon or relating to (A) the fact that such Indemnitee is or was a director or an officer of any member of the Company Group or is or was serving at the request of such corporation as a director, officer, member, employee or agent of or advisor or consultant to another corporation, partnership, joint venture, trust or other enterprise or (B) any breach or alleged breach by such Indemnitee of his or her fiduciary duty as a director or an officer of any member of the Company Group; and

(iii) to the fullest extent permitted by the law specified herein as governing this Agreement, by the law of the place of organization of an Indemnifying Party, or by any other applicable law in effect as of the date hereof or as amended to increase the scope of permitted indemnification, whichever is greater (except, with respect to any Indemnifying Party, to the extent that such indemnification may be prohibited by the law of the place of organization of such Indemnifying Party), who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including any action by or in the right of, or relating to, the Company Group, including any past, current or future litigation relating to the Transactions or its equity ownership in the Company Group), by reason of any actions or omissions or alleged acts or omissions arising out of such Indemnitee's activities either on behalf of the Company Group or in furtherance of the interests of the Company Group or arising out of or in connection with its purchase and/or ownership of equity interests in the Company Group or its involvement in the Transactions, from and against any and all Obligations; *provided*, that such Indemnitee was not guilty of gross negligence, fraud, a willful breach of this Agreement or a willful illegal act;

in each case including but not limited to any and all fees, costs and Expenses (including without limitation fees and disbursements of attorneys and other professional advisers) incurred by or on behalf of any Indemnitee in asserting, exercising or enforcing any of its rights, powers, privileges or remedies in respect of this Agreement or the Management Agreement.

(b) Without in any way limiting the foregoing Section 2(a), each of the Indemnifying Parties agrees, jointly and severally, to indemnify, defend and hold harmless each Indemnitee from and against any and all Obligations resulting from, arising out of or in connection with, based upon or relating to liabilities under the Securities Act, the Exchange Act or any other applicable securities or other laws, rules or regulations in connection with (i) the inaccuracy or breach of or default under any representation, warranty, covenant or agreement in any Related Document, (ii) any untrue statement or alleged untrue statement of a material fact contained in any Related Document or (iii) any omission or alleged omission to state in any Related Document a material fact required to be stated therein or necessary to make the statements therein not misleading. Notwithstanding the foregoing, the Indemnifying Parties shall not be obligated to indemnify such Indemnitee from and against any such Obligation to the extent that such Obligation arises out of or is based upon an untrue statement or omission made in such Related Document in reliance upon and in conformity with written information furnished to the Indemnifying Parties, as the case may be, in an instrument duly executed by such Indemnitee and specifically stating that it is for use in the preparation of such Related Document.

(c) Without limiting the foregoing, in the event that any Proceeding is initiated by an Indemnitee or any member of the Company Group to enforce or interpret this Agreement or any rights of such Indemnitee to indemnification or advancement of expenses (or related Obligations of such Indemnitee) under any member of the Company Group's certificate of incorporation or bylaws (or similar organizational documents), any other agreement to which such Indemnitee and any member of the Company Group are party, any vote of directors of any member of the Company Group, the Tennessee Business Corporation Act, any other applicable law or any liability insurance policy, the Indemnifying Parties shall indemnify such Indemnitee against all costs and Expenses incurred by such Indemnitee or on such Indemnitee's behalf in connection with such Proceeding, whether or not such Indemnitee is successful in such Proceeding, except to the extent that the court presiding over such Proceeding determines that material assertions made by such Indemnitee in such proceeding were in bad faith or were frivolous.

3. Contribution .

(a) If for any reason the indemnity provided for in Section 2(a) is unavailable or is insufficient to hold harmless any Indemnitee from any of the Obligations covered by

such indemnity, then the Indemnifying Parties, jointly and severally, shall contribute to the amount paid or payable by such Indemnitee as a result of such Obligation in such proportion as is appropriate to reflect (i) the relative fault of each member of the Company Group, on the one hand, and such Indemnitee, on the other, in connection with the state of facts giving rise to such Obligation, (ii) if such Obligation results from, arises out of, is based upon or relates to the Transactions or any Securities Offering, the relative benefits received by each member of the Company Group, on the one hand, and such Indemnitee, on the other, from such Transaction or Securities Offering and (iii) if required by applicable law, any other relevant equitable considerations.

(b) If for any reason the indemnity specifically provided for in Section 2(b) is unavailable or is insufficient to hold harmless any Indemnitee from any of the Obligations covered by such indemnity, then the Indemnifying Parties, jointly and severally, shall contribute to the amount paid or payable by such Indemnitee as a result of such Obligation in such proportion as is appropriate to reflect (i) the relative fault of each of the members of the Company Group, on the one hand, and such Indemnitee, on the other, in connection with the information contained in or omitted from any Related Document, which inclusion or omission resulted in the inaccuracy or breach of or default under any representation, warranty, covenant or agreement therein, or which information is or is alleged to be untrue, required to be stated therein or necessary to make the statements therein not misleading, (ii) the relative benefits received by the members of the Company Group, on the one hand, and such Indemnitee, on the other, from such Transaction or Securities Offering and (iii) if required by applicable law, any other relevant equitable considerations.

(c) For purposes of Section 3(a), the relative fault of each member of the Company Group, on the one hand, and of an Indemnitee, on the other, shall be determined by reference to, among other things, their respective relative intent, knowledge, access to information and opportunity to correct the state of facts giving rise to such Obligation. For purposes of Section 3(b), the relative fault of each of the members of the Company Group, on the one hand, and of an Indemnitee, on the other, shall be determined by reference to, among other things, (i) whether the included or omitted information relates to information supplied by the members of the Company Group, on the one hand, or by such Indemnitee, on the other, (ii) their respective relative intent, knowledge, access to information and opportunity to correct such inaccuracy, breach, default, untrue or alleged untrue statement, or omission or alleged omission, and (iii) applicable law. For purposes of Section 3(a) or 3(b), the relative benefits received by each member of the Company Group, on the one hand, and an Indemnitee, on the other, shall be determined by weighing the direct monetary proceeds to the Company Group, on the one hand, and such Indemnitee, on the other, from such Transaction or Securities Offering.

(d) The parties hereto acknowledge and agree that it would not be just and equitable if contributions pursuant to Section 3(a) or 3(b) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in such respective Section. No Indemnifying Party shall be liable under Section 3(a) or 3(b), as applicable, for contribution to the amount paid or payable by any Indemnitee except to the extent and under such circumstances such Indemnifying Party would have been liable to indemnify, defend and hold harmless such Indemnitee under the corresponding Section 2(a) or 2(b), as applicable, if such indemnity were enforceable under applicable law. No Indemnitee shall be entitled to contribution from any Indemnifying Party with respect to any Obligation covered by the indemnity specifically provided for in Section 2(b) in the event that such Indemnitee is finally determined to be guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) in connection with such Obligation and the Indemnifying Parties are not guilty of such fraudulent misrepresentation.

4. Indemnification Procedures.

(a) Whenever any Indemnitee shall have actual knowledge of the assertion of a Claim against it, such Indemnitee shall notify the appropriate member of the Company Group in writing of the Claim (the “Notice of Claim”) with reasonable promptness after such Indemnitee has such knowledge relating to such Claim; provided the failure or delay of such Indemnitee to give such Notice of Claim shall not relieve any Indemnifying Party of its indemnification obligations under this Agreement except to the extent that such omission results in a failure of actual notice to it and it is materially injured as a result of the failure to give such Notice of Claim. The Notice of Claim shall specify all material facts known to such Indemnitee relating to such Claim and the monetary amount or an estimate of the monetary amount of the Obligation involved if such Indemnitee has knowledge of such amount or a reasonable basis for making such an estimate. The Indemnifying Parties shall, at their expense, undertake the defense of such Claim with attorneys of their own choosing reasonably satisfactory in all respects to such Indemnitee, subject to the right of such Indemnitee to undertake such defense as hereinafter provided. An Indemnitee may participate in such defense with counsel of such Indemnitee’s choosing at the expense of the Indemnifying Parties. In the event that the Indemnifying Parties do not undertake the defense of the Claim within a reasonable time after such Indemnitee has given the Notice of Claim, or in the event that such Indemnitee shall in good faith determine that the defense of any claim by the Indemnifying Parties is inadequate or may conflict with the interest of any Indemnitee (including without limitation, Claims brought by or on behalf of any member of the Company Group), such Indemnitee may, at the expense of the Indemnifying Parties and after giving notice to the Indemnifying Parties of such action, undertake the defense of the Claim and compromise or settle the Claim, all for the account of and at the risk of the Indemnifying Parties. In the defense of any Claim against an Indemnitee, no Indemnifying Party shall, except with the prior written consent of such Indemnitee, consent to entry of any judgment or enter

into any settlement that includes any injunctive or other non-monetary relief or any payment of money by such Indemnitee, or that does not include as an unconditional term thereof the giving by the Person or Persons asserting such Claim to such Indemnitee of an unconditional release from all liability on any of the matters that are the subject of such Claim and an acknowledgement that such Indemnitee denies all wrongdoing in connection with such matters. The Indemnifying Parties shall not be obligated to indemnify an Indemnitee against amounts paid in settlement of a Claim if such settlement is effected by such Indemnitee without the prior written consent of the Company (on behalf of all Indemnifying Parties), which shall not be unreasonably withheld. In each case, each Indemnitee seeking indemnification hereunder will cooperate with the Indemnifying Parties, so long as an Indemnifying Party is conducting the defense of the Claim, in the preparation for and the prosecution of the defense of such Claim, including making available evidence within the control of such Indemnitee, as the case may be, and persons needed as witnesses who are employed by such Indemnitee, as the case may be, in each case as reasonably needed for such defense and at cost, which cost, to the extent reasonably incurred, shall be paid by the Indemnifying Parties.

(b) An Indemnitee shall notify the Indemnifying Parties in writing of the amount requested for advances (“Notice of Advances”). The Indemnifying Parties hereby agree to advance reasonable costs and Expenses incurred by any Indemnitee in connection with any Claim (but not for any Claim initiated or brought voluntarily by an Indemnitee other than a Proceeding pursuant to Section 2(c)) in advance of the final disposition of such Claim without regard to whether such Indemnitee will ultimately be entitled to be indemnified for such costs and expenses upon receipt of an undertaking by or on behalf of such Indemnitee to repay amounts so advanced if it shall ultimately be determined in a decision of a court of competent jurisdiction from which no appeal can be taken that such Indemnitee is not entitled to be indemnified by the Indemnifying Parties as authorized by this Agreement. The Indemnifying Parties shall make payment of such advances no later than 10 days after the receipt of the Notice of Advances.

(c) An Indemnitee shall notify the Indemnifying Parties in writing of the amount of any Claim actually paid by such Indemnitee (the “Notice of Payment”). The amount of any Claim actually paid by such Indemnitee shall bear simple interest at the rate equal to the JPMorgan Chase Bank, N.A. prime rate as of the date of such payment plus 2% per annum, from the date the Indemnifying Parties receive the Notice of Payment to the date on which any Indemnifying Party shall repay the amount of such Claim plus interest thereon to such Indemnitee. The Indemnifying Parties shall make indemnification payments to such Indemnitee no later than 30 days after receipt of the Notice of Payment.

(d) Independent Legal Counsel. If there has not been a Change in Control, independent legal counsel shall be selected by the board of directors of the Company and approved by such Indemnitee (which approval shall not be unreasonably

withheld or delayed). If there has been a Change in Control, independent legal counsel shall be selected by such Indemnitee and approved by the Company (which approval shall not be unreasonably withheld or delayed). The Indemnifying Parties shall pay the fees and expenses of independent legal counsel and indemnify independent legal counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to its engagement.

5. Certain Covenants. The rights of each Indemnitee to be indemnified under any other agreement, document, certificate or instrument or applicable law are independent of and in addition to any rights of such Indemnitee to be indemnified under this Agreement. The rights of each Indemnitee and the obligations of the Indemnifying Parties hereunder shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnitee. Following the Transactions, each of the Company Entities, and each of their corporate successors, shall implement and maintain in full force and effect any and all corporate charter and by-law (or similar organizational document) provisions that may be necessary or appropriate to enable it to carry out its obligations hereunder to the fullest extent permitted by applicable law, including without limitation a provision of its certificate of incorporation (or similar organizational document) eliminating liability of a director for breach of fiduciary duty to the fullest extent permitted by applicable law, as amended from time to time. So long as the Company or any other member of the Company Group maintains liability insurance for any directors, officers, employees or agents of any such Person, the Indemnifying Parties shall ensure that each Indemnitee serving in such capacity is covered by such insurance in such a manner as to provide such Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's and the Company Group's then current directors and officers.

6. Notices. All notices and other communications hereunder shall be in writing and shall be delivered by certified or registered mail (first class postage prepaid and return receipt requested), telecopier, overnight courier or hand delivery, as follows:

(a) If to Parent, to:

Buck Holdings, L.P.
c/o KKR 2006 Fund, L.P.
2800 Sand Hill Road, Suite 200
Menlo Park, California 94025
Attention: Michael Calbert
Fax: (650) 233-6548

with a copy (which shall not constitute notice) to:

Simpson Thacher & Bartlett LLP

425 Lexington Avenue
New York, New York 10017
Attention: Marni Lerner, Esq.
Fax: (212) 455-2502

(b) If to the Company:

Dollar General Corporation
100 Mission Ridge
Goodlettsville, Tennessee 37072
Attention: Susan S. Lanigan Esq.
Fax: (615) 855-5180

(c) If to the Managers, as applicable, to:

Kohlberg Kravis Roberts & Co. L.P.
2800 Sand Hill Road, Suite 200
Menlo Park, California 94025
Attention: Michael Calbert
Fax: (650) 233-6548

with a copy (which shall not constitute notice) to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Marni Lerner, Esq.
Fax: (212) 455-2502

or

Goldman, Sachs & Co.
85 Broad Street
New York, New York 10004
Attention: Adrian Jones
Fax: (212) 357-5505

with a copy (which shall not constitute notice) to:

Fried, Frank, Harris, Shriver & Jacobson LLP
One New York Plaza
New York, New York 10004
Attention: Robert C. Schwenkel, Esq.
 Brian Mangino, Esq.
Fax: (212) 859-4000

or to such other address or such other person as the Company Entities or the applicable Manager shall have designated by notice to the other parties hereto. All communications hereunder shall be effective upon receipt by the party to which they are addressed.

7. Governing Law; Jurisdiction, Waiver of Jury Trial. This Agreement shall be governed in all respects, including validity, interpretation and effect, by the law of the State of New York, regardless of the law that might be applied under principles of conflict of laws to the extent such principles would require or permit the application of the laws of another jurisdiction. Each of the parties hereto irrevocably and unconditionally (a) agrees that any legal suit, action or proceeding brought by any party hereto arising out of or based upon this Agreement or the transactions contemplated hereby may be brought in any court of the State of New York or Federal District Court for the Southern District of New York located in the City, County and State of New York (each, a "New York Court"), (b) waives, to the fullest extent that it may effectively do so, any objection that it may now or hereafter have to the laying of venue of any such proceeding brought in a New York Court, and any claim that any such action or proceeding brought in a New York Court has been brought in an inconvenient forum, (c) submits to the non-exclusive jurisdiction of any New York Court in any suit, action or proceeding and (d) **ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE HEREBY WAIVES ANY RIGHT THAT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE BREACH, TERMINATION OR VALIDITY OF THIS AGREEMENT.** With respect to clause (d) of the immediately preceding sentence, each of the parties hereto acknowledges and certifies that (i) no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the waiver contained therein, (ii) it understands and has considered the implications of such waiver, (iii) it makes such waiver voluntarily and (iv) it has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications contained in this Section 7.

8. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

9. Successors; Binding Effect. Each Indemnifying Party will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business and assets of such Indemnifying Party, by agreement in form and substance satisfactory to the Managers and their counsel, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that such Indemnifying Party would be required to perform if no such succession had taken place. This Agreement shall be binding upon and inure to the benefit of each party hereto and its successors and permitted assigns, and each other Indemnitee, but neither this Agreement nor any right, interest or obligation hereunder shall be assigned, whether by operation of law or otherwise, by the Company without the prior written consent of the Managers.

10. Miscellaneous. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. This Agreement is not intended to confer any right or remedy hereunder upon any Person other than each of the parties hereto and their respective successors and permitted assigns and each other Indemnitee. No amendment, modification, supplement or discharge of this Agreement, and no waiver hereunder shall be valid and binding unless set forth in writing and duly executed by the party or other Indemnitee against whom enforcement of the amendment, modification, supplement or discharge is sought. Neither the waiver by any of the parties hereto or any other Indemnitee of a breach of or a default under any of the provisions of this Agreement, nor the failure by any party hereto or any other Indemnitee on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right, powers or privilege hereunder, shall be construed as a waiver of any other breach or default of a similar nature, or as a waiver of any provisions hereof, or any rights, powers or privileges hereunder. The rights, indemnities and remedies herein provided are cumulative and are not exclusive of any rights, indemnities or remedies that any party or other Indemnitee may otherwise have by contract, at law or in equity or otherwise. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement by their authorized representatives as of the date first above written.

KOHLBERG KRAVIS ROBERTS & CO.
L.P.

By: /s/ Michael H. Calbert
Name: Michael H. Calbert
Title:

GOLDMAN, SACHS & CO.

By: /s/ John E. Bowman
Name: John E. Bowman
Title: Managing Director

BUCK HOLDINGS, L.P.

By: Buck Holdings, LLC, its general partner

By: /s/ Michael H. Calbert
Name: Michael H. Calbert
Title:

DOLLAR GENERAL CORPORATION

By: /s/ David Tehle
Name: David Tehle
Title: Executive Vice President and Chief Financial Officer

August 15, 2007

Principal Life Insurance Company
c/o Principal Real Estate Investors, LLC
801 Grand Avenue
Des Moines, IA 50392

Re: **Sale and Purchase of Interests**

Ladies and Gentlemen:

Pursuant to this Agreement, Principal Life Insurance Company ("Seller") hereby agrees to sell, and DC Financial, LLC ("Purchaser") does hereby agree to purchase, all of Seller's right, title and interest in, to and under the Loan described on Exhibit A attached hereto and made a part hereof. The Loan will be delivered to Purchaser on August 16, 2007, effective August 15, 2007 (the "Closing Date") along with executed allonge or endorsement to the note (issued in connection with the Loan) in favor of Purchaser, as well as any other sale and transfer documentation necessary to absolutely transfer all of Seller's interest in the Loan, against payment, by wire transfer of immediately available funds, to the account listed on the attached Schedule I, consisting of (i) the aggregate principal amounts due under the Loan as of the Closing Date **plus** (ii) accrued interest up to, but not including, the Closing Date, **plus** (iii) a purchase premium equal to eight percent (8%) of the then outstanding principal amount of the Loan. The amount consisting (in the aggregate) of the foregoing (i), (ii) and (iii) is hereinafter referred to as the "Purchase Price." The Closing Date may be changed by mutual consent of Seller and Purchaser, such consent not to be unreasonably withheld.

For purposes of this Agreement, the term "Loan Documents" means those documents reflected on Exhibit A to Exhibit E hereto which is intended to include, as applicable, all original documents, agreements and instruments relating to the Loan, including, without limitation, any promissory note evidencing the Loan (the "Note"), any loan agreement, each original executed collateral document or account or security securing the Loan (as applicable), including, without limitation, the Lease, any mortgage, deed of trust, security agreement, UCC financing statement, regulatory agreement, assignment of rents and leases, pledge agreement, guaranty, indemnification agreement, assignment of management agreement, assignment of stock or partnership units, title insurance policy, tax or insurance escrow agreement, letter of credit, certificate of deposit or any deposit or escrow of any kind, fire or casualty insurance policy, flood hazard insurance policy, other insurance (including, without limitation, any residual value insurance policy, if any), or other document, agreement or instrument under which legal rights or obligations are created or exist, if any, provided to Seller to secure the Loan and held by Seller, and any amendments, restatements, endorsements, confirmatory recordations, supplements, corrections, or other modifications thereof, including, without limitation, as any of the foregoing were amended by that certain Amendment of Documents, dated effective as of January 1, 2004, by and between DG Ardmore, L.L.C. and Principal Life Insurance Company.

In connection with the foregoing, Seller hereby represents and warrants to Purchaser as follows:

1. Seller is a corporation duly organized, validly existing, and in good standing under the laws of the State of Iowa, has the necessary power and authority to execute and deliver this Agreement and to perform in accordance herewith, and is duly authorized to execute this Agreement and perform in accordance with the terms hereof. This Agreement has been duly executed and delivered by Seller. This Agreement is enforceable against Seller in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).
 2. Seller is the sole beneficial owner of the Loan acting solely on its own behalf and for its own account, and not as agent or broker, in selling the Loan to Purchaser.
 3. The interests of Seller being sold and transferred by Seller under this Agreement represents (in the aggregate, if applicable) 100% of the outstanding interest in the Note and Loan Documents.
 4. Seller owns the Loan free and clear of any lien, pledge, participation interest, security interest or any other encumbrance whatsoever.
 5. The outstanding principal balance of the Loan is as set forth on Exhibit A, as of the date reflected thereon within a variance of \$100.00.
 6. Scheduled interest and principal payments have been received through the date reflected on Exhibit A. The next date upon which the payment of principal and interest is due is as reflected on Exhibit A.
 7. Since the origination of the Note by Seller, Seller (i) has neither satisfied, cancelled, rescinded or subordinated any of the Loan which is the subject of sale under this Agreement, in whole or in part, nor has any actual knowledge of any such satisfaction, cancellation, rescission or subordination; (ii) has neither released any of the interests in the Property from the lien of the deed of trust/mortgage, nor has any actual knowledge of any such release; and (iii) has neither executed any instrument that would evidence or result in any satisfaction, cancellation, rescission, subordination or release of the Loan which are the subject of sale under this Agreement, in whole or in part, nor has any actual knowledge of the existence of any such instrument.
 8. Other than as amended by that certain Amendment of Documents, dated effective as of January 1, 2004, by and between DG Ardmore, L.L.C. and Principal Life Insurance Company, since the origination of the Note by Seller, (i) Seller has not knowingly and voluntarily impaired, waived, altered, amended or modified in any respect any Loan Document which is the subject of sale under this Agreement; and (ii) to Seller's actual knowledge, the terms of the Loan Documents have not been impaired, waived, altered, amended or modified in any respect.
 9. The information set forth on Exhibit A and Schedule I is true and correct.
 10. Seller's representations and warranties as expressly set forth herein shall (a) extend to Purchaser and its successors and/or assigns, and Seller acknowledges and agrees that any such successor and/or assign shall be entitled to rely upon Seller's representations and warranties as if the representations and warranties had been given directly to Purchaser's successors and/or assigns by Seller, and (b) not be limited by any restrictive endorsement in the Note, any allonge to the Note, or any assignment document.
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Purchaser hereby represents and warrants to Seller as follows:

1. Purchaser is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Tennessee, has the necessary power and authority to execute and deliver this Agreement and to perform in accordance herewith, and is duly authorized to execute this Agreement and perform in accordance with the terms hereof. This Agreement has been duly executed and delivered by Purchaser. This Agreement is enforceable against Purchaser in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and similar laws affecting creditors' rights generally, and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law).
2. Purchaser understands that the Loan (and the Note evidencing the same) has not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act") and may be resold only if registered pursuant to the provisions of the Act or if an exemption from such registration is available; that neither the issuer nor Seller is required to register the Loan or the Note, and that any transfer must comply with the agreements and documents that govern the Loan or the Note.
3. Purchaser does not consider the acquisition of any Loan as the "purchase" or "sale" of a "security" within the meaning of the Securities Act of 1933, the Securities Exchange Act of 1934 or Rule 10b-5 promulgated thereunder, the Trust Indenture Act of 1939, or any state securities laws.
4. Purchaser has made such examination, review and investigation of the facts and circumstances necessary to evaluate the Loan as it has deemed necessary or appropriate.
5. Purchaser has not received from Seller any investment advice or any opinion as to whether the purchase of the Loan is prudent, and Purchaser is not relying on any representation or warranty by Seller except as expressly set forth herein.
6. Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Loan, and Purchaser has concluded on the basis of information available to it that it is able to bear the risks associated with such an investment for an indefinite period of time.
7. Purchaser has received a copy of the Loan Documents and such other documents and information that it has requested, and has been afforded an ample opportunity to review such materials. Purchaser acknowledges that it has conducted an independent investigation of such matters and any other matter it deems necessary and has had the opportunity to receive such information as in its judgment is necessary for it to make an informed investment decision, and has not relied upon Seller for any investigation or assessment to evaluate the transaction contemplated hereby, and Purchaser is not relying on any representation or warranty, express or implied, by Seller except as expressly set forth herein.

Seller and Purchaser hereby agree as follows:

1. Each party hereto shall execute and deliver further documents or instruments as may be reasonably requested by the other party in order to effect the intent and purposes of transactions represented by this Agreement. Purchaser shall reimburse Seller for all reasonable costs incurred by Seller for any such requests. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their respective successors and assigns.
-

2. The sale of the Loan to Purchaser shall constitute a reaffirmation by Seller and Purchaser on and as of the date of such sale of the foregoing representations and warranties, which shall survive the signing, and delivery of this Agreement and the sale of the Loan.
3. Upon payment of the Purchase Price at Closing, Seller shall: (i) deliver executed originals of Exhibits B through F inclusive, or that form of said exhibits deemed necessary by a nationally recognized title insurance company to effect an absolute assignment and transfer of the Note and Loan Documents from Seller to Purchaser, as well as such other sale and transfer documents as may be customary and reasonable; (ii) execute such documents and take such actions as are necessary to deliver any funds in, or transfer control over, any escrow accounts held in connection with the Loan; and (iii) deliver the original Note and all other original Loan Documents in Seller's possession or control.
4. With respect to any and all payments received by Seller on or after the Closing Date on account of the Loan, including any insurance proceeds or condemnation awards, Seller shall remit such payments promptly to Purchaser via wire transfer without interest and without any deduction or withholding of any kind.
5. Each of Seller and Purchaser hereby represents and warrants to the other that it has not dealt with any broker in connection with this Agreement (or any other party for whom a commission or other such payment shall be due in connection with this Agreement).
6. All notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given (a) when delivered (or delivery refused), if sent by registered or certified mail (return receipt requested), (b) when delivered (or delivery refused), if delivered personally, (c) when transmitted, if sent by facsimile if a confirmation of transmission is produced by the sending machine, or (d) when delivered (or delivery refused), if sent by overnight mail or overnight courier, in each case to the parties at the following addresses or facsimile numbers (or at such other addresses or facsimile numbers as shall be specified by like notice):

- (1) If to Purchaser, at

DC Financial, LLC
c/o Dollar General Corporation
100 Mission Ridge
Goodlettsville, TN 37072
Attn: Law Department
Telecopier No. 615-855-5180

- (2) If to Seller, at
Principal Life Insurance Company
c/o Principal Real Estate Investors, LLC
801 Grand Avenue
Des Moines, IA 50392
Attn: Darin Bennigsdorf
Telecopier No. 866-850-4022

The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Failure or delay in delivering copies of any notice, demand, request, consent, approval,

declaration or other communication within any corporation or firm to the persons designated to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

7. This Agreement may not be amended, supplemented or modified except by an instrument in writing signed on behalf of each of the parties hereto. Any term, condition or provision of this Agreement may be waived in writing at any time by the party which is entitled to the benefits thereof.
8. Except as provided herein, Purchaser and Seller shall each be responsible for payment of their own costs and expenses (including legal fees) incurred in connection with the purchase of the Loan. Notwithstanding the foregoing, Purchaser shall pay all governmental, documentary and transfer fees, recording costs, title insurance premiums and any other closing costs.
9. Purchaser acknowledges and agrees that any appraisal delivered to Purchaser in conjunction herewith was performed for the benefit of Seller and that Seller in no way guarantees the appraisal's accuracy or sufficiency, and that Purchaser will not rely upon such document.
10. **THIS AGREEMENT SHALL BE CONSTRUED, AND THE RIGHTS AND OBLIGATIONS OF SELLER AND PURCHASER HEREUNDER DETERMINED, IN ACCORDANCE WITH THE LAWS OF THE STATE OF IOWA. EACH OF PURCHASER AND SELLER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES (TO THE EXTENT PERMITTED BY APPLICABLE LAWS) ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY OF ANY DISPUTE ARISING UNDER OR RELATING TO THIS AGREEMENT AND AGREES THAT ANY SUCH DISPUTE SHALL BE TRIED BEFORE A JUDGE SITTING WITHOUT A JURY.**

Very truly yours,

DC FINANCIAL, LLC

By: /s/ Wade Smith
Name: Wade Smith
Title:

Agreed to and accepted by:

PRINCIPAL LIFE INSURANCE COMPANY

By: PRINCIPAL REAL ESTATE INVESTORS, LLC,
Its authorized signatory

By: /s/ Steven Traynor
Name: Steven Traynor
Title:

By: /s/ Darin Benningsdorf
Name: Darin Benningsdorf
Title:

EXHIBIT A

- 1) Principal Balance of Loan after the application of the August 1, 2007 payment is \$34,302,507.42.
 - 2) Interest on the Loan has been paid thru July 31, 2007.
 - 3) The next scheduled payment of principal and interest due under the note is September 1, 2007.
-

SCHEDULE I

Name and Address of Seller

Principal Life Insurance Company
c/o Principal Real Estate Investors, LLC
801 Grand Avenue
Des Moines, IA 50392

Payment Instructions

Wells Fargo Bank, N.A.
420 Montgomery Street
San Francisco, CA 94104
ABA Number 121000248
Account No. 8785453476
Name of Account: PGI Serviced Mtge. Pymts.
OBI (Special Instructions) Field:
PFGCR(S)752112

Federal Tax ID No.

EXHIBIT B

ALLONGE

To Secured Promissory Note dated as of January 19, 1999, in the original principal amount of FORTY-SIX MILLION ONE HUNDRED SIXTY-THREE THOUSAND SIX HUNDRED SIXTY-SIX DOLLARS (**\$46,163,666.00**) from DG Ardmore, L.L.C. , a Delaware limited liability company, to Principal Life Insurance Company, an Iowa corporation, as amended by that certain Amendment of Documents, dated effective as of January 1, 2004, by and between DG Ardmore, L.L.C. and Principal Life Insurance Company.

For value received, pay to the order of DC FINANCIAL, LLC, a Tennessee limited liability company, without recourse.

PRINCIPAL LIFE INSURANCE COMPANY,
an Iowa corporation

By: **PRINCIPAL REAL ESTATE INVESTORS, LLC,**
a Delaware limited liability company,
its authorized signatory

By: _____
Name:
Title:

By: _____
Name:
Title:

Dated: August , 2007

EXHIBIT C

ASSIGNMENT OF MORTGAGE

Dated as of August , 2007

PRINCIPAL LIFE INSURANCE COMPANY , an Iowa corporation (“ **Assignor** ”), having an address at c/o Principal Real Estate Investors, LLC, 801 Grand Avenue, Des Moines, Iowa 50392, is the legal and equitable owner and holder of that certain Secured Promissory Note dated as of January 19, 1999, made by DG Ardmore, L.L.C., a Delaware limited liability company (“ **Borrower** ”), in the principal amount of Forty-Six Million One Hundred Sixty-Three Thousand Six Hundred Sixty-Six Dollars (**\$46,163,666.00**) (the “ **Original Note** ”), which Original Note is secured by, among other things, that certain Mortgage and Security Agreement from Borrower to Assignor dated as of January 19, 1999 (the “ **Original Indenture** ”), which encumbers that certain real property more fully described on **Exhibit A** (the “ **Mortgaged Property** ”).

WHEREAS, the Original Indenture was recorded on January 25, 1999 in Book 3357, Page 19 of the records of the County Clerk of Carter County, Oklahoma; and

WHEREAS, the Original Note and the Original Indenture were amended by that certain Amendment of Documents (the “ **Amendment** ”) dated effective as of January 1, 2004, made by and between Borrower and Assignor, and recorded on February 4, 2004 in Book 4094, Page 147 of the records of the County Clerk of Carter County, Oklahoma (the Original Note as amended by the Amendment is hereinafter the “ **Note** ” and the Original Indenture as amended by the Amendment is hereinafter the “ **Indenture** ”); and

WHEREAS, Assignor has simultaneously herewith endorsed the Note without recourse to DC FINANCIAL, LLC, a Tennessee limited liability company (“ **Assignee** ”), having an address at c/o Dollar General Corporation, 100 Mission Ridge, Goodlettsville, Tennessee 37072, and the parties hereto now desire that the Indenture be assigned to Assignee;

NOW THEREFORE , in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and intending to be legally bound hereby, Assignor does hereby sell, assign, grant, transfer, set over and convey to Assignee, its successors and assigns, without recourse, all of Assignor’s interest in, to and under the following: the Indenture;

Together, without recourse, all of Assignor’s right, title, and interest in and to the notes, bonds or other obligations described in said Indenture and secured thereby. To have and to hold the same unto the Assignee, its successors and assigns, forever.

This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

This Assignment shall be governed by and construed in accordance with the laws of the **State of Oklahoma** .

EXHIBIT D

**ASSIGNMENT OF
ASSIGNMENT OF LEASES AND RENTS**

Dated as of August , 2007

PRINCIPAL LIFE INSURANCE COMPANY , an Iowa corporation (“ **Assignor** ”), having an address at c/o Principal Real Estate Investors, LLC, 801 Grand Avenue, Des Moines, Iowa 50392, is the legal and equitable owner and holder of that certain Secured Promissory Note dated as of January 19, 1999, made by DG Ardmore, L.L.C., a Delaware limited liability company (“ **Borrower** ”), in the principal amount of Forty-Six Million One Hundred Sixty-Three Thousand Six Hundred Sixty-Six Dollars (**\$46,163,666.00**) (the “ **Original Note** ”), which Original Note is secured by, among other things, that certain Assignment of Leases and Rents from Borrower to Assignor dated as of January 19, 1999 (the “ **Original Assignment of Lease** ”), which encumbers that certain real property more fully described on **Exhibit A** (the “ **Mortgaged Property** ”).

WHEREAS , the Original Assignment of Lease was recorded on January 25, 1999 in Book 3357, Page 53 of the records of the County Clerk of Carter County, Oklahoma; and

WHEREAS, the Original Note and the Original Assignment of Lease were amended by that certain Amendment of Documents (the “ **Amendment** ”) dated effective as of January 1, 2004, made by and between Borrower and Assignor, and recorded on February 4, 2004 in Book 4094, Page 147 of the records of the County Clerk of Carter County, Oklahoma (the Original Note as amended by the Amendment is hereinafter the “ **Note** ” and the Original Assignment of Lease as amended by the Amendment is hereinafter the “ **Assignment of Lease** ”); and

WHEREAS , Assignor has endorsed the Note without recourse to DC FINANCIAL, LLC, a Tennessee limited liability company (“ **Assignee** ”), having an address at c/o Dollar General Corporation, 100 Mission Ridge, Goodlettsville, Tennessee 37072, and the parties hereto now desire that Assignment of Lease be assigned to Assignee;

NOW THEREFORE , in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and intending to be legally bound hereby, Assignor does hereby sell, assign, grant, transfer, set over and convey to Assignee, its successors and assigns, without recourse, all of Assignor’s interest in, to and under the following: the Assignment of Lease;

Together, without recourse, all of Assignor’s right, title, and interest in and to the notes, bonds or other obligations described in said Assignment of Leases and secured thereby. To have and to hold the same unto the Assignee, its successors and assigns, forever.

This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

This Assignment shall be governed by and construed in accordance with the laws of the **State of Oklahoma** .

EXHIBIT E

GENERAL ASSIGNMENT OF LOAN DOCUMENTS

THIS **GENERAL ASSIGNMENT OF LOAN DOCUMENTS** , dated as of August , 2007, is made by **PRINCIPAL LIFE INSURANCE COMPANY** , an Iowa corporation (“ **Assignor** ”), to **DC FINANCIAL, LLC** , a Tennessee limited liability company (“ **Assignee** ”).

RECITALS

WHEREAS, Assignor was the holder of a certain Secured Promissory Note dated as of January 19, 1999 (the “ **Original Note** ”) from DG Ardmore, L.L.C., a Delaware limited liability company (“ **Borrower** ”), and various security and other documents executed in connection therewith (collectively, the “ **Original Security Documents** ”), as listed in **Exhibit A** attached hereto and made a part hereof, all dated as of January 19, 1999 (the Original Note and the Original Security Documents are sometimes collectively referred to herein as the “ **Original Loan Documents** ”); and

WHEREAS, the Original Loan Documents were amended by that certain Amendment of Documents (the “ **Amendment** ”) dated effective as of January 1, 2004, made by and between Borrower and Assignor (the Original Note as amended by the Amendment is hereinafter the “ **Note** ,” the Original Security Documents as amended by the Amendment are hereinafter the “ **Security Documents** ,” and the Original Loan Documents as amended by the Amendment and otherwise as listed in **Exhibit A** are hereinafter the “ **Loan Documents** ”); and

WHEREAS, the interests of Assignor in the Note were endorsed, without recourse, by Allonge attached thereto, to Assignee herein; and

WHEREAS, Assignor desires to assign all of its right, title and interest in and to the Loan Documents to Assignee;

NOW THEREFORE , in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor does hereby sell, assign, grant, transfer, set over and convey to Assignee, its successors and assigns, without recourse, all of Assignor’s right, title and interest in the Loan Documents.

Together, without recourse, all of Assignor’s right, title, and interest in and to the notes, bonds or other obligations described therein. To have and to hold the same unto the Assignee, its successors and assigns, forever. All capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Note.

This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and shall be governed by and construed in accordance with the laws of the **State of Oklahoma** .

IN WITNESS WHEREOF , the undersigned hereby affixes its signature as of the day and year first above written.

WITNESS:

ASSIGNOR:

PRINCIPAL LIFE INSURANCE COMPANY,
an Iowa corporation

By: PRINCIPAL REAL ESTATE INVESTORS, LLC,
a Delaware limited liability company,
its authorized signatory

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

(to General Assignment)

Original Loan Documents :

1. Secured Promissory Note, dated January 19, 1999, issued by DG Ardmore, L.L.C. and payable to the order of Principal Life Insurance Company
 2. Mortgage and Security Agreement, dated January 19, 1999, by DG Ardmore, L.L.C. to and for the benefit of Principal Life Insurance Company, recorded on January 25, 1999 in Book 3357, Page 19 of the records of the County Clerk of Carter County, Oklahoma
 3. Assignment of Leases and Rents, dated January 19, 1999, by DG Ardmore, L.L.C. to and for the benefit of Principal Life Insurance Company, recorded on January 25, 1999 in Book 3357, Page 53 of the records of the County Clerk of Carter County, Oklahoma
 4. Environmental Indemnity Agreement, dated January 19, 1999, by DG Ardmore, L.L.C. to and for the benefit of Principal Life Insurance Company
 5. Original UCC-1 Financing Statement filed January 25, 1999 with the Secretary of State of Oklahoma, file #0003009
 6. Original UCC-1 Financing Statement (in lieu of continuation statement for #5 above) filed December 16, 2003 with the Secretary of State of Delaware, file #3330506
 7. Lender's Title Insurance Policy issued by First American Title Insurance Company, Policy Number C 276843, with all endorsements thereto
 8. Opinion of Goldberg, Kohn, Bell, Black, Rosenbloom & Moritz, Ltd., counsel to Borrower, dated as of January 19, 1999
 9. Opinion of Andrews Davis Legg Bixler Milsten & Price, Inc., special Oklahoma counsel to Borrower, dated as of January 19, 1999
 10. Certificate of Garry W. Cohen, Executive Vice President of Mesirow Realty Sale-Leaseback, Inc. (sole member of Borrower), dated as of January 19, 1999
 11. Lease Agreement dated January 19, 1999, by and between DG Ardmore, L.L.C., as landlord, and Dollar General Corporation, as tenant, as evidenced by a Memorandum of Lease recorded on January 25, 1999 in Book 3357, Page 63 of the records of the County Clerk of Carter County, Oklahoma, and assigned by Dollar General Corporation to Dolgencorp, Inc. by an Assignment of Lease effective as of January 28, 2000 (which Assignment of Lease was recorded on January 31, 2000 in Book 3487, Page 154 of the records of the County Clerk of Carter County, Oklahoma), and any other modifications, assignments, etc., thereof
 12. Subordination, Non-Disturbance and Attornment Agreement, dated January 19, 1999, by and among Dollar General Corporation, DG Ardmore, L.L.C., and Principal Life
-

Insurance Company, recorded on January 25, 1999 in Book 3357, Page 67 of the records of the County Clerk of Carter County, Oklahoma

13. Evidence of Property and Casualty Insurance
14. Evidence of Liability Insurance
15. MAI Appraisal

Amendments :

1. Consent to Transfer of One Hundred Percent (100%) of the Membership Interests in DG Ardmore, L.L.C., dated effective as of July 14, 2000, by and among Principal Life Insurance Company, an Iowa corporation, as Lender, Mesirow Realty Sale-Leaseback, Inc., as original member of DG Ardmore, L.L.C., and Daniel G. Kamin, as purchaser of the membership interests in DG Ardmore, L.L.C.
 2. Letter issued by Principal Life Insurance Company to DG Ardmore, L.L.C., Dolgencorp, Inc., and Dollar General Corporation, dated January 13, 2004
 3. Amendment of Documents, effective as of January 1, 2004, by and between DG Ardmore, L.L.C. and Principal Life Insurance Company, recorded on February 4, 2004 in Book 4094, Page 147 of the records of the County Clerk of Carter County, Oklahoma
 4. Endorsements to First American Title Insurance Company Policy No. C 276843, issued effective as of February 4, 2004
 5. Sub-Lease Agreement between the Ardmore Development Authority, as landlord, and DG Ardmore, L.L.C., as tenant, effective as of January 1, 2004, as evidenced by a memorandum of lease recorded on February 4, 2004 in Book 4094, Page 141 of the records of the County Clerk of Carter County, Oklahoma
 6. Sub-Lease Agreement between DG Ardmore, L.L.C., as sub-lessor, and Dolgencorp, Inc., as sub-lessee, effective as of January 1, 2004
 7. Estoppel Certificate and Agreement, effective as of January 1, 2004, by and among the Ardmore Development Authority, as sublessor, DG Ardmore, L.L.C., as sublessee, and Principal Life Insurance Company, as lender
-

EXHIBIT F

August , 2007

VIA FACSIMILE and FEDERAL EXPRESS

First American Title Insurance Company
133 N.W. 8th
Oklahoma City, OK 73102
Attention: Pilar A. Beare

Re: Lender's Title Insurance Policy Number C 276843 issued by First American Title Insurance Company (the "Policy") relating to a mortgage loan (the "Loan") from Principal Life Insurance Company (the "Original Lender") to DG Ardmore, L.L.C. (as Borrower) relating to property located in Ardmore, Oklahoma

Ladies and Gentlemen:

All of the Original Lender's rights, title and interest in and to the above captioned Loan was sold to DC FINANCIAL, LLC, a Tennessee limited liability company ("Assignee"). You have been provided with copies of various documents which evidence the sale of the Loan to Assignee. We instruct you to endorse the Policy to reflect Assignee as the sole Insured thereunder.

Very truly yours,
DC FINANCIAL, LLC,
a Tennessee limited liability company

By: _____
Name:
Title:

By our execution below, we hereby instruct you to issue the above described endorsement.

PRINCIPAL LIFE INSURANCE COMPANY

By: PRINCIPAL REAL ESTATE INVESTORS, LLC,
Its authorized signatory

By: _____
Name:
Title:

By: _____
Name:
Title:

Dollar General Corporation
Ratio of Earnings to Fixed Charges

	Historical							Pro Forma (4)		
	Predecessor					Successor				
	Fiscal Year Ended					39 Weeks Ended	February 3, 2007	July 7, 2007	Fiscal Year Ended	39 Weeks Ended
	January 31, 2003	January 30, 2004	January 28, 2005	February 3, 2006	February 2, 2007	November 3, 2006	February 3, 2007 through July 6, 2007	July 7, 2007 through November 2, 2007	February 2, 2007	November 2, 2007
Earnings (1):										
Income (loss) before income taxes	\$ 410.3	\$ 476.5	\$ 534.8	\$ 544.6	\$ 220.4	\$ 143.0	\$ 4.0	\$ (94.6)	\$ 219.1	\$ (91.4)
Fixed Charges, exclusive of capitalized interest	104.1	104.0	111.8	123.1	140.7	132.2	73.5	199.1	142.0	273.4
	<u>\$ 514.4</u>	<u>\$ 580.5</u>	<u>\$ 646.6</u>	<u>\$ 667.7</u>	<u>\$ 361.1</u>	<u>\$ 275.2</u>	<u>\$ 77.5</u>	<u>\$ 104.5</u>	<u>\$ 361.1</u>	<u>\$ 182.0</u>
Fixed Charges (1):										
Interest charged to expense	\$ 46.9	\$ 35.6	\$ 28.8	\$ 26.2	\$ 34.9	\$ 27.0	\$ 10.3	\$ 148.5	\$ 36.2	\$ 159.6
Interest factor on rental expense (2)	57.2	68.4	83.0	96.9	105.8	105.2	63.2	50.6	105.8	113.8
	104.1	104.0	111.8	123.1	140.7	132.2	73.5	199.1	142.0	273.4
Interest capitalized	0.1	0.2	3.6	3.3	2.9	2.9	—	—	2.9	—
	<u>\$ 104.2</u>	<u>\$ 104.2</u>	<u>\$ 115.4</u>	<u>\$ 126.4</u>	<u>\$ 143.6</u>	<u>\$ 135.1</u>	<u>\$ 73.5</u>	<u>\$ 199.1</u>	<u>\$ 144.9</u>	<u>\$ 273.4</u>
Ratio of earnings to fixed charges	4.9x	5.6x	5.6x	5.3x	2.5x	2.0x	1.1x		2.5x	
Excess of fixed charges over earnings (3)								\$ (94.6)	\$ (91.4)	

- (1) For purposes of computing the ratio of earnings to fixed charges, (a) earnings consist of income (loss) before income taxes, plus fixed charges less capitalized expenses related to indebtedness (amortization expense for capitalized interest is not significant) and (b) fixed charges consist of interest expense (whether expensed or capitalized), the amortization of debt issuance costs, and the interest portion of rent expense.
- (2) The portion of rent expense representative of interest is based on the present value of the future lease payments discounted at 10%.
- (3) For the period from July 7, 2007 through November 2, 2007, fixed charges exceeded earnings by \$94.6 million. For the 39 weeks ended November 2, 2007, pro forma fixed charges exceeded earnings by \$91.4 million.
- (4) To give effect to the increase in interest expense resulting from the portion of the notes proceeds used to retire the \$198.3 million of our 8 5/8% unsecured notes due June 10, 2010 as if such transactions had occurred at the beginning of the periods presented.

SUBSIDIARIES OF THE REGISTRANT
(as of December 21, 2007)

Name of Entity	Jurisdiction of Incorporation/Organization
DC Financial, LLC	Tennessee
DG Retail, LLC	Tennessee
Dolgencorp, Inc.	Kentucky
Dolgencorp of New York, Inc.(1)	Kentucky
Dolgencorp of Texas, Inc.(1)	Kentucky
DG Transportation, Inc.(1)	Tennessee
DG Logistics LLC(2)	Tennessee
DGC Properties LLC(3)	Delaware
South Boston Holdings, Inc.(1)	Delaware
Sun-Dollar, L.P.(4)	California
South Boston FF&E, LLC(5)	Delaware
DG Promotions, Inc. [formerly known as Nations Title Company, Inc.]	Tennessee
Ashley River Insurance Company, Inc.	South Carolina
Dollar General Investment, Inc.	Delaware
Dollar General Merchandising, Inc. [formerly known as Lonestar Administrative Services, Inc.]	Tennessee
DGC Holdings, LLC	Delaware
Dollar General Global Sourcing Limited(6)	Hong Kong
Dollar General Literacy Foundation(7)	Tennessee
Dollar General Partners(8)	Kentucky
DGC Properties of Kentucky, LLC(9)	Delaware

(1) A wholly-owned subsidiary of Dolgencorp, Inc.

(2) A limited liability company in which DG Transportation, Inc. is the sole member.

(3) A limited liability company in which Dolgencorp, Inc. is the sole member.

(4) A limited partnership in which the general partner is South Boston Holdings, Inc. and the limited partner is Dolgencorp, Inc.

(5) A limited liability company in which Sun-Dollar, L.P. is the sole member.

(6) Held 99.9% by Dollar General Corporation and 0.1% by DGC Holdings, LLC.

(7) A nonprofit, public benefit membership corporation in which Dollar General Corporation is the sole member.

(8) A general partnership in which the general partners are Dollar General Corporation and Dollar General Merchandising, Inc.

(9) A limited liability company in which Dollar General Partners is the sole member.

[QuickLinks](#) -- Click here to rapidly navigate through this document

Exhibit 23.3

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated March 23, 2007 (except for Note 16, as to which the date is December 19, 2007) in the Registration Statement (Form S-4) and related Prospectus of Dollar General Corporation for the registration of its 10.625% senior notes due 2015 and its 11.875%/12.625% senior subordinated toggle notes due 2017.

/s/ Ernst & Young LLP

Nashville, Tennessee
December 19, 2007

QuickLinks

[Consent of Independent Registered Public Accounting Firm](#)

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

**STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE**

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b) (2)

WELLS FARGO BANK, NATIONAL ASSOCIATION

(Exact name of trustee as specified in its charter)

Not Applicable
(Jurisdiction of incorporation or
organization if not a U.S. national bank)

94-1347393
(I.R.S. Employer
Identification No.)

420 Montgomery Street
San Francisco, CA
(Address of principal executive offices)

94163
(Zip code)

Wells Fargo & Company
Law Department, Trust Section
MAC N9305-172
Sixth and Marquette, 17th Floor
Minneapolis, MN 55479
(agent for services)

Dollar General Corporation

(Exact name of obligor 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
(Address of principal executive offices)

37072
(Zip code)

10.625% SENIOR NOTES DUE 2015
(Title of the indenture securities)

Item 1. General Information. Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to which it is subject.

Comptroller of the Currency,
Treasury Department
Washington, D.C. 20230

Federal Deposit Insurance Corporation
Washington, D.C. 20429

Federal Reserve Bank of San Francisco
San Francisco, CA 94120

- (b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust powers.

Item 2. Affiliations with Obligor. If the obligor is an affiliate of the trustee, describe each such affiliation.

None with respect to the trustee.

No responses are included for Items 3-14 of this Form T-1 because the obligor is not in default as provided under Item 13.

Item 15. Foreign Trustee. Not applicable.

Item 16. List of Exhibits. List below all exhibits filed as a part of this Statement of Eligibility.
Wells Fargo Bank incorporates by reference into this Form T-1 exhibits attached hereto.

Exhibit 1. A copy of the Articles of Association of the trustee now in effect. *

Exhibit 2. A copy of the Comptroller of the Currency Certificate of Corporate Existence for Wells Fargo Bank, National Association, dated November 28, 2001. *

Exhibit 3. A copy of the authorization of the trustee to exercise corporate trust powers. A copy of the Comptroller of the Currency Certificate of Corporate Existence (with Fiduciary Powers) for Wells Fargo Bank, National Association, dated November 28, 2001. *

Exhibit 4. Copy of By-laws of the trustee as now in effect. *

Exhibit 5. Not applicable.

Exhibit 6. The consents of United States institutional trustees required by Section 321(b) of the Act.

Exhibit 7. Attached is a copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority.

Exhibit 8. Not applicable.

Exhibit 9. Not applicable.

* Incorporated by reference to exhibit number 25 filed with registration statement number 333-87398.

Exhibit 6

December 21, 2007

Securities and Exchange Commission
Washington, D.C. 20549

Gentlemen:

In accordance with Section 321(b) of the Trust Indenture Act of 1939, as amended, the undersigned hereby consents that reports of examination of the undersigned made by Federal, State, Territorial, or District authorities authorized to make such examination may be furnished by such authorities to the Securities and Exchange Commission upon its request thereof.

Very truly yours,

WELLS FARGO BANK, NATIONAL ASSOCIATION

/s/ Maddy Hall

Maddy Hall
Assistant Vice President

Exhibit 7

Consolidated Report of Condition of

Wells Fargo Bank National Association
of 101 North Phillips Avenue, Sioux Falls, SD 57104
And Foreign and Domestic Subsidiaries,

at the close of business September 30, 2007, filed in accordance with 12 U.S.C. §161 for National Banks.

	Dollar Amounts In Millions
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	\$ 12,302
Interest-bearing balances	1,022
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	48,254
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	15,276
Securities purchased under agreements to resell	1,881
Loans and lease financing receivables:	
Loans and leases held for sale	21,274
Loans and leases, net of unearned income	277,174
LESS: Allowance for loan and lease losses	2,569
Loans and leases, net of unearned income and allowance	274,605
Trading Assets	5,557
Premises and fixed assets (including capitalized leases)	4,240
Other real estate owned	861
Investments in unconsolidated subsidiaries and associated companies	421
Intangible assets	
Goodwill	9,718
Other intangible assets	19,391
Other assets	30,644
Total assets	\$ 445,446
LIABILITIES	
Deposits:	
In domestic offices	\$ 269,857
Noninterest-bearing	68,381
Interest-bearing	201,476
In foreign offices, Edge and Agreement subsidiaries, and IBFs	59,766
Noninterest-bearing	11
Interest-bearing	59,755
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	12,491
Securities sold under agreements to repurchase	6,758

	Dollar Amounts In Millions
Trading liabilities	3,109
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	26,482
Subordinated notes and debentures	10,896
Other liabilities	14,803
Total liabilities	\$ 404,162
Minority interest in consolidated subsidiaries	57
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	520
Surplus (exclude all surplus related to preferred stock)	25,692
Retained earnings	14,509
Accumulated other comprehensive income	506
Other equity capital components	0
Total equity capital	41,227
Total liabilities, minority interest, and equity capital	\$ 445,446

I, Howard I. Atkins, EVP & CFO of the above-named bank do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true to the best of my knowledge and belief.

Howard I. Atkins
EVP & CFO

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

Michael Loughlin
John Stumpf
Carrie Tolstedt

Directors

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b) (2)

WELLS FARGO BANK, NATIONAL ASSOCIATION
(Exact name of trustee as specified in its charter)

Not Applicable
(Jurisdiction of incorporation or
organization if not a U.S. national bank)

94-1347393
(I.R.S. Employer
Identification No.)

420 Montgomery Street
San Francisco, CA
(Address of principal executive offices)

94163
(Zip code)

Wells Fargo & Company
Law Department, Trust Section
MAC N9305-172
Sixth and Marquette, 17th Floor
Minneapolis, MN 55479
(agent for services)

Dollar General Corporation
(Exact name of obligor 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
(Address of principal executive offices)

37072
(Zip code)

11.875%/12.625% SENIOR SUBORDINATED TOGGLE NOTES DUE 2017

(Title of the indenture securities)

Item 1. General Information. Furnish the following information as to the trustee:

- (a) Name and address of each examining or supervising authority to which it is subject.

Comptroller of the Currency,
Treasury Department
Washington, D.C. 20230

Federal Deposit Insurance Corporation
Washington, D.C. 20429

Federal Reserve Bank of San Francisco
San Francisco, CA 94120

- (b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust powers.

Item 2. Affiliations with Obligor. If the obligor is an affiliate of the trustee, describe each such affiliation.

None with respect to the trustee.

No responses are included for Items 3-14 of this Form T-1 because the obligor is not in default as provided under Item 13.

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Item 16. List of Exhibits. List below all exhibits filed as a part of this Statement of Eligibility.
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Exhibit 7. Attached is a copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority.

Exhibit 8. Not applicable.

Exhibit 9. Not applicable.

* Incorporated by reference to exhibit number 25 filed with registration statement number 333-87398.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Wells Fargo Bank, National Association, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Los Angeles and State of California on this 21st day of December 2007.

WELLS FARGO BANK, NATIONAL ASSOCIATION

/s/ Maddy Hall

Name: Maddy Hall

Title: Assistant Vice President

Exhibit 6

December 21, 2007

Securities and Exchange Commission
Washington, D.C. 20549

Gentlemen:

In accordance with Section 321(b) of the Trust Indenture Act of 1939, as amended, the undersigned hereby consents that reports of examination of the undersigned made by Federal, State, Territorial, or District authorities authorized to make such examination may be furnished by such authorities to the Securities and Exchange Commission upon its request thereof.

Very truly yours,

WELLS FARGO BANK, NATIONAL ASSOCIATION

/s/ Maddy Hall

Maddy Hall

Assistant Vice President

Exhibit 7

Consolidated Report of Condition of

Wells Fargo Bank National Association
of 101 North Phillips Avenue, Sioux Falls, SD 57104
And Foreign and Domestic Subsidiaries,

at the close of business September 30, 2007, filed in accordance with 12 U.S.C. §161 for National Banks.

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ASSETS	
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Noninterest-bearing balances and currency and coin	\$ 12,302
Interest-bearing balances	1,022
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	48,254
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	15,276
Securities purchased under agreements to resell	1,881
Loans and lease financing receivables:	
Loans and leases held for sale	21,274
Loans and leases, net of unearned income	277,174
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Loans and leases, net of unearned income and allowance	274,605
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Intangible assets	
Goodwill	9,718
Other intangible assets	19,391
Other assets	30,644
Total assets	\$ 445,446
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Deposits:	
In domestic offices	\$ 269,857
Noninterest-bearing	68,381
Interest-bearing	201,476
In foreign offices, Edge and Agreement subsidiaries, and IBFs	59,766
Noninterest-bearing	11
Interest-bearing	59,755
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	12,491
Securities sold under agreements to repurchase	6,758

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Trading liabilities	3,109
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	26,482
Subordinated notes and debentures	10,896
Other liabilities	<u>14,803</u>
Total liabilities	\$ 404,162
Minority interest in consolidated subsidiaries	57
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	520
Surplus (exclude all surplus related to preferred stock)	25,692
Retained earnings	14,509
Accumulated other comprehensive income	506
Other equity capital components	<u>0</u>
Total equity capital	<u>41,227</u>
Total liabilities, minority interest, and equity capital	\$ <u>445,446</u>

I, Howard I. Atkins, EVP & CFO of the above-named bank do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true to the best of my knowledge and belief.

Howard I. Atkins
EVP & CFO

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

Michael Loughlin
John Stumpf
Carrie Tolstedt

Directors

LETTER OF TRANSMITTAL

Dollar General Corporation

OFFER TO EXCHANGE

All Outstanding 10.625% Senior Notes due 2015 (\$1,175,000,000 principal amount outstanding) and All Outstanding 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 (\$725,000,000 principal amount outstanding) for 10.625% Senior Notes due 2015 and 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 which have been registered under the Securities Act of 1933

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 PM, NEW YORK CITY TIME, ON _____, 2008 UNLESS THE OFFER IS EXTENDED (THE "EXPIRATION DATE"). TENDERS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE.

**THE EXCHANGE AGENT FOR THE EXCHANGE OFFER IS:
WELLS FARGO BANK, NATIONAL ASSOCIATION**

Delivery to: Wells Fargo Bank, National Association, Exchange Agent

*By Registered Mail, Certified Mail, Overnight
Courier of Hand Delivery:*

Wells Fargo Bank, National Association
Corporate Trust Department
707 Wilshire Blvd, 17th Floor
Los Angeles, California 90017
Attention: Madelienna Hall

By Facsimile Transmission:

(213) 614-3355

To Confirm by Telephone:

(213) 614-2588

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF THIS LETTER OF TRANSMITTAL VIA FACSIMILE TO A NUMBER OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY. THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

Holders of Outstanding Notes (as defined below) should complete this Letter of Transmittal either if Outstanding Notes are to be forwarded herewith or if tenders of Outstanding Notes are to be made by book-entry transfer to an account maintained by the Exchange Agent at The Depository Trust Company ("DTC") pursuant to the procedures set forth in "The Exchange Offer—Book-entry delivery procedures" and "The Exchange Offer—Procedures for tendering outstanding notes" in the Prospectus (as defined below) and an "Agent's Message" (as defined below) is *not* delivered. If tender is being made by book-entry transfer, the holder must have an Agent's Message delivered in lieu of this Letter of Transmittal.

Holders of Outstanding Notes whose certificates (the "Certificates") for such Outstanding Notes are not immediately available or who cannot deliver their Certificates and all other required documents to the Exchange Agent on or prior to the Expiration Date or who cannot complete the procedures for book-entry transfer on a timely basis, must tender their Outstanding Notes according to the guaranteed delivery procedures set forth in "The exchange offer—Guaranteed delivery procedures" in the Prospectus.

As used in this Letter of Transmittal, the term "holder" with respect to the Exchange Offer (as defined below) means any person in whose name Outstanding Notes are registered on the books of Dollar General Corporation, a Tennessee Corporation (the "Issuer"), or, with respect to interests in the Outstanding Notes held by DTC, any DTC participant listed in an official DTC proxy. The undersigned has completed, signed and delivered this Letter of Transmittal to indicate the action the undersigned desires to take with respect to the Exchange Offer. Holders who wish to tender their Outstanding Notes must complete this Letter of Transmittal in its entirety.

**SEE INSTRUCTION 1. DELIVERY OF DOCUMENTS TO DTC DOES NOT
CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.**

**BENEFICIAL OWNERS OF OUTSTANDING NOTES SEE INSTRUCTION 10
(QUESTIONS AND REQUEST FOR ASSISTANCE OR ADDITIONAL COPIES).**

The undersigned hereby acknowledges receipt of the Prospectus dated _____, 2008 (as it may be amended or supplemented from time to time, the "Prospectus") of the Issuer and certain domestic subsidiaries of the Issuer (the "Guarantors," and each, a "Guarantor") and this Letter of Transmittal, which together constitute the offer (the "Exchange Offer") to exchange all outstanding 10.625% Senior Notes due 2015 (\$1,175,000,000 principal amount outstanding) issued by Dollar General Corporation and all outstanding 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 (\$725,000,000 principal amount outstanding) issued by Dollar General Corporation, each guaranteed by the Guarantors, that have been registered under the Securities Act of 1933, as amended (the "Securities Act") (collectively, the "Exchange Notes") for an equal principal amount of 10.625% Senior Notes due 2015 issued by Dollar General Corporation and 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 issued by Dollar General Corporation, each guaranteed by the Guarantors, that were originally sold pursuant to a private offering (collectively, the "Outstanding Notes"). The Outstanding Notes are unconditionally guaranteed (the "Old Guarantees") by the Guarantors, and the Exchange Notes will be unconditionally guaranteed (the "New Guarantees") by the Guarantors. Upon the terms and subject to the conditions set forth in the Prospectus and the Letter of Transmittal, the Guarantors offer to issue the New Guarantees with respect to all Exchange Notes issued in the Exchange Offer in exchange for the Old Guarantees of the Outstanding Notes for which such Exchange Notes are issued in the Exchange Offer. Throughout this Letter of Transmittal, unless the context otherwise requires and whether so expressed or not, references to the "Exchange Offer" include the Guarantors' offer to exchange the New Guarantees for the Old Guarantees, references to the "Exchange Notes" include the related New Guarantees and references to the "Outstanding Notes" include the related Old Guarantees. Capitalized terms used but not defined herein have the meaning given to them in the Prospectus.

For each Outstanding Note accepted for exchange, the holder of such Outstanding Note will receive an Exchange Note having a principal amount equal to that of the surrendered Outstanding Note. The Senior Notes will accrue interest in arrears, commencing on January 15, 2008, payable semi-annually on January 15 and July 15 of each year. The Senior Subordinated Notes will accrue interest in arrears, commencing on January 15, 2008, payable semi-annually on January 15 and July 15 of each year.

YOUR BANK OR BROKER CAN ASSIST YOU IN COMPLETING THIS FORM. THE INSTRUCTIONS INCLUDED IN THIS LETTER OF TRANSMITTAL MUST BE FOLLOWED. QUESTIONS AND REQUESTS FOR ASSISTANCE OR FOR ADDITIONAL COPIES OF THE PROSPECTUS AND THIS LETTER OF TRANSMITTAL MAY BE DIRECTED TO THE EXCHANGE AGENT, WHOSE ADDRESS AND TELEPHONE NUMBER APPEAR ON THE FRONT PAGE OF THIS LETTER OF TRANSMITTAL.

See Instruction 10 below.

The undersigned has completed the appropriate boxes below and signed this Letter of Transmittal to indicate the action that the undersigned desires to take with respect to the Exchange Offer.

List below the Outstanding Notes to which this Letter of Transmittal relates. If the space below is inadequate, the Certificate or registration numbers and principal amounts of Outstanding Notes should be listed on a separately signed schedule affixed hereto.

All Tendering Holders Complete Box 1

Box 1			
Description of Outstanding Notes Tendered			
Name(s) and Address(es) of Registered Holder(s) (Please fill in, if blank, exactly as name(s) appear(s) on Certificate(s))	Certificate or Registration Number(s) of Outstanding Notes*	Aggregate Principal Amount Represented by Outstanding Notes	Aggregate Principal Amount of Outstanding Notes Being Tendered**
Total			

* Need not be completed by book-entry holders (see below).

** The aggregate principal amount of all of the Outstanding Notes represented by the Outstanding Notes identified in this column, or delivered to the Exchange Agent herewith, will be deemed tendered unless a lesser amount is specified in this column. See Instruction 4.

Box 2
Book-Entry

CHECK HERE IF TENDERED OUTSTANDING NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH DTC AND COMPLETE THE FOLLOWING:

Name of Tendering Institution: _____

DTC Account Number: _____

Transaction Code Number: _____

Holders of Outstanding Notes that are tendering by book-entry transfer to the Exchange Agent's account at DTC can execute the tender through DTC's Automated Tender Offer Program ("ATOP") for which the transaction will be eligible. DTC participants that are accepting the Exchange Offer must transmit their acceptances to DTC, which will verify the acceptance and execute a book-entry delivery to the Exchange Agent's account at DTC. DTC will then send a computer-generated message (an "Agent's Message") to the Exchange Agent for its acceptance in which the holder of the Outstanding Notes acknowledges and agrees to be bound by the terms of, and makes the representations and warranties contained in, this Letter of Transmittal, and the DTC participant confirms on behalf of itself and the beneficial owners of such Outstanding Notes all provisions of this Letter of Transmittal (including any representations and warranties) applicable to it and such beneficial owner as fully as if it had completed the information required herein and executed and transmitted this Letter of Transmittal to the Exchange Agent. Each DTC participant transmitting an acceptance of the Exchange Offer through the ATOP procedures will be deemed to have agreed to be bound by the terms of this Letter of Transmittal. Delivery of an Agent's Message by DTC will satisfy the terms of the Exchange Offer as to execution and delivery of a Letter of Transmittal by the participant identified in the Agent's Message. DTC participants may also accept the Exchange Offer by submitting a Notice of Guaranteed Delivery through ATOP.

Box 3
Notice of Guaranteed Delivery
(See Instruction 2 below)

- CHECK HERE IF TENDERED OUTSTANDING NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:**

Name(s) of Registered Holder(s): _____

Window Ticket Number (if any): _____

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Institution which Guaranteed Delivery: _____

IF GUARANTEED DELIVERY IS TO BE MADE BY BOOK-ENTRY TRANSFER:

Name of Tendering Institution: _____

DTC Account Number: _____

Transaction Code Number: _____

Box 4
Return of Non-Exchanged Outstanding Notes
Tendered by Book-Entry Transfer

- CHECK HERE IF OUTSTANDING NOTES TENDERED BY BOOK-ENTRY TRANSFER AND NON-EXCHANGED OUTSTANDING NOTES ARE TO BE RETURNED BY CREDITING THE DTC ACCOUNT NUMBER SET FORTH ABOVE.**
-

Box 5
Participating Broker-Dealer

- CHECK HERE IF YOU ARE A BROKER-DEALER WHO ACQUIRED THE OUTSTANDING NOTES FOR YOUR OWN ACCOUNT AS A RESULT OF MARKET-MAKING OR OTHER TRADING ACTIVITIES (A "PARTICIPATING BROKER-DEALER") AND WISH TO RECEIVE TEN (10) ADDITIONAL COPIES OF THE PROSPECTUS AND OF ANY AMENDMENTS OR SUPPLEMENTS THERETO, AS WELL AS ANY NOTICES FROM THE ISSUER TO SUSPEND AND RESUME USE OF THE PROSPECTUS. PROVIDE THE NAME OF THE INDIVIDUAL WHO SHOULD RECEIVE, ON BEHALF OF THE HOLDER, ADDITIONAL COPIES OF THE PROSPECTUS, AND AMENDMENTS AND SUPPLEMENTS THERETO, AND ANY NOTICES TO SUSPEND AND RESUME USE OF THE PROSPECTUS.**

Name: _____

Address: _____

Telephone No.: _____

Facsimile No.: _____

If the undersigned is not a broker-dealer, the undersigned represents that it is acquiring the Exchange Notes in the ordinary course of its business, it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Exchange Notes. If the undersigned is a broker-dealer that will receive Exchange Notes for its own account in exchange for Outstanding Notes, it represents that the Outstanding Notes to be exchanged for the Exchange Notes were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale or transfer of such Exchange Notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Issuer the aggregate principal amount of the Outstanding Notes indicated above. Subject to, and effective upon, the acceptance for exchange of the Outstanding Notes tendered hereby in accordance with the terms and conditions of the Exchange Offer (including if the Exchange Offer is extended or amended, the terms and conditions of any such extension or amendment), the undersigned hereby exchanges, assigns and transfers to, or upon the order of, the Issuer all right, title and interest in and to such Outstanding Notes as are being tendered hereby.

The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as the true and lawful agent and attorney-in-fact of the undersigned (with full knowledge that the Exchange Agent also acts as agent of the Issuer) with respect to the tendered Outstanding Notes, with full power of substitution and resubstitution (such power of attorney being deemed an irrevocable power coupled with an interest) to (1) deliver certificates representing such Outstanding Notes, or transfer ownership of such Outstanding Notes on the account books maintained by DTC, together, in each such case, with all accompanying evidences of transfer and authenticity to, or upon the order of, the Issuer, (2) present and deliver such Outstanding Notes for transfer on the books of the Issuer and (3) receive all benefits or otherwise exercise all rights and incidents of beneficial ownership of such Outstanding Notes, all in accordance with the terms of the Exchange Offer.

The undersigned hereby represents and warrants that (a) the undersigned has full power and authority to tender, exchange, assign and transfer the Outstanding Notes tendered hereby, (b) when such tendered Outstanding Notes are accepted for exchange, the Issuer will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and (c) the Outstanding Notes tendered for exchange are not subject to any adverse claims or proxies when the same are accepted by the Issuer. The undersigned hereby further represents that any Exchange Notes acquired in exchange for Outstanding Notes tendered hereby will have been acquired in the ordinary course of business of the person receiving such Exchange Notes, whether or not such person is the undersigned, that neither the holder of such Outstanding Notes nor any such other person is engaged in, or intends to engage in, a distribution of such Exchange Notes within the meaning of the Securities Act, or has an arrangement or understanding with any person to participate in the distribution of such Exchange Notes, and that neither the holder of such Outstanding Notes nor any such other person is an "affiliate," as such term is defined in Rule 405 under the Securities Act, of the Issuer or any Guarantor.

The undersigned also acknowledges that this Exchange Offer is being made based on the Issuer's understanding of an interpretation by the staff of the United States Securities and Exchange Commission (the "SEC") as set forth in no-action letters issued to third parties, including *Morgan Stanley & Co., Inc.* (available June 5, 1991), *Exxon Capital Holdings Corporation* (available May 13, 1988), as interpreted in the SEC's letter to *Shearman & Sterling* (available July 2, 1993), or similar no-action letters, that the Exchange Notes issued in exchange for the Outstanding Notes pursuant to the Exchange Offer may be offered for resale, resold and otherwise transferred by each holder thereof (other than a broker-dealer who acquires such Exchange Notes directly from the Issuer for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act or any such holder that is an "affiliate" of the Issuer or any Guarantor within the meaning of Rule 405 under the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such holder's business and such holder is not engaged in, and does not intend to engage in, a distribution of such Exchange Notes and has no arrangement or understanding with any person to participate in the distribution of such Exchange Notes. If a holder of the Outstanding Notes is an

affiliate of the Issuer or any Guarantor, is not acquiring the Exchange Notes in the ordinary course of its business, is engaged in, or intends to engage in, a distribution of the Exchange Notes or has any arrangement or understanding with respect to the distribution of the Exchange Notes to be acquired pursuant to the Exchange Offer, such holder (x) may not rely on the applicable interpretations of the staff of the SEC and (y) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction. If the undersigned is a broker-dealer that will receive the Exchange Notes for its own account in exchange for the Outstanding Notes, it represents that the Outstanding Notes to be exchanged for the Exchange Notes were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale or transfer of such Exchange Notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The undersigned will, upon request, sign and deliver any additional documents deemed by the Issuer or the Exchange Agent to be necessary or desirable to complete the exchange, assignment and transfer of the Outstanding Notes tendered hereby. The undersigned further agrees that acceptance of any and all validly tendered Outstanding Notes by the Issuer and the issuance of Exchange Notes in exchange therefor shall constitute performance in full by the Issuer and the Guarantors of their obligations under the registration rights agreement dated July 6, 2007 among the Issuer, Buck Acquisition Corp., the Guarantors and Wells Fargo Bank, National Association, as Trustee under the Outstanding Notes and that the Issuers and the Guarantors shall have no further obligations or liabilities thereunder except as provided in Section 6 of such agreement. The undersigned will comply with its obligations under the registration rights agreement.

The Exchange Offer is subject to certain conditions as set forth in the Prospectus under the caption "The Exchange Offer—Conditions to the exchange offer." The undersigned recognizes that as a result of these conditions (which may be waived, in whole or in part, by the Issuer), as more particularly set forth in the Prospectus, the Issuer may not be required to exchange any of the Outstanding Notes tendered hereby and, in such event, the Outstanding Notes not exchanged will be returned to the undersigned at the address shown above, promptly following the Expiration Date if any of the conditions set forth under "The Exchange Offer—Conditions to the exchange offer" occur.

All authority conferred or agreed to be conferred in this Letter of Transmittal and every obligation of the undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. Tendered Outstanding Notes may be withdrawn at any time prior to the Expiration Date in accordance with the procedures set forth in the Prospectus.

Unless otherwise indicated herein in the box entitled "Special Registration Instructions" below, please deliver the Exchange Notes (and, if applicable, substitute certificates representing the Outstanding Notes for any Outstanding Notes not exchanged) in the name of the undersigned or, in the case of a book-entry delivery of the Outstanding Notes, please credit the account indicated above maintained at DTC. Similarly, unless otherwise indicated in the box entitled "Special Delivery Instructions" below, please send the Exchange Notes (and, if applicable, substitute certificates representing the Outstanding Notes for any Outstanding Notes not exchanged) to the undersigned at the address shown above in the box entitled "Description of Outstanding Notes Tendered."

THE UNDERSIGNED, BY COMPLETING THE BOX ENTITLED "DESCRIPTION OF OUTSTANDING NOTES TENDERED" ABOVE AND SIGNING THIS LETTER, WILL BE DEEMED TO HAVE TENDERED THE OUTSTANDING NOTES AS SET FORTH IN SUCH BOX.

Box 6
Special Registration Instructions
(See Instructions 1, 5 and 6 below)

To be completed ONLY if Certificates for the Outstanding Notes not exchanged and/or Certificates for the Exchange Notes are to be issued in the name of someone other than the registered holder(s) of the Outstanding Notes whose name(s) appear(s) above.

Issue the Exchange Notes and/or the Outstanding Notes to:

Name(s)*

(Please Type or Print)

Address:

(Include Zip Code)

(Taxpayer Identification or Social Security Number)

Box 7
Special Delivery Instructions
(See instructions 1, 5 and 6 below)

To be completed ONLY if Certificates for the Outstanding Notes not exchanged and/or Certificates for the Exchange Notes are to be sent to someone other than the registered holder(s) of the Outstanding Notes whose name(s) appear(s) above, or to such registered holder(s) at an address other than that shown above.

Deliver the Exchange Notes and/or the Outstanding Notes to:

Name(s)*

(Please Type or Print)

Address:

(Include Zip Code)

(Taxpayer Identification or Social Security Number)

Box 8
PLEASE SIGN HERE
Tendering Holder Signature
In Addition, Complete Substitute Form W-9—See Box 9

Signature of registered holder(s) or
Authorized Signatory(ies):

Date:

Note: The above lines must be signed by the registered holder(s) of the Outstanding Notes as their name(s) appear(s) on the Outstanding Notes or on a security position listing as the owner of the Outstanding Notes or by person(s) authorized to become registered holder(s) by properly completed bond powers or endorsements transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must set forth his or her full title below. See Instruction 5.

Name(s):

(Please Type or Print)

Capacity (full title):

Address:

(Including Zip Code)

Area Code and Telephone Number:

Tax Identification or Social Security Number:

SIGNATURE GUARANTEE
(IF REQUIRED BY INSTRUCTION 5)

Signature(s) Guaranteed by
an Eligible Guarantor Institution:

(Authorized Signature)

(Title)

(Name and Firm)

(Address)

Date:

Area Code and Telephone Number:

Tax Identification or Social Security Number:



Box 9
PAYER'S NAME: Dollar General Corporation

SUBSTITUTE
FORM W-9

Department of the Treasury
Internal Revenue Service

Payer's Request
for Taxpayer
Identification
Number TIN

Part 1— PLEASE PROVIDE YOUR NAME AND TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.

Name

Part 2
Certification —Under penalties of perjury, I certify that:

Social Security Number

OR

Employer Identification Number

- (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me), and
- (2) I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- (3) I am a U.S. person (including a U.S. resident alien).

Part 3—
Awaiting TIN

CERTIFICATE INSTRUCTIONS —You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because of under-reporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out such item (2).

T The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

Sign Here

SIGNATURE _____

DATE _____

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF UP TO 28% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE EXCHANGE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF THE SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office, or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment 28% of all reportable payments made to me will be withheld.

SIGNATURE _____

DATE _____

, 20__

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

Guidelines for Determining the Proper Identification Number for the Payee (You) to Give the Payer.—Social security numbers have nine digits separated by two hyphens: i.e., 000-00-0000. Employee identification numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the payer. All "Section" references are to the Internal Revenue Code of 1986, as amended. "IRS" is the Internal Revenue Service.

For this type of account:	Give the Social Security number of—
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor (2)
4. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)
b. So-called trust that is not a legal or valid trust under state law	The actual owner(1)
5. Sole proprietorship	The owner(3)

For this type of account:	Give the Employer Identification number of—
6. Sole proprietorship	The owner(3)
7. A valid trust, estate, or pension trust	The legal entity(4)
8. Corporate	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization account	The organization
10. Partnership	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

- (1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a social security number, that person's number must be furnished.
- (2) Circle the minor's name and furnish the minor's social security number.
- (3) You must show your individual name, but you may also enter your business or "doing business as" name. You may use either your social security number or your employer identification number (if you have one).
- (4) List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the taxpayer identification number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

Note: *If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.*

**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9**

Obtaining a Number

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Card, at the local Social Security Administration office, or Form SS-4, Application for Employer Identification Number, by calling 1 (800) TAX-FORM, and apply for a number.

Payees Exempt from Backup Withholding

Payees specifically exempted from withholding include:

- An organization exempt from tax under Section 501(a), an individual retirement account (IRA), or a custodial account under Section 403(b)(7), if the account satisfies the requirements of Section 401(f)(2).
- The United States or a state thereof, the District of Columbia, a possession of the United States, or a political subdivision or instrumentality of any one or more of the foregoing.
- An international organization or any agency or instrumentality thereof.
- A foreign government and any political subdivision, agency or instrumentality thereof.

Payees that may be exempt from backup withholding include:

- A corporation.
- A financial institution.
- A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.
- A real estate investment trust.
- A common trust fund operated by a bank under Section 584(a).
- An entity registered at all times during the tax year under the Investment Company Act of 1940.
- A middleman known in the investment community as a nominee or custodian.
- A futures commission merchant registered with the Commodity Futures Trading Commission.
- A foreign central bank of issue.
- A trust exempt from tax under Section 664 or described in Section 4947.

Payments of dividends and patronage dividends generally exempt from backup withholding include:

- Payments to nonresident aliens subject to withholding under Section 1441.
- Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident alien partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.
- Section 404(k) payments made by an ESOP.

Payment of interest generally exempt from backup withholding include:

- Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is \$600 or more and you have not provided your correct taxpayer identification number to the payer.
- Payments of tax-exempt interest (including exempt-interest dividends under Section 852).
- Payments described in Section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenant bonds under Section 1451.
- Payments made by certain foreign organizations.
- Mortgage interest paid to you.

Certain payments, other than payments of interest, dividends, and patronage dividends, that are exempt from information reporting are also exempt from backup withholding. For details, see the regulations under sections 6041, 6041A, 6042, 6044, 6045, 6049, 6050A and 6050N.

Exempt payees described above must file Form W-9 or a substitute Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM, SIGN AND DATE THE FORM, AND RETURN IT TO THE PAYER.

Privacy Act Notice. —Section 6109 requires you to provide your correct taxpayer identification number to payers, who must report the payments to the IRS. The IRS uses the number for identification purposes and may also provide this information to various government agencies for tax enforcement or litigation purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold up to 28% of taxable interest, dividends, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

Penalties

- (1) **Failure to Furnish Taxpayer Identification Number.** —If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.
- (2) **Civil Penalty for False Information With Respect to Withholding.** —If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.
- (3) **Criminal Penalty for Falsifying Information.** —Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**FOR ADDITIONAL INFORMATION
CONTACT YOUR TAX CONSULTANT OR
THE INTERNAL REVENUE SERVICE**

INSTRUCTIONS TO LETTER OF TRANSMITTAL FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

General

Please do not send Certificates for Outstanding Notes directly to the Issuer. Your Certificates for Outstanding Notes, together with your signed and completed Letter of Transmittal and any required supporting documents, should be mailed or otherwise delivered to the Exchange Agent at the address set forth on the first page hereof. The method of delivery of Certificates, this Letter of Transmittal and all other required documents is at your sole option and risk and the delivery will be deemed made only when actually received by the Exchange Agent. If delivery is by mail, registered mail with return receipt requested, properly insured, or overnight or hand delivery service is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

1. Delivery of this Letter of Transmittal and Certificates.

This Letter of Transmittal is to be completed by holders of Outstanding Notes (which term, for purposes of the Exchange Offer, includes any participant in DTC whose name appears on a security position listing as the holder of such Outstanding Notes) if either (a) Certificates for such Outstanding Notes are to be forwarded herewith or (b) tenders are to be made pursuant to the procedures for tender by book-entry transfer set forth in "The Exchange Offer—Book-entry delivery procedures" in the Prospectus and an Agent's Message (as defined below) is *not* delivered. The term "Agent's Message" means a message, transmitted by DTC to, and received by, the Exchange Agent and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the tendering participant, which acknowledgment states that such participant has received and agrees to be bound by, and makes the representations and warranties contained in, this Letter of Transmittal and that the Issuer may enforce this Letter of Transmittal against such participant. Certificates representing the tendered Outstanding Notes, or timely confirmation of a book-entry transfer of such Outstanding Notes into the Exchange Agent's account at DTC, as well as a properly completed and duly executed copy of this Letter of Transmittal, or a facsimile hereof (or, in the case of a book-entry transfer, an Agent's Message), a substitute Form W-9 and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at its address set forth herein on or prior to the Expiration Date, or the tendering holder must comply with the guaranteed delivery procedures set forth below.

2. Guaranteed Delivery Procedures.

Holders who wish to tender their Outstanding Notes and (i) whose Outstanding Notes are not immediately available or (ii) who cannot deliver their Outstanding Notes, this Letter of Transmittal and all other required documents to the Exchange Agent on or prior to the Expiration Date or (iii) who cannot complete the procedures for delivery by book-entry transfer on a timely basis, may effect a tender by properly completing and duly executing a Notice of Guaranteed Delivery pursuant to the guaranteed delivery procedures set forth in "The Exchange Offer—Guaranteed delivery procedures" in the Prospectus and by completing Box 3. Pursuant to these procedures, holders may tender their Outstanding Notes if: (i) the tender is made by or through an Eligible Guarantor Institution (as defined below); (ii) a properly completed and signed Notice of Guaranteed Delivery in the form provided with this Letter of Transmittal is delivered to the Exchange Agent on or before the Expiration Date (by facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Outstanding Notes, the registered number(s) of such Outstanding Notes and the amount of Outstanding Notes tendered, stating that the tender is being made thereby; and (iii) the Certificates or a confirmation of book-entry transfer and a properly completed and signed Letter of Transmittal is delivered to the Exchange Agent within three New York Stock Exchange trading days after the Expiration Date. The Notice of Guaranteed Delivery may be delivered by hand, facsimile or mail to the

Exchange Agent, and a guarantee by an Eligible Guarantor Institution must be included in the form described in the notice.

Any holder who wishes to tender Outstanding Notes pursuant to the guaranteed delivery procedures described above must ensure that the Exchange Agent receives the Notice of Guaranteed Delivery relating to such Outstanding Notes prior to the Expiration Date. Failure to complete the guaranteed delivery procedures outlined above will not, of itself, affect the validity or effect a revocation of any Letter of Transmittal form properly completed and executed by a holder who attempted to use the guaranteed delivery procedures.

The Issuer will not accept any alternative, conditional or contingent tenders. Each tendering holder of Outstanding Notes, by execution of a Letter of Transmittal (or facsimile thereof), waives any right to receive any notice of the acceptance of such tender.

Guarantee of Signatures

No signature guarantee on this Letter of Transmittal is required if:

- (i) this Letter of Transmittal is signed by the registered holder(s) (which term, for purposes of this document, shall include any participant in DTC whose name appears on a security position listing as the owner of the Outstanding Notes) of Outstanding Notes tendered herewith, unless such holder(s) has (have) completed either the box entitled "Special Registration Instructions" (Box 6) or "Special Delivery Instructions" (Box 7) above; or
- (ii) such Outstanding Notes are tendered for the account of a firm that is an Eligible Guarantor Institution.

In all other cases, an Eligible Guarantor Institution must guarantee the signature(s) in Box 8 on this Letter of Transmittal. See Instruction 5.

Inadequate Space

If the space provided in the box captioned "Description of Outstanding Notes Tendered" (Box 1) is inadequate, the Certificate or registration number(s) and/or the principal amount of Outstanding Notes and any other required information should be listed on a separate, signed schedule and attached to this Letter of Transmittal.

3. Beneficial Owner Instructions.

Only a holder of Outstanding Notes (i.e., a person in whose name Outstanding Notes are registered on the books of the registrar or, with respect to interests in the Outstanding Notes held by DTC, a DTC participant listed in an official DTC proxy), or the legal representative or attorney-in-fact of a holder, may execute and deliver this Letter of Transmittal. Any beneficial owner of Outstanding Notes who wishes to accept the Exchange Offer must arrange promptly for the appropriate holder to execute and deliver this Letter of Transmittal on his or her behalf through the execution and delivery to the appropriate holder of the "Instructions to Registered Holder and/or DTC Participant from Beneficial Owner of Senior Notes due 2015 or Senior Subordinated Toggle Notes due 2017" form accompanying this Letter of Transmittal.

4. Partial Tenders; Withdrawals.

If less than the entire principal amount of Outstanding Notes evidenced by a submitted Certificate is tendered, the tendering holder(s) should fill in the aggregate principal amount tendered in the column entitled "Aggregate Principal Amount of Outstanding Notes Being Tendered" in Box 1 above. A newly issued Certificate for the principal amount of Outstanding Notes submitted but not tendered

will be sent to such holder as soon as practicable after the Expiration Date, unless otherwise provided in the appropriate box on this Letter of Transmittal. All Outstanding Notes delivered to the Exchange Agent will be deemed to have been tendered in full unless otherwise indicated.

Outstanding Notes tendered pursuant to the Exchange Offer may be withdrawn at any time prior to the Expiration Date, after which tenders of Outstanding Notes are irrevocable. To be effective, a written, telegraphic or facsimile transmission notice of withdrawal must be timely received by the Exchange Agent at the address set forth on the first page hereof. Any such notice of withdrawal must (i) specify the name of the person having deposited the Outstanding Notes to be withdrawn (the "Depositor"), (ii) identify the Outstanding Notes to be withdrawn (including the registration number(s) and principal amount of such Outstanding Notes, or, in the case of Outstanding Notes transferred by book-entry transfer, the name and number of the account at DTC to be credited), (iii) be signed by the holder in the same manner as the original signature on this Letter of Transmittal (including any required signature guarantees) or be accompanied by documents of transfer sufficient to have the Trustee with respect to the Outstanding Notes register the transfer of such Outstanding Notes in the name of the person withdrawing the tender, (iv) specify the name in which any such Outstanding Notes are to be registered, if different from that of the Depositor and (v) include a statement that the Depositor is withdrawing its election to have such Outstanding Notes exchanged. All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Issuer, whose determination shall be final and binding on all parties. Any Outstanding Notes so withdrawn will be deemed not to have been validly tendered for purposes of the Exchange Offer and no Exchange Notes will be issued with respect thereto unless the Outstanding Notes so withdrawn are validly re-tendered. Any Outstanding Notes which have been tendered but which are not accepted for exchange for any reason will be returned to the holder thereof without cost to such holder (or, in the case of Outstanding Notes tendered by book-entry transfer into the Exchange Agent's account at the book entry transfer facility pursuant to the book-entry transfer procedures described above, such Outstanding Notes will be credited to an account with such book-entry transfer facility specified by the holder) as soon as practicable after withdrawal, rejection of tender or termination of the Exchange Offer. Properly withdrawn Outstanding Notes may be retendered by following one of the procedures described under the caption "The Exchange Offer—Procedures for tendering outstanding notes" in the Prospectus at any time prior to the Expiration Date.

Neither the Issuer, the Guarantors, any affiliates or assigns of the Issuer, the Exchange Agent nor any other person will be under any duty to give any notification of any irregularities in any notice of withdrawal or incur any liability for failure to give such notification (even if such notice is given to other persons).

5. Signature on Letter of Transmittal; Written Instruments and Endorsements; Guarantee of Signatures.

If this Letter of Transmittal is signed by the registered holder(s) of the Outstanding Notes tendered hereby, the signature must correspond exactly with the name(s) as written on the face of the Certificates without alteration, addition, enlargement or any change whatsoever. If this Letter of Transmittal is signed by a participant in DTC, the signature must correspond with the name as it appears on the security position listing as the owner of the Outstanding Notes.

If any of the Outstanding Notes tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If a number of Outstanding Notes registered in different names are tendered, it will be necessary to complete, sign and submit as many separate copies of this Letter of Transmittal (or facsimiles thereof) as there are different registrations of Outstanding Notes.

If this Letter of Transmittal is signed by the registered holder(s) of Outstanding Notes (which term, for the purposes described herein, shall include a participant in DTC whose name appears on a security position listing as the owner of the Outstanding Notes) listed and tendered hereby, no endorsements of the tendered Outstanding Notes or separate written instruments of transfer or exchange are required. In any other case, the registered holder(s) (or acting holder(s)) must either properly endorse the Outstanding Notes or transmit properly completed bond powers with this Letter of Transmittal (in either case, executed exactly as the name(s) of the registered holder(s) appear(s) on the Outstanding Notes, and, with respect to a participant in DTC whose name appears on such security position listing), with the signature on the Outstanding Notes or bond power guaranteed by an Eligible Guarantor Institution (except where the Outstanding Notes are tendered for the account of an Eligible Guarantor Institution).

If this Letter of Transmittal, any Certificates, bond powers or separate written instruments of transfer or exchange are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Issuer, must submit proper evidence satisfactory to the Issuer, in its sole discretion, of such persons' authority to so act.

Endorsements on certificates for the Outstanding Notes or signatures on bond powers required by this Instruction 5 must be guaranteed by a firm that is a member of the Security Transfer Agent Medallion Signature Program or by any other "Eligible Guarantor Institution" within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended.

Signatures on this Letter of Transmittal need not be guaranteed by an Eligible Guarantor Institution, provided the Outstanding Notes are tendered: (i) by a registered holder of the Outstanding Notes (which term, for purposes of the Exchange Offer, includes any participant in the DTC system whose name appears on a security position listing as the owner of such Outstanding Notes) tendered who has not completed Box 6 entitled "Special Registration Instructions" or Box 7 entitled "Special Delivery Instructions" on this Letter of Transmittal or (ii) for the account of an Eligible Guarantor Institution.

6. Special Registration and Delivery Instructions.

Tendering holders should indicate, in the applicable Box 6 or Box 7, the name and address in/to which the Exchange Notes and/or substitute certificates evidencing Outstanding Notes for principal amounts not tendered or not accepted for exchange are to be issued or sent, if different from the name(s) and address(es) of the person signing this Letter of Transmittal. In the case of issuance in a different name, the employer identification number or social security number of the person named must also be indicated and the tendering holder should complete the applicable box. A holder tendering the Outstanding Notes by book-entry transfer may request that the Outstanding Notes not exchanged be credited to such account maintained at DTC as such holder may designate hereof (See Box 4).

If no instructions are given, the Exchange Notes (and any Outstanding Notes not tendered or not accepted) will be issued in the name of and sent to the holder signing this Letter of Transmittal or deposited into such holder's account at DTC.

7. Transfer Taxes.

The Issuer will pay all transfer taxes, if any, applicable to the transfer and exchange of Outstanding Notes to it or its order pursuant to the Exchange Offer. If, however, a transfer tax is imposed because Exchange Notes are delivered or issued in the name of a person other than the registered holder or if a transfer tax is imposed for any other reason other than the transfer and exchange of Outstanding Notes to the Issuer or its order pursuant to the Exchange Offer, the amount of any such transfer taxes

(whether imposed on the registered holder or any other person) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted herewith, the amount of such transfer taxes will be billed to the tendering holder by the Exchange Agent.

Except as provided in this Instruction 7, it will not be necessary for transfer tax stamps to be affixed to the Outstanding Notes listed in the Letter of Transmittal.

8. Waiver of Conditions.

The Issuer reserve the right to waive, in whole or in part, any of the conditions to the Exchange Offer set forth in the Prospectus.

9. Mutilated, Lost, Stolen or Destroyed Outstanding Notes.

Any holder whose Outstanding Notes have been mutilated, lost, stolen or destroyed should promptly contact the Exchange Agent at the address set forth on the first page hereof for further instructions. The holder will then be instructed as to the steps that must be taken in order to replace the Certificate(s). This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost, destroyed or stolen Certificate(s) have been completed.

10. Questions and Request for Assistance or Additional Copies.

Questions relating to the procedure for tendering as well as requests for additional copies of the Prospectus and this Letter of Transmittal, may be directed to the Exchange Agent at the address and telephone number set forth on the first page hereof.

11. Validity and Form; No Conditional Tenders; No Notice of Irregularities.

All questions as to the validity, form, eligibility (including time of receipt), acceptance of tendered Outstanding Notes and withdrawal of tendered Outstanding Notes will be determined by the Issuer in their sole discretion, which determination will be final and binding. No alternative, conditional, irregular or contingent tenders will be accepted. All tendering holders, by execution of this Letter of Transmittal, shall waive any right to receive notice of the acceptance of their Outstanding Notes for exchange. The Issuer also reserves the right, in its reasonable judgment, to waive any defects, irregularities or conditions of tender as to particular Outstanding Notes. The Issuer's interpretation of the terms and conditions of the Exchange Offer (including the instructions in this Letter of Transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Outstanding Notes must be cured within such time as the Issuer shall determine. Although the Issuer intends to notify holders of defects or irregularities with respect to tenders of Outstanding Notes, neither the Issuer, the Exchange Agent nor any other person is under any obligation to give such notice nor shall they incur any liability for failure to give such notification. Tenders of Outstanding Notes will not be deemed to have been made until such defects or irregularities have been cured or waived. Any Outstanding Notes received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the Exchange Agent to the tendering holder as soon as practicable following the Expiration Date.

IMPORTANT TAX INFORMATION

Under U.S. federal income tax law, a holder tendering Outstanding Notes whose Outstanding Notes are accepted for exchange may be subject to backup withholding unless the holder provides either (i) such holder's correct taxpayer identification ("TIN") on the Substitute Form W-9 above, certifying (A) that the TIN provided on Substitute Form W-9 is correct (or that such holder of Outstanding Notes is awaiting a TIN), (B) that the holder of Outstanding Notes is not subject to backup withholding because (x) such holder of Outstanding Notes is exempt from backup withholding, (y) such holder of Outstanding Notes has not been notified by the Internal Revenue Service that he or she is subject to backup withholding as a result of a failure to report all interest or dividends or (z) the Internal Revenue Service has notified the holder of Outstanding Notes that he or she is no longer subject to backup withholding and (C) that the holder of Outstanding Notes is a U.S. person (including a U.S. resident alien); or (ii) an adequate basis for exemption from backup withholding. If such holder is an individual, the TIN is his or her social security number. If the Exchange Agent is not provided with the correct TIN, the holder may be subject to certain penalties imposed by the Internal Revenue Service and any payments that are made to such holder may be subject to backup withholding (see below).

Certain holders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. However, exempt holders of Outstanding Notes should indicate their exempt status on Substitute Form W-9. For example, a corporation should complete the Substitute Form W-9, providing its TIN and indicating that it is exempt from backup withholding. In order for a foreign individual to qualify as an exempt recipient, that holder must submit a statement, signed under penalty of perjury, attesting to that individual's exempt status (Form W-8BEN). Forms for such statements can be obtained from the Exchange Agent. Holders are urged to consult their own tax advisors to determine whether they are exempt from these backup withholding and reporting requirements.

If backup withholding applies, the Exchange Agent is required to withhold 28% of any payments to be made to the holder or other payee. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service provided the required information is furnished. The Exchange Agent cannot refund amounts withheld by reason of backup withholding.

The holder of Outstanding Notes is required to give the Exchange Agent the TIN (e.g., social security number or employer identification number) of the record owner of the Outstanding Notes. If the Outstanding Notes are in more than one name or are not in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which number to report.

IMPORTANT: THIS LETTER OF TRANSMITTAL OR A FACSIMILE THEREOF (TOGETHER WITH OUTSTANDING NOTES OR CONFIRMATION OF BOOK-ENTRY TRANSFER AND ALL OTHER REQUIRED DOCUMENTS) OR A NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO THE EXPIRATION DATE.

QuickLinks

SEE INSTRUCTION 1. DELIVERY OF DOCUMENTS TO DTC DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT. BENEFICIAL OWNERS OF OUTSTANDING NOTES SEE INSTRUCTION 10 (QUESTIONS AND REQUEST FOR ASSISTANCE OR ADDITIONAL COPIES).

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

[GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9](#)

[GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9](#)

[INSTRUCTIONS TO LETTER OF TRANSMITTAL FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER](#)

[IMPORTANT TAX INFORMATION](#)

Dollar General Corporation

OFFER TO EXCHANGE

All Outstanding 10.625% Senior Notes due 2015 (\$1,175,000,000 principal amount outstanding) and All Outstanding 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 (\$725,000,000 principal amount outstanding) for 10.625% Senior Notes due 2015 and 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 which have been registered under the Securities Act of 1933

, 2008

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

As described in the enclosed Prospectus, dated _____, 2008 (as the same may be amended or supplemented from time to time, the "Prospectus"), and Letter of Transmittal (the "Letter of Transmittal"), Dollar General Corporation (the "Issuer") and certain domestic subsidiaries of the Issuer (the "Guarantors," and each a "Guarantor") are offering to exchange (the "Exchange Offer") all outstanding 10.625% Senior Notes due 2015 (\$1,175,000,000 principal amount outstanding) issued by Dollar General Corporation and all outstanding 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 (\$725,000,000 principal amount outstanding) issued by Dollar General Corporation, each guaranteed by the Guarantors, that have been registered under the Securities Act of 1933, as amended (the "Securities Act") (collectively, the "Exchange Notes") for an equal principal amount of 10.625% Senior Notes due 2015 issued by Dollar General Corporation and 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 issued by Dollar General Corporation, each guaranteed by the Guarantors, that were originally sold pursuant to a private offering (collectively, the "Outstanding Notes"), upon the terms and subject to the conditions of the enclosed Prospectus and the enclosed Letter of Transmittal. The terms of the Exchange Notes are identical in all material respects (including principal amount, interest rate and maturity) to the terms of the Outstanding Notes for which they may be exchanged pursuant to the Exchange Offer, except that the Exchange Notes are freely transferable by holders thereof. The Outstanding Notes are unconditionally guaranteed (the "Old Guarantees") by the Guarantors, and the Exchange Notes will be unconditionally guaranteed (the "New Guarantees") by the Guarantors. Upon the terms and subject to the conditions set forth in the Prospectus and the Letter of Transmittal, the Guarantors offer to issue the New Guarantees with respect to all Exchange Notes issued in the Exchange Offer in exchange for the Old Guarantees of the Outstanding Notes for which such Exchange Notes are issued in the Exchange Offer. Throughout this Letter of Transmittal, unless the context otherwise requires and whether so expressed or not, references to the "Exchange Offer" include the Guarantors' offer to exchange the New Guarantees for the Old Guarantees, references to the "Exchange Notes" include the related New Guarantees and references to the "Outstanding Notes" include the related Old Guarantees. The Issuer will accept for exchange any and all Outstanding Notes properly tendered according to the terms of the Prospectus and the Letter of Transmittal. Consummation of the Exchange Offer is subject to certain conditions described in the Prospectus.

WE URGE YOU TO PROMPTLY CONTACT YOUR CLIENTS FOR WHOM YOU HOLD OUTSTANDING NOTES REGISTERED IN YOUR NAME OR IN THE NAME OF YOUR NOMINEE OR WHO HOLD OUTSTANDING NOTES REGISTERED IN THEIR OWN NAMES. PLEASE NOTE THAT THE EXCHANGE OFFER WILL EXPIRE AT 5:00 PM, NEW YORK CITY TIME, ON _____, 2008 UNLESS THE ISSUER EXTENDS THE EXCHANGE OFFER (THE "EXPIRATION DATE").

The Issuer will not pay any fees or commissions to you for soliciting tenders of Outstanding Notes pursuant to the Exchange Offer. The Issuer will pay all transfer taxes, if any, applicable to the tender of Outstanding Notes to it or its order, except as otherwise provided in the Prospectus and the Letter of Transmittal.

Enclosed are copies of the following documents:

1. A form of letter which you may send, as a cover letter to accompany the Prospectus and related materials, to your clients for whose accounts you hold Outstanding Notes registered in your name or the name of your nominee, with space provided for obtaining the client's instructions regarding the Exchange Offer.
2. The Prospectus.
3. The Letter of Transmittal for your use in connection with the tender of Outstanding Notes and for the information of your clients, including a Substitute Form W-9 and Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 (providing information relating to U.S. federal income tax backup withholding).
4. A form of Notice of Guaranteed Delivery.

Your prompt action is requested. Tendered Outstanding Notes may be withdrawn, subject to the procedures described in the Prospectus, at any time prior to 5:00 p.m., New York City time, on the Expiration Date.

To participate in the Exchange Offer, certificates for Outstanding Notes, together with a duly executed and properly completed Letter of Transmittal or facsimile thereof, or a timely confirmation of a book-entry transfer of such Outstanding Notes into the account of Wells Fargo Bank, National Association (the "Exchange Agent"), at the Depository Trust Company, with any required signature guarantees, and any other required documents, must be received by the Exchange Agent by the Expiration Date as indicated in the Prospectus and the Letter of Transmittal.

If holders of the Outstanding Notes wish to tender, but it is impracticable for them to forward their Outstanding Notes prior to the Expiration Date or to comply with the book-entry transfer procedures on a timely basis, a tender may be effected by following the guaranteed delivery procedures described in the Prospectus and in the Letter of Transmittal.

Additional copies of the enclosed material may be obtained from the Exchange Agent at its address or telephone number set forth on the first page of the Letter of Transmittal.

Very truly yours,

Dollar General Corporation

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY PERSON AS AN AGENT OF THE ISSUER OR THE EXCHANGE AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF EITHER OF THEM IN CONNECTION WITH THE EXCHANGE OFFER, OTHER THAN THE DOCUMENTS ENCLOSED HERewith AND THE STATEMENTS EXPRESSLY CONTAINED THEREIN.

QuickLinks

[Exhibit 99.2](#)

Dollar General Corporation

OFFER TO EXCHANGE

All Outstanding 10.625% Senior Notes due 2015 (\$1,175,000,000 principal amount outstanding) and All Outstanding 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 (\$725,000,000 principal amount outstanding) for 10.625% Senior Notes due 2015 and 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 which have been registered under the Securities Act of 1933

, 2008

To Our Clients:

Enclosed for your consideration is a Prospectus, dated _____, 2008 (as the same may be amended or supplemented from time to time, the "Prospectus"), and a Letter of Transmittal (the "Letter of Transmittal"), relating to the offer by Dollar General Corporation (the "Issuer") and certain domestic subsidiaries of the Issuer (the "Guarantors") to exchange (the "Exchange Offer") all outstanding 10.625% Senior Notes due 2015 (\$1,175,000,000 principal amount outstanding) issued by Dollar General Corporation and all outstanding 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 (\$725,000,000 principal amount outstanding) issued by Dollar General Corporation, each guaranteed by the Guarantors, that have been registered under the Securities Act of 1933, as amended (the "Securities Act") (collectively, the "Exchange Notes") for an equal principal amount of 10.625% Senior Notes due 2015 issued by Dollar General Corporation and 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 issued by Dollar General Corporation, each guaranteed by the Guarantors, that were originally sold pursuant to a private offering (collectively, the "Outstanding Notes"), upon the terms and subject to the conditions of the enclosed Prospectus and the enclosed Letter of Transmittal. The terms of the Exchange Notes are identical in all material respects (including principal amount, interest rate and maturity) to the terms of the Outstanding Notes for which they may be exchanged pursuant to the Exchange Offer, except that the Exchange Notes are freely transferable by holders thereof. The Outstanding Notes are unconditionally guaranteed (the "Old Guarantees") by the Guarantors, and the Exchange Notes will be unconditionally guaranteed (the "New Guarantees") by the Guarantors. Upon the terms and subject to the conditions set forth in the Prospectus and the Letter of Transmittal, the Guarantors offer to issue the New Guarantees with respect to all Exchange Notes issued in the Exchange Offer in exchange for the Old Guarantees of the Outstanding Notes for which such Exchange Notes are issued in the Exchange Offer. Throughout this Letter of Transmittal, unless the context otherwise requires and whether so expressed or not, references to the "Exchange Offer" include the Guarantors' offer to exchange the New Guarantees for the Old Guarantees, references to the "Exchange Notes" include the related New Guarantees and references to the "Outstanding Notes" include the related Old Guarantees. The Issuer will accept for exchange any and all Outstanding Notes properly tendered according to the terms of the Prospectus and the Letter of Transmittal. Consummation of the Exchange Offer is subject to certain conditions described in the Prospectus.

This material is being forwarded to you as the beneficial owner of Outstanding Notes held by us for your account but not registered in your name. A tender of such Outstanding Notes may only be made by us as the registered holder and pursuant to your instructions. Therefore, the Issuer urges beneficial owners of Outstanding Notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee to contact such registered holder promptly if such beneficial owners wish to tender Outstanding Notes in the Exchange Offer.

Accordingly, we request instructions as to whether you wish to tender any or all such Outstanding Notes held by us for your account, pursuant to the terms and conditions set forth in the enclosed Prospectus and Letter of Transmittal. If you wish to have us do so, please so instruct us by completing,

signing and returning to us the instruction form that appears below. We urge you to read the Prospectus and the Letter of Transmittal carefully before instructing us as to whether or not to tender your Outstanding Notes.

Your instructions to us should be forwarded as promptly as possible in order to permit us to tender Outstanding Notes on your behalf in accordance with the provisions of the Exchange Offer. The Exchange Offer will expire at 5:00 pm, New York City Time, on _____, 2008 unless the Exchange Offer is extended by the Issuer. The time the Exchange Offer expires is referred to as the "Expiration Date." Tenders of Outstanding Notes may be withdrawn at any time prior to the Expiration Date.

IF YOU WISH TO HAVE US TENDER ANY OR ALL OF YOUR OUTSTANDING NOTES, PLEASE SO INSTRUCT US BY COMPLETING, SIGNING AND RETURNING TO US THE INSTRUCTION FORM BELOW.

The accompanying Letter of Transmittal is furnished to you for your information only and may not be used by you to tender Outstanding Notes held by us and registered in our name for your account or benefit.

If we do not receive written instructions in accordance with the below and the procedures presented in the Prospectus and the Letter of Transmittal, we will not tender any of the Outstanding Notes in your account.

Please carefully review the enclosed material as you consider the Exchange Offer.

INSTRUCTIONS

General: If you are the beneficial owner of Senior Notes due 2015 or Senior Subordinated Toggle Notes due 2017 please read and follow the instructions under the heading "Instructions to Registered Holder and/or DTC Participant from Beneficial Owner of Senior Subordinated Notes due 2015" below.

Instructions to Registered Holder and/or DTC Participant from Beneficial Owner of Senior Notes due 2015 or Senior Subordinated Toggle Notes due 2017

The undersigned beneficial owner acknowledge(s) receipt of your letter and the accompanying Prospectus dated _____, 2008 (as the same may be amended or supplemented from time to time, the "Prospectus"), and a Letter of Transmittal (the "Letter of Transmittal"), relating to the offer by Dollar General Corporation (the "Issuer") and certain domestic subsidiaries of the Issuer (the "Guarantors") to exchange (the "Exchange Offer") all outstanding 10.625% Senior Notes due 2015 (\$1,175,000,000 principal amount outstanding) issued by Dollar General Corporation and all outstanding 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 (\$725,000,000 principal amount outstanding) issued by Dollar General Corporation, each guaranteed by the Guarantors, that have been registered under the Securities Act of 1933, as amended (the "Securities Act") (collectively, the "Exchange Notes") for an equal principal amount of 10.625% Senior Notes due 2015 issued by Dollar General Corporation and 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 issued by Dollar General Corporation, each guaranteed by the Guarantors, that were originally sold pursuant to a private offering (collectively, the "Outstanding Notes"), upon the terms and subject to the conditions set forth in the Prospectus and the Letter of Transmittal. Capitalized terms used but not defined herein have the meanings ascribed to them in the Prospectus.

This will instruct you, the registered holder, as to the action to be taken by you relating to the Exchange Offer with respect to the Outstanding Notes held by you for the account of the undersigned.

Principal Amount of Outstanding Notes Held For Account Holder(s)	Principal Amount of Outstanding Notes To be Tendered*

* Unless otherwise indicated, the entire principal amount of Outstanding Notes held for the account of the undersigned will be tendered.

If the undersigned instructs you to tender the Outstanding Notes held by you for the account of the undersigned, it is understood that you are authorized (a) to make, on behalf of the undersigned (and the undersigned, by its signature below, hereby makes to you), the representations and warranties contained in the Letter of Transmittal that are to be made with respect to the undersigned as a beneficial owner of the Outstanding Notes, including but not limited to the representations that the undersigned (i) is not an affiliate, as defined in Rule 405 under the Securities Act, of the Issuer or the Guarantors, (ii) is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of Exchange Notes, (iii) is acquiring the Exchange Notes in the ordinary course of its business, (iv) is not a broker-dealer tendering Outstanding Notes acquired for its own account directly from the Issuer. If a holder of the Outstanding Notes is an affiliate of the Issuer or the Guarantors, is not acquiring the Exchange Notes in the ordinary course of its business, is engaged in or intends to engage in a distribution of the Exchange Notes or has any arrangement or understanding with respect to the distribution of the Exchange Notes to be acquired

pursuant to the Exchange Offer, such holder may not rely on the applicable interpretations of the staff of the Securities and Exchange Commission relating to exemptions from the registration and prospectus delivery requirements of the Securities Act and must comply with such requirements in connection with any secondary resale transaction.

SIGN HERE

Dated: _____

Signature(s): _____

Print Name(s): _____

Address: _____

(Please include Zip Code)

Telephone Number: _____

(Please include Area Code)

Taxpayer Identification Number or Social Security Number: _____

My Account Number With You: _____

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INSTRUCTIONS

Instructions to Registered Holder and/or DTC Participant from Beneficial Owner of Senior Notes due 2015 or Senior Subordinated Toggle Notes due 2017

SIGN HERE

NOTICE OF GUARANTEED DELIVERY

Dollar General Corporation

All Outstanding 10.625% Senior Notes due 2015 (\$1,175,000,000 principal amount outstanding) and All Outstanding 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 (\$725,000,000 principal amount outstanding) for 10.625% Senior Notes due 2015 and 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 which have been registered under the Securities Act of 1933

This form, or one substantially equivalent hereto, must be used to accept the Exchange Offer made by Dollar General Corporation (the "Issuer") and certain subsidiaries of the Issuer (the Guarantors"), pursuant to the Prospectus, dated _____, 2008 (as amended or supplemented from time to time, the "Prospectus"), and the enclosed Letter of Transmittal (the "Letter of Transmittal") if the certificates for the Outstanding Notes are not immediately available or if the procedure for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach the Exchange Agent prior to 5:00 pm, New York City time, on the Expiration Date of the Exchange Offer. Such form may be delivered or transmitted by facsimile transmission, mail or hand delivery to Wells Fargo Bank, National Association (the "Exchange Agent") as set forth below. Capitalized terms not defined herein have the meanings ascribed to them in the Letter of Transmittal.

Delivery to: Wells Fargo Bank, National Association, Exchange Agent

By Registered Mail, Certified Mail, Overnight Courier of Hand Delivery:

Wells Fargo Bank,
National Association
Corporate Trust Department
707 Wilshire Blvd, 17th Floor
Los Angeles, California 90017
Attention: Madeliena Hall

By Facsimile Transmission:

(213) 614-3355

To Confirm by Telephone:

(213) 614-2588

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION VIA FACSIMILE TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

Please read the accompanying instructions carefully.

Ladies and Gentlemen:

Upon the terms and subject to the conditions set forth in the Prospectus and the accompanying Letter of Transmittal, the undersigned hereby tenders to the Issuer the principal amount of the Outstanding Notes set forth below, pursuant to the guaranteed delivery procedures described in "The Exchange Offer—Guaranteed delivery procedures" section of the Prospectus.

Principal Amount of the Outstanding Notes Tendered: _____

Certificate Nos. (If Available): _____

(Signature(s) of Record Holder(s))

(Please Type or Print Names) of Record Holder(s))

Dated: _____

Address: _____

(Zip Code)

(Daytime Area Code and Telephone No.)

Check this Box if the Outstanding Notes will be delivered by book-entry transfer to The Depository Trust Company.

Account Number: _____

THE ACCOMPANYING GUARANTEE MUST BE COMPLETED.

**GUARANTEE OF DELIVERY
(NOT TO BE USED FOR SIGNATURE GUARANTEE)**

The undersigned, a participant in the Security Transfer Agents Medallion Program or an "Eligible Guarantor Institution," as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), hereby guarantees to deliver to the Exchange Agent, at its address set forth in the Notice of Guaranteed Delivery, the certificates representing all tendered Outstanding Notes, in proper form for transfer, or a book-entry confirmation (a confirmation of a book-entry transfer of the Outstanding Notes into the Exchange Agent's account at The Depository Trust Company), together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees, and any other documents required by the Letter of Transmittal within three (3) New York Stock Exchange trading days after the Expiration Date.

Name of Firm: _____

(Authorized Signature)

Address: _____

(Zip Code)

Area Code and Tel. No.: _____

Name: _____

(Please Type or Print)

Title: _____

Dated: _____

NOTE: DO NOT SEND CERTIFICATES FOR OUTSTANDING NOTES WITH THIS NOTICE OF GUARANTEED DELIVERY. ACTUAL SURRENDER OF CERTIFICATES FOR OUTSTANDING NOTES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

INSTRUCTIONS FOR NOTICE OF GUARANTEED DELIVERY

1. **Delivery of this Notice of Guaranteed Delivery.** A properly completed and duly executed copy of this Notice of Guaranteed Delivery and any other documents required by this Notice of Guaranteed Delivery must be received by the Exchange Agent at its address set forth on the cover page hereof prior to the Expiration Date of the Exchange Offer. The method of delivery of this Notice of Guaranteed Delivery and any other required documents to the Exchange Agent is at the election and risk of holders and the delivery will be deemed made only when actually received by the Exchange Agent. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. Instead of delivery by mail, it is recommended that holders use an overnight or hand delivery service. In all cases sufficient time should be allowed to assure timely delivery. For a description of the guaranteed delivery procedure, see Instruction 2 of the Letter of Transmittal. No Notice of Guaranteed Delivery should be sent to the Issuer.

2. **Signatures on this Notice of Guaranteed Delivery.** If this Notice of Guaranteed Delivery is signed by the registered holder(s) of the Outstanding Notes referred to herein, the signatures must correspond with the name(s) written on the face of the Outstanding Notes without alteration, addition, enlargement, or any change whatsoever.

If this Notice of Guaranteed Delivery is signed by a person other than the registered holder(s) of any Outstanding Notes listed, this Notice of Guaranteed Delivery must be accompanied by appropriate bond powers, signed as the name of the registered holder(s) appear(s) on the Outstanding Notes without alteration, addition, enlargement, or any change whatsoever. If this Notice of Guaranteed Delivery is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, such person should so indicate when signing and, unless waived by the Issuer, evidence satisfactory to the Issuer of their authority so to act must be submitted with this Notice of Guaranteed Delivery.

3. **Questions and Requests for Assistance or Additional Copies.** Questions and requests for assistance and requests for additional copies of the Prospectus may be directed to the Exchange Agent at the address set forth on the cover hereof. Holders may also contact their broker, dealer, commercial bank, trust company, or other nominee for assistance concerning the Exchange Offer.

QuickLinks

Delivery to: Wells Fargo Bank, National Association, Exchange Agent
THE ACCOMPANYING GUARANTEE MUST BE COMPLETED.
GUARANTEE OF DELIVERY (NOT TO BE USED FOR SIGNATURE GUARANTEE)
INSTRUCTIONS FOR NOTICE OF GUARANTEED DELIVERY