

DOLLAR GENERAL CORP

FORM 10-Q (Quarterly Report)

Filed 08/26/04 for the Period Ending 07/30/04

Address	100 MISSION RIDGE GOODLETTSVILLE, TN, 37072
Telephone	6158554000
CIK	0000029534
Symbol	DG
SIC Code	5331 - Retail-Variety Stores
Industry	Discount Stores
Sector	Consumer Cyclical
Fiscal Year	02/02

DOLLAR GENERAL CORP

FORM 10-Q (Quarterly Report)

Filed 8/26/2004 For Period Ending 7/30/2004

Address	100 MISSION RIDGE GOODLETTSVILLE, Tennessee 37072
Telephone	615-855-4000
CIK	0000029534
Industry	Retail (Specialty)
Sector	Services
Fiscal Year	01/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended July 30, 2004

Commission file number: 001-11421

DOLLAR GENERAL CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

TENNESSEE
(State or Other Jurisdiction of
Incorporation or Organization)

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

100 MISSION RIDGE
GOODLETTSVILLE, TN 37072
(Address of Principal Executive Offices, Zip Code)

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

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

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

The number of shares of common stock outstanding on August 23, 2004, was 328,399,029.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	(Unaudited) July 30, 2004	January 30, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 101,465	\$ 398,278

Merchandise inventories	1,379,543	1,157,141
Deferred income taxes	10,997	30,413
Other current assets	94,637	66,383
Total current assets	1,586,642	1,652,215
Property and equipment, at cost	1,833,447	1,709,722
Less accumulated depreciation and amortization	794,401	720,498
Net property and equipment	1,039,046	989,224
Other assets, net	29,317	11,270
Total assets	\$ 2,655,005	\$ 2,652,709

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Current portion of long-term obligations	\$ 15,956	\$ 16,670
Accounts payable	440,485	383,791
Accrued expenses and other	304,962	297,616
Income taxes payable	19,466	45,725
Total current liabilities	780,869	743,802

Long-term obligations	259,009	265,337
Deferred income taxes	76,251	66,650

Shareholders' equity:

Preferred stock	-	-
Common stock	164,191	168,095
Additional paid-in capital	395,205	376,930
Retained earnings	985,243	1,037,409
Accumulated other comprehensive loss	(1,054)	(1,161)
	1,543,585	1,581,273
Other shareholders' equity	(4,709)	(4,353)
Total shareholders' equity	1,538,876	1,576,920
Total liabilities and shareholders' equity	\$ 2,655,005	\$ 2,652,709

See notes to condensed consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Dollars in thousands except per share amounts)

	For the 13 weeks ended			
	July 30, 2004		August 1, 2003	
	Amount	% of Net Sales	Amount	% of Net Sales
Net sales	\$ 1,836,243	100.00%	\$ 1,651,094	100.00%
Cost of goods sold	1,299,263	70.76	1,178,264	71.36
Gross profit	536,980	29.24	472,830	28.64
Selling, general and administrative	428,854	23.35	370,987	22.47

Operating profit	108,126	5.89	101,843	6.17
Interest expense, net	4,041	0.22	7,899	0.48
Income before taxes on income	104,085	5.67	93,944	5.69
Provision for taxes on income	32,763	1.78	34,008	2.06
Net income	\$ 71,322	3.88%	\$ 59,936	3.63%

Diluted earnings per share	\$ 0.22	\$ 0.18
Weighted average diluted shares (000s)	330,298	336,841
Basic earnings per share	\$ 0.22	\$ 0.18
Weighted average basic shares (000s)	327,799	333,871
Dividends per share	\$ 0.040	\$ 0.035

See notes to condensed consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Dollars in thousands except per share amounts)

	For the 26 weeks ended			
	July 30, 2004		August 1, 2003	
	Amount	% of Net Sales	Amount	% of Net Sales
Net sales	\$ 3,584,202	100.00%	\$ 3,220,158	100.00%
Cost of goods sold	2,534,972	70.73	2,295,422	71.28
Gross profit	1,049,230	29.27	924,736	28.72
Selling, general and administrative	826,554	23.06	719,942	22.36
Operating profit	222,676	6.21	204,794	6.36
Interest expense, net	10,483	0.29	17,310	0.54
Income before taxes on income	212,193	5.92	187,484	5.82
Provision for taxes on income	73,022	2.04	67,216	2.09
Net income	\$ 139,171	3.88%	\$ 120,268	3.73%

Diluted earnings per share	\$ 0.42	\$ 0.36
Weighted average diluted shares (000s)	333,778	335,719
Basic earnings per share	\$ 0.42	\$ 0.36
Weighted average basic shares (000s)	330,954	333,557
Dividends per share	\$ 0.080	\$ 0.070

See notes to condensed consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(In thousands)

	For the 26 weeks ended	
	July 30, 2004	August 1, 2003
<i>Cash flows from operating activities:</i>		
Net income	\$ 139,171	\$ 120,268
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	80,697	74,883
Deferred income taxes	29,017	17,657
Tax benefit from stock option exercises	3,684	3,139
Change in operating assets and liabilities:		
Merchandise inventories	(222,402)	(61,678)
Other current assets	(28,254)	(11,795)
Accounts payable	51,328	9,519
Accrued expenses and other	8,172	15,930
Income taxes	(26,295)	(57,909)
Other	(17,093)	1,756
Net cash provided by operating activities	18,025	111,770
<i>Cash flows from investing activities:</i>		
Purchases of property and equipment	(124,810)	(63,979)
Purchase of promissory notes	-	(49,582)
Proceeds from sale of property and equipment	90	141
Net cash used in investing activities	(124,720)	(113,420)
<i>Cash flows from financing activities:</i>		
Repayments of long-term obligations	(8,419)	(7,979)
Payment of cash dividends	(26,448)	(23,374)
Proceeds from exercise of stock options	14,285	14,214
Repurchases of common stock	(169,391)	-
Other financing activities	(145)	(253)
Net cash used in financing activities	(190,118)	(17,392)
Net decrease in cash and cash equivalents	(296,813)	(19,042)
Cash and cash equivalents, beginning of period	398,278	121,318
Cash and cash equivalents, end of period	\$ 101,465	\$ 102,276
<i>Supplemental schedule of noncash investing and financing activities:</i>		
Purchases of property and equipment awaiting processing for payment, included in accounts payable	\$ 5,366	\$ 1,895
Purchases of property and equipment under capital lease obligations	\$ 1,364	\$ 427

See notes to condensed consolidated financial statements.

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

1. Basis of presentation and accounting policies

The accompanying unaudited condensed consolidated financial statements of Dollar General Corporation (the "Company") have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and are presented in accordance with the requirements of Form 10-Q and Rule 10-01 of Regulation S-X. Such financial statements consequently do not include all of the disclosures normally required by GAAP or those normally made in the Company's Annual Report on Form 10-K. Accordingly, the reader of this Quarterly Report on Form 10-Q should refer to the Company's Annual Report on Form 10-K for the year ended January 30, 2004 for additional information.

The accompanying condensed consolidated financial statements have been prepared in accordance with the Company's customary accounting practices and have not been audited. In management's opinion, all adjustments (which are of a normal recurring nature) necessary for a fair presentation of the consolidated financial position and results of operations for the 13-week and 26-week periods ended July 30, 2004 and August 1, 2003 have been made.

Certain prior year amounts have been reclassified to conform to the current period presentation. 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.

2. Comprehensive income

Comprehensive income consists of the following (in thousands):

	13 Weeks Ended		26 Weeks Ended	
	July 30, 2004	August 1, 2003	July 30, 2004	August 1, 2003
Net income	\$ 71,322	\$ 59,936	\$ 139,171	\$ 120,268
Reclassification of net loss on derivatives	54	46	107	83
Comprehensive income	\$ 71,376	\$ 59,982	\$ 139,278	\$ 120,351

3. Earnings per share

The amounts reflected below are in thousands except per share data.

	13 Weeks Ended July 30, 2004			13 Weeks Ended August 1, 2003		
	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
Basic earnings per share	\$ 71,322	327,799	\$ 0.22	\$ 59,936	333,871	\$ 0.18
Effect of dilutive stock options		2,499			2,970	
Diluted earnings per share	\$ 71,322	330,298	\$ 0.22	\$ 59,936	336,841	\$ 0.18

	26 Weeks Ended July 30, 2004			26 Weeks Ended August 1, 2003		
	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
Basic earnings per share	\$ 139,171	330,954	\$ 0.42	\$ 120,268	333,557	\$ 0.36
Effect of dilutive stock options		2,824			2,162	
Diluted earnings per share	\$ 139,171	333,778	\$ 0.42	\$ 120,268	335,719	\$ 0.36

Basic earnings per share was computed by dividing net income by the weighted average number of shares of

common stock outstanding during the period. Diluted earnings per share was determined based on the dilutive effect of stock options and other common stock equivalents using the treasury stock method.

4. Commitments and contingencies

Legal proceedings

Restatement-Related Proceedings. As previously disclosed in the Company's periodic reports filed with the Securities and Exchange Commission (the "SEC"), the Company restated its audited financial statements for fiscal years 1999 and 1998, and certain unaudited financial information for fiscal year 2000, by means of its Form 10-K for the fiscal year ended February 2, 2001, which was filed on January 14, 2002.

The SEC conducted an investigation into the circumstances giving rise to the restatement, and, on January 8, 2004, the Company received notice that the SEC staff was considering recommending that the SEC bring a civil injunctive action against the Company for alleged violations of the federal securities laws in connection with circumstances relating to the restatement. The Company subsequently has reached an agreement in principle with the SEC staff to settle the matter. Under the terms of the agreement in principle, the Company, without admitting or denying the allegations in a complaint to be filed by the SEC, will consent to the entry of a permanent civil injunction against future violations of the antifraud, books and records, reporting and internal control provisions of the federal securities laws and related SEC rules and will pay a \$10 million non-deductible civil penalty. The Company is not entitled to seek reimbursement from its insurers with regard to this settlement.

The agreement with the SEC staff is subject to final approval by the SEC and the court in which the SEC's complaint is filed. The Company accrued \$10 million with respect to the penalty in its financial statements for the year ended January 30, 2004. The Company can give no assurances that the SEC or the court will approve this agreement. If the agreement is not approved, the Company could be subject to different or additional penalties, both monetary and non-monetary, which could materially and adversely affect the Company's financial statements as a whole.

Other Litigation . On March 14, 2002, a complaint was filed in the United States District Court for the Northern District of Alabama to commence a collective action against the Company on behalf of current and former salaried store managers. The complaint alleges 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 seek to recover overtime pay, liquidated damages, declaratory relief and attorneys' fees.

In the third quarter of 2003, the court denied the plaintiff's motion to allow the action to proceed as a nationwide collective action, but determined that the action could proceed collectively as to an unspecified region. However, 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 attempt to appeal this decision on a discretionary basis to the 11th 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. The Court has entered a scheduling order that governs the discovery and remaining phases of the case. The Company believes that its store managers are and have been properly classified as exempt employees under the FLSA and that the action is not appropriate for collective action treatment. The Company intends to vigorously defend the action. However, no assurances can be given that the Company will be successful in defending this action on the merits or otherwise, and, if not, the resolution could have a material adverse effect on the Company's financial statements as a whole.

The Company is involved in other legal actions and claims arising in the ordinary course of business. The Company currently believes 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.

5. Stock-based compensation

The Company accounts for stock option grants in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"), and related interpretations because the Company believes the alternative fair value accounting provided for under SFAS No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure," requires the use of option valuation models that were not developed for use in valuing employee stock options. Under APB No. 25, compensation expense is generally not recognized for plans in which the exercise price of the stock options equals the market price of the underlying stock on the date of grant and the number of shares subject to exercise is fixed. Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value at the grant date for awards under these plans consistent with the methodology prescribed under SFAS No. 123, net income and earnings per share would have been reduced to the pro forma amounts indicated in the following table:

<i>(amounts in thousands except per share data)</i>	13 Weeks Ended		26 Weeks Ended	
	July 30, 2004	August 1, 2003	July 30, 2004	August 1, 2003
Net income – as reported	\$ 71,322	\$ 59,936	\$ 139,171	\$ 120,268
Less pro forma effect of stock option grants	2,366	1,111	5,904	3,813
Net income – pro forma	\$ 68,956	\$ 58,825	\$ 133,267	\$ 116,455
Earnings per share – as reported				
Basic	\$ 0.22	\$ 0.18	\$ 0.42	\$ 0.36
Diluted	\$ 0.22	\$ 0.18	\$ 0.42	\$ 0.36
Earnings per share – pro forma				
Basic	\$ 0.21	\$ 0.18	\$ 0.40	\$ 0.35
Diluted	\$ 0.21	\$ 0.17	\$ 0.40	\$ 0.35

The fair value of options granted during the 13 weeks ended July 30, 2004 and August 1, 2003 was \$6.27 and \$5.46 per share, respectively. The fair value of options granted during the 26 weeks ended July 30, 2004 and August 1, 2003 was \$6.14 and \$3.09 per share, respectively. The fair value of each stock option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	13 Weeks Ended		26 Weeks Ended	
	July 30, 2004	August 1, 2003	July 30, 2004	August 1, 2003
Expected dividend yield	0.9%	0.9%	0.9%	0.9%
Expected stock price volatility	35.2%	37.1%	35.9%	35.0%
Weighted average risk-free interest rate	3.8%	2.1%	3.2%	1.8%
Expected life of options (years)	5.0	4.0	4.6	2.9

The Black-Scholes option model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

6. Revolving credit arrangements

In June 2004, the Company amended its existing revolving credit facility (the "Credit Facility"). Under the terms of the amendment, the Credit Facility has a current maximum commitment of \$250 million and expires in June 2009. The amended Credit Facility contains provisions that would allow the maximum commitment to be increased to up to \$400 million upon mutual agreement of the Company and its lenders. The Credit Facility, as amended, is unsecured. The Company pays interest on funds borrowed under the amended Credit Facility at rates that are subject to change based upon the ratio of the Company's debt to EBITDA (as defined in the debt agreement). The Company has two interest rate options, base rate (which is usually equal to prime rate) or LIBOR. Under the amended terms of the Credit Facility, the facility fees can range from 12.5 to 37.5 basis points; the all-in drawn margin under the LIBOR option can range from LIBOR plus 87.5 to 212.5 basis points; and the all-in drawn margin under the base rate option can range from the base rate plus 12.5 to 62.5 basis points. The 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 (\$1.29 billion at July 30, 2004). As of July 30, 2004, the Company was in compliance with all of these covenants. As of July 30, 2004 the Company had no outstanding borrowings and \$6.5 million of standby letters of credit under the Credit Facility.

7. Income tax liabilities and related interest accruals

The effective income tax rates for the 13 weeks ended July 30, 2004 and August 1, 2003 were 31.5% and 36.2%, respectively, and for the 26 weeks ended July 30, 2004 and August 1, 2003 were 34.4% and 35.9%, respectively. During the current year period, the Company recorded a net reduction in certain contingent income tax-related liabilities and the related interest accruals due to a change in its probability assessment (as described in SFAS No. 5, "Accounting for Contingencies") that the likelihood of certain potential income tax-related exposure items would translate into actual future liabilities. The probability assessment changed in the second quarter as a result of two recent state income tax examinations pertaining to certain prior year income tax returns. These adjustments resulted in favorable impacts of approximately \$6.2 million to the current period income tax provision, net of the federal income tax effect, and \$2.0 million to pre-tax interest expense, net, in the accompanying condensed consolidated statements of income. These adjustments had the effect of increasing fully diluted earnings per share by approximately \$0.02 per share in the 13-week and 26-week periods ended July 30, 2004.

8. Segment reporting

The Company manages its business on the basis of one reportable segment. As of July 30, 2004 and August 1, 2003, all of the Company's operations were located within the United States, with the exception of an immaterial subsidiary located in Hong Kong that began operations in early 2004 and was formed to assist in the process of importing certain merchandise. The following data is presented in accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information."

<i>(In thousands)</i>	13 Weeks Ended		26 Weeks Ended	
	July 30, 2004	August 1, 2003	July 30, 2004	August 1, 2003
Classes of similar products:				
Net sales:				
Highly consumable	\$ 1,167,324	\$ 1,027,854	\$ 2,281,718	\$ 2,017,884
Seasonal	290,893	263,468	551,331	500,587
Home products	208,153	207,707	422,926	407,176
Basic clothing	169,873	152,065	328,227	294,511
	<u>\$ 1,836,243</u>	<u>\$ 1,651,094</u>	<u>\$ 3,584,202</u>	<u>\$ 3,220,158</u>

9. Guarantor subsidiaries

All of the Company's subsidiaries, except for its not-for-profit subsidiary whose assets and revenues are not material (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. In order to participate as a subsidiary guarantor on certain of the Company's financing arrangements, a subsidiary of the Company has entered into a letter agreement with certain state regulatory agencies to maintain a minimum balance of stockholders' equity of \$50 million in excess of the Company's debt it has guaranteed, or \$500 million as of July 30, 2004. The subsidiary of the Company was in compliance with such agreement as of July 30, 2004.

The following consolidating schedules present condensed financial information on a combined basis. Dollar amounts are in thousands.

	As of July 30, 2004			
	DOLLAR GENERAL CORPORATION	GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED TOTAL
BALANCE SHEETS:				
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 50,321	\$ 51,144	\$ -	\$ 101,465
Merchandise inventories	-	1,379,543	-	1,379,543
Deferred income taxes	11,685	(688)	-	10,997
Other current assets	35,309	1,566,184	(1,506,856)	94,637
Total current assets	97,315	2,996,183	(1,506,856)	1,586,642
Property and equipment, at cost	201,850	1,631,597	-	1,833,447
Less accumulated depreciation and amortization	89,261	705,140	-	794,401
Net property and equipment	112,589	926,457	-	1,039,046
Other assets, net	3,123,585	57,316	(3,151,584)	29,317
Total assets	\$ 3,333,489	\$ 3,979,956	\$ (4,658,440)	\$ 2,655,005
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Current portion of long-term obligations	\$ 6,725	\$ 9,231	\$ -	\$ 15,956
Accounts payable	1,549,249	398,092	(1,506,856)	440,485
Accrued expenses and other	40,351	264,611	-	304,962
Income taxes payable	-	19,466	-	19,466
Total current liabilities	1,596,325	691,400	(1,506,856)	780,869
Long-term obligations	191,635	1,183,733	(1,116,359)	259,009
Deferred income taxes	6,653	69,598	-	76,251
Shareholders' equity:				
Preferred stock	-	-	-	-
Common stock	164,191	23,853	(23,853)	164,191
Additional paid-in capital	395,205	1,243,478	(1,243,478)	395,205
Retained earnings	985,243	767,894	(767,894)	985,243
Accumulated other comprehensive loss	(1,054)	-	-	(1,054)
	1,543,585	2,035,225	(2,035,225)	1,543,585
Other shareholders' equity	(4,709)	-	-	(4,709)
Total shareholders' equity	1,538,876	2,035,225	(2,035,225)	1,538,876
Total liabilities and shareholders' equity	\$ 3,333,489	\$ 3,979,956	\$ (4,658,440)	\$ 2,655,005

As of January 30, 2004

DOLLAR

	GENERAL CORPORATION	GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED TOTAL
BALANCE SHEETS:				
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 352,232	\$ 46,046	\$ -	\$ 398,278
Merchandise inventories	-	1,157,141	-	1,157,141
Deferred income taxes	15,412	15,001	-	30,413
Other current assets	21,363	2,334,857	(2,289,837)	66,383
Total current assets	389,007	3,553,045	(2,289,837)	1,652,215
Property and equipment, at cost	183,843	1,525,879	-	1,709,722
Less accumulated depreciation and amortization	81,281	639,217	-	720,498
Net property and equipment	102,562	886,662	-	989,224
Other assets, net	3,691,494	41,247	(3,721,471)	11,270
Total assets	\$ 4,183,063	\$ 4,480,954	\$ (6,011,308)	\$ 2,652,709

**LIABILITIES AND SHAREHOLDERS'
EQUITY**

Current liabilities:				
Current portion of long-term obligations	\$ 7,772	\$ 8,898	\$ -	\$ 16,670
Accounts payable	2,350,375	323,251	(2,289,835)	383,791
Accrued expenses and other	48,394	249,224	(2)	297,616
Income taxes payable	-	45,725	-	45,725
Total current liabilities	2,406,541	627,098	(2,289,837)	743,802
Long-term obligations	194,306	1,892,342	(1,821,311)	265,337
Deferred income taxes	5,296	61,354	-	66,650
Shareholders' equity:				
Preferred stock	-	-	-	-
Common stock	168,095	23,853	(23,853)	168,095
Additional paid-in capital	376,930	1,243,478	(1,243,478)	376,930
Retained earnings	1,037,409	632,829	(632,829)	1,037,409
Accumulated other comprehensive loss	(1,161)	-	-	(1,161)
	1,581,273	1,900,160	(1,900,160)	1,581,273
Other shareholders' equity	(4,353)	-	-	(4,353)
Total shareholders' equity	1,576,920	1,900,160	(1,900,160)	1,576,920
Total liabilities and shareholders' equity	\$ 4,183,063	\$ 4,480,954	\$ (6,011,308)	\$ 2,652,709

For the 13 weeks ended July 30, 2004

	DOLLAR GENERAL CORPORATION	GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED TOTAL
STATEMENTS OF INCOME:				
Net sales	\$ 45,197	\$ 1,836,243	\$ (45,197)	\$ 1,836,243
Cost of goods sold	-	1,299,263	-	1,299,263
Gross profit	45,197	536,980	(45,197)	536,980
Selling, general and administrative	38,510	435,541	(45,197)	428,854
Operating profit	6,687	101,439	-	108,126
Interest expense, net	3,894	147	-	4,041
Income before taxes on income	2,793	101,292	-	104,085
Provision for taxes on income	1,158	31,605	-	32,763
Equity in subsidiaries' earnings, net of taxes	69,687	-	(69,687)	-

Net income	\$	71,322	\$	69,687	\$	(69,687)	\$	71,322
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For the 13 weeks ended August 1, 2003

	DOLLAR GENERAL CORPORATION	GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED TOTAL				
STATEMENTS OF INCOME:								
Net sales	\$	40,656	\$	1,651,094	\$	(40,656)	\$	1,651,094
Cost of goods sold		-		1,178,264		-		1,178,264
Gross profit		40,656		472,830		(40,656)		472,830
Selling, general and administrative		32,038		379,605		(40,656)		370,987
Operating profit		8,618		93,225		-		101,843
Interest expense, net		6,135		1,764		-		7,899
Income before taxes on income		2,483		91,461		-		93,944
Provision for taxes on income		878		33,130		-		34,008
Equity in subsidiaries' earnings, net of taxes		58,331		-		(58,331)		-
Net income	\$	59,936	\$	58,331	\$	(58,331)	\$	59,936

For the 26 weeks ended July 30, 2004

	DOLLAR GENERAL CORPORATION	GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED TOTAL				
STATEMENTS OF INCOME:								
Net sales	\$	89,729	\$	3,584,202	\$	(89,729)	\$	3,584,202
Cost of goods sold		-		2,534,972		-		2,534,972
Gross profit		89,729		1,049,230		(89,729)		1,049,230
Selling, general and administrative		74,874		841,409		(89,729)		826,554
Operating profit		14,855		207,821		-		222,676
Interest expense, net		7,676		2,807		-		10,483
Income before taxes on income		7,179		205,014		-		212,193
Provision for taxes on income		3,073		69,949		-		73,022
Equity in subsidiaries' earnings, net of taxes		135,065		-		(135,065)		-
Net income	\$	139,171	\$	135,065	\$	(135,065)	\$	139,171

For the 26 weeks ended August 1, 2003

	DOLLAR GENERAL CORPORATION	GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED TOTAL				
STATEMENTS OF INCOME:								
Net sales	\$	77,581	\$	3,220,158	\$	(77,581)	\$	3,220,158
Cost of goods sold		-		2,295,422		-		2,295,422
Gross profit		77,581		924,736		(77,581)		924,736
Selling, general and administrative		65,328		732,195		(77,581)		719,942
Operating profit		12,253		192,541		-		204,794
Interest expense, net		13,061		4,249		-		17,310
Income (loss) before taxes on income		(808)		188,292		-		187,484
Provision (benefit) for taxes on income		(332)		67,548		-		67,216
Equity in subsidiaries' earnings, net of taxes		120,744		-		(120,744)		-
Net income	\$	120,268	\$	120,744	\$	(120,744)	\$	120,268

For the 26 weeks ended July 30, 2004

	DOLLAR GENERAL CORPORATION	GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED TOTAL
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STATEMENTS OF CASH FLOWS:*Cash flows from operating activities:*

Net income	\$ 139,171	\$ 135,065	\$ (135,065)	\$ 139,171
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	10,071	70,626	-	80,697
Deferred income taxes	5,084	23,933	-	29,017
Tax benefit from stock option exercises	3,684	-	-	3,684
Equity in subsidiaries' earnings, net	(135,065)	-	135,065	-
Change in operating assets and liabilities:				
Merchandise inventories	-	(222,402)	-	(222,402)
Other current assets	(4,016)	(24,238)	-	(28,254)
Accounts payable	2,675	48,653	-	51,328
Accrued expenses and other	(8,043)	16,215	-	8,172
Income taxes	8,765	(35,060)	-	(26,295)
Other	(121,661)	104,568	-	(17,093)
Net cash provided by (used in) operating activities	(99,335)	117,360	-	18,025

Cash flows from investing activities:

Purchase of property and equipment	(17,017)	(107,793)	-	(124,810)
Proceeds from sale of property and equipment	16	74	-	90
Net cash used in investing activities	(17,001)	(107,719)	-	(124,720)

Cash flows from financing activities:

Repayments of long-term obligations	(3,876)	(4,543)	-	(8,419)
Payment of cash dividends	(26,448)	-	-	(26,448)
Proceeds from exercise of stock options	14,285	-	-	14,285
Repurchases of common stock	(169,391)	-	-	(169,391)
Other financing activities	(145)	-	-	(145)
Net cash used in financing activities	(185,575)	(4,543)	-	(190,118)

Net increase (decrease) in cash and cash equivalents	(301,911)	5,098	-	(296,813)
Cash and cash equivalents, beginning of period	352,232	46,046	-	398,278
Cash and cash equivalents, end of period	\$ 50,321	\$ 51,144	\$ -	\$ 101,465

For the 26 weeks ended August 1, 2003

	DOLLAR GENERAL CORPORATION	GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED TOTAL
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STATEMENTS OF CASH FLOWS:*Cash flows from operating activities:*

Net income	\$ 120,268	\$ 120,744	\$ (120,744)	\$ 120,268
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	10,268	64,615	-	74,883
Deferred income taxes	(779)	18,436	-	17,657
Tax benefit from stock option exercises	3,139	-	-	3,139
Equity in subsidiaries' earnings, net	(120,744)	-	120,744	-
Change in operating assets and liabilities:				
Merchandise inventories	-	(61,678)	-	(61,678)
Other current assets	(1,760)	(204,313)	194,278	(11,795)
Accounts payable	114,724	81,263	(186,468)	9,519
Accrued expenses and other	(8,392)	23,578	744	15,930
Income taxes	2,327	(60,236)	-	(57,909)
Other	6,891	3,419	(8,554)	1,756
Net cash provided by (used in) operating activities	125,942	(14,172)	-	111,770

Cash flows from investing activities:

Purchase of property and equipment	(4,797)	(59,182)	-	(63,979)
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Purchase of promissory notes	(49,582)	-	-	(49,582)
Proceeds from sale of property and equipment	11	130	-	141
Issuance of long-term notes receivable	(77,736)	(1,144)	78,880	-
Contribution of capital	(10)	-	10	-
Net cash used in investing activities	(132,114)	(60,196)	78,890	(113,420)
<i>Cash flows from financing activities:</i>				
Issuance of long-term obligations	1,144	77,736	(78,880)	-
Repayments of long-term obligations	(4,022)	(3,957)	-	(7,979)
Payment of cash dividends	(23,374)	-	-	(23,374)
Proceeds from exercise of stock options	14,214	-	-	14,214
Other financing activities	(196)	(57)	-	(253)
Issuance of common stock, net	-	10	(10)	-
Net cash provided by (used in) financing activities	(12,234)	73,732	(78,890)	(17,392)
Net decrease in cash and cash equivalents	(18,406)	(636)	-	(19,042)
Cash and cash equivalents, beginning of period	72,799	48,519	-	121,318
Cash and cash equivalents, end of period	\$ 54,393	\$ 47,883	\$ -	\$ 102,276

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

Forward-Looking Statements

Except for specific historical information, many of the matters discussed in this Form 10-Q may express or imply projections of revenues or expenditures, statements of plans and objectives for future operations, growth or initiatives, statements of future economic performance, or statements regarding the outcome or impact of pending or threatened litigation. These, and similar statements, are forward-looking statements concerning matters that involve risks, uncertainties and other factors that may cause the actual performance of the Company to differ materially from those expressed or implied by these statements. All forward-looking information should be evaluated in the context of these risks, uncertainties and other factors. The words "believe," "anticipate," "project," "plan," "expect," "estimate," "objective," "forecast," "goal," "intend," "will likely result," or "will continue" and similar expressions generally identify forward-looking statements. The Company believes the assumptions underlying these forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in the forward-looking statements. The factors that may result in actual results differing from such forward-looking information include, but are not limited to: transportation and distribution delays or interruptions; the Company's ability to negotiate effectively the cost and purchase of merchandise; inventory risks due to shifts in market demand; changes in product mix; interruptions in suppliers' businesses; the inability to execute operating initiatives; costs and potential problems and interruptions associated with implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems; fuel price and interest rate fluctuations; a continued rise in insurance costs; a deterioration in general economic conditions caused by acts of war or terrorism; temporary changes in demand due to weather patterns; seasonality of the Company's business; delays associated with building, opening and operating new stores; delays associated with building, opening, expanding or converting new or existing DCs; the reputational and financial impact of the Securities and Exchange Commission ("SEC") inquiry related to the restatement of certain of the Company's financial statements further described in Part II, Item 1 of this Form 10-Q; and other factors described in the Company's Form 10-K for the fiscal year ended January 30, 2004, filed with the SEC on March 16, 2004, and from time to time in the Company's filings with the SEC, press releases and other communications.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Form 10-Q. Except as may be required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Form 10-Q or to reflect the occurrence of unanticipated events. Readers are advised, however, to consult any further disclosures the Company may make on related subjects in its public disclosures or documents filed with the

Accounting Periods

The following text contains references to years 2004, 2003 and 2002, which represent fiscal years with 52-week accounting periods ending or ended January 28, 2005, January 30, 2004 and January 31, 2003, respectively.

Results of Operations

The following discussion of the Company's financial performance should be read with, and is qualified in its entirety by, the condensed consolidated financial statements set forth herein. The nature of the Company's business is moderately seasonal. Historically, sales in the fourth quarter have 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 the Company's business may affect comparisons between periods. The following table contains results of operations data for the first 13 and 26 weeks of each of 2004 and 2003, and the dollar and percentage variances among those periods:

<i>(amounts in millions, excluding per share amounts)</i>	<u>13 Weeks Ended</u>		<u>2004 vs. 2003</u>		<u>26 Weeks Ended</u>		<u>2004 vs. 2003</u>	
	July 30, 2004	August 1, 2003	<i>amount change</i>	<i>% change</i>	July 30, 2004	August 1, 2003	<i>amount change</i>	<i>% change</i>
Net sales by category:								
Highly consumable	\$1,167.3	\$1,027.9	\$139.5	13.6%	\$2,281.7	\$2,017.9	\$263.8	13.1%
<i>% of net sales</i>	63.57%	62.25%			63.66%	62.66%		
Seasonal	290.9	263.5	27.4	10.4	551.3	500.6	50.7	10.1
<i>% of net sales</i>	15.84%	15.96%			15.38%	15.55%		
Home products	208.2	207.7	0.4	0.2	422.9	407.2	15.8	3.9
<i>% of net sales</i>	11.34%	12.58%			11.80%	12.64%		
Basic clothing	169.9	152.1	17.8	11.7	328.2	294.5	33.7	11.4
<i>% of net sales</i>	9.25%	9.21%			9.16%	9.15%		
Net sales	\$1,836.2	\$1,651.1	\$185.1	11.2%	\$3,584.2	\$3,220.2	\$364.0	11.3%
Cost of goods sold	1,299.3	1,178.3	121.0	10.3	2,535.0	2,295.4	239.6	10.4
<i>% of net sales</i>	70.76%	71.36%			70.73%	71.28%		
Gross profit	537.0	472.8	64.2	13.6	1,049.2	924.7	124.5	13.5
<i>% of net sales</i>	29.24%	28.64%			29.27%	28.72%		
Selling, general and administrative	428.9	371.0	57.9	15.6	826.6	719.9	106.6	14.8
<i>% of net sales</i>	23.35%	22.47%			23.06%	22.36%		
Operating profit	108.1	101.8	6.3	6.2	222.7	204.8	17.9	8.7
<i>% of net sales</i>	5.89%	6.17%			6.21%	6.36%		
Interest expense, net	4.0	7.9	(3.9)	(48.8)	10.5	17.3	(6.8)	(39.4)
<i>% of net sales</i>	0.22%	0.48%			0.29%	0.54%		
Income before taxes on income	104.1	93.9	10.1	10.8	212.2	187.5	24.7	13.2
<i>% of net sales</i>	5.67%	5.69%			5.92%	5.82%		
Provision for taxes on income	32.8	34.0	(1.2)	(3.7)	73.0	67.2	5.8	8.6
<i>% of net sales</i>	1.78%	2.06%			2.04%	2.09%		
Net income	\$ 71.3	\$ 59.9	\$ 11.4	19.0%	\$ 139.2	\$ 120.3	\$ 18.9	15.7%

<i>% of net sales</i>	3.88%	3.63%			3.88%	3.73%		
Diluted earnings per share	\$ 0.22	\$ 0.18	\$ 0.04	22.2%	\$ 0.42	\$ 0.36	\$ 0.06	16.7%
Weighted average diluted shares	330.3	336.8	(6.5)	(1.9)	333.8	335.7	(1.9)	(0.6)

13 WEEKS ENDED JULY 30, 2004 AND AUGUST 1, 2003

Net Sales . Increases in net sales resulted primarily from 600 net new stores and a same-store sales increase of 3.2% for the 2004 period compared to the 2003 period. Stores opened since the beginning of 2003 accounted for \$135.0 million of the increase in sales while \$50.1 million is attributable to an increase in same-store sales. Same-store sales calculations for a given period include only those stores that were open both at the end of that period and at the beginning of the preceding fiscal year. The increase in same-store sales is primarily attributable to an increase in customer transactions.

The Company monitors its sales internally by the four major categories noted in the table above. The Company's sales increase in the 2004 period compared to the 2003 period was primarily attributable to sales in the highly consumable category, which increased by \$139.5 million, or 13.6%. Basic clothing sales increased by \$17.8 million, or 11.7%, which exceeded the overall sales percentage increase for the period of 11.2%.

Gross Profit . The gross profit rate increased 60 basis points in the 2004 period as compared with the 2003 period due to a number of factors, but primarily resulted from adjustments related to the valuation of the Company's inventory at the lower of cost or market, resulting in approximately 35 basis points of gross profit improvement, and higher average mark-ups on the Company's beginning inventory in 2004 as compared with 2003.

Selling, General and Administrative ("SG&A") Expense . The increase in SG&A expense as a percentage of sales in the 2004 period as compared with the 2003 period was due to a number of factors, including but not limited to increases in the following expense categories that were in excess of the 11.2 percent increase in sales: store occupancy costs (increased 17.9%) primarily due to rising average monthly rentals associated with the Company's leased store locations; inventory services (increased 125.4%) primarily due to both an increased number of physical inventories and a higher average cost per physical inventory; increased costs for store labor (increased 13.5%) primarily related to the execution of revising merchandise layouts in the current year period; the cost of other services (increased 82.1%) primarily due to fees associated with the increased customer usage of debit cards; and professional fees (increased 189.7%) primarily due to consulting fees associated with the Company's 2004 store work-flow project.

Interest Expense, Net . The decrease in net interest expense in the 2004 period compared to the 2003 period is due primarily to a net reduction of interest accruals of approximately \$2.0 million related to estimated tax contingencies as discussed below and capitalized interest related primarily to construction and expansion projects at the Company's DCs of \$0.9 million in the 2004 period compared to none in the 2003 period. All of the Company's outstanding indebtedness at July 30, 2004 is fixed rate debt.

Provision for Taxes on Income . The effective income tax rates for the 2004 and 2003 periods were 31.5% and 36.2%, respectively. During the current year period, the Company recorded a net reduction in certain contingent income tax-related liabilities and the related interest accruals due to a change in the probability assessment (as described in SFAS No. 5, "Accounting for Contingencies") that the likelihood of certain potential income tax exposure items would translate into actual future liabilities. The probability assessment changed in the second quarter as a result of two recent state income tax examinations pertaining to certain prior year income tax returns. These adjustments resulted in favorable impacts of approximately \$6.2 million to the current period income tax provision, net of the federal income tax effect, and \$2.0 million to pre-tax interest expense, net, in the accompanying condensed consolidated statements of income. These adjustments had the effect of increasing diluted earnings per share by approximately \$0.02 per share in the current year period. Excluding this adjustment, the Company's effective tax rate during the current year period would have been 37.5%. This rate is higher than the prior year period due in part to the

expiration of certain federal jobs tax credits for employees hired after December 31, 2003. The Company estimates that the expiration of these federal credit programs increased its 2004 effective tax rate by approximately 0.5%. Currently, there is legislation pending in Congress that will reinstate these credits on a retroactive basis, although this legislation had not been enacted as of July 30, 2004. While the enactment of this legislation is expected, its passage is not certain. Also, the effective tax rate in the prior year period was favorably impacted by a reduction of estimated tax return liabilities for years prior to 2003.

26 WEEKS ENDED JULY 30, 2004 AND AUGUST 1, 2003

Net Sales . Increases in net sales resulted primarily from 600 net new stores and a same-store sales increase of 3.1% for the 2004 period compared to the 2003 period. Stores opened since the beginning of 2003 accounted for \$267.2 million of the increase in sales while \$96.9 million is attributable to an increase in same-store sales. Same-store sales calculations for a given period include only those stores that were open both at the end of that period and at the beginning of the preceding fiscal year. The increase in same-store sales is primarily attributable to an increase in customer transactions.

The Company monitors its sales internally by the four major categories noted in the table above. The Company's sales increase in the 2004 period compared to the 2003 period was primarily attributable to sales in the highly consumable category, which increased by \$263.8 million, or 13.1%. Basic clothing sales increased by \$33.7 million, or 11.4%, which slightly exceeded the overall sales percentage increase for the period of 11.3%.

Gross Profit . The gross profit rate increased 55 basis points in the 2004 period as compared with the 2003 period due to a number of factors, including but not limited to: higher average mark-ups on the Company's beginning inventory in 2004 as compared to 2003, representing the cumulative impact of higher margin purchases over time, resulting in approximately 30 basis points of gross profit improvement; and adjustments related to the valuation of the Company's inventory at the lower of cost or market which resulted in approximately 20 basis points of gross profit improvement in the current year period.

In the 2004 period the Company's estimated shrink rate included in its gross profit calculation, expressed in retail dollars as a percentage of sales, was 3.18% compared to 3.07% in the 2003 period. There are many factors that affect the Company's shrink rate in a given reporting period, as more fully discussed in "Critical Accounting Policies and Estimates".

Selling, General and Administrative ("SG&A") Expense . The increase in SG&A expense as a percentage of sales in the 2004 period as compared with the 2003 period was due to a number of factors, including but not limited to increases in the following expense categories that were in excess of the 11.3 percent increase in sales: store occupancy costs (increased 17.1%) primarily due to rising average monthly rentals associated with the Company's leased store locations; increased costs for inventory services (increased 108.6%) primarily due to both an increased number of physical inventories and a higher average cost per physical inventory; professional fees (increased 149.0%) primarily due to consulting fees associated with the Company's 2004 store work-flow project; and the cost of other services (increased 37.4%) primarily due to fees associated with the increased customer usage of debit cards.

Interest Expense, Net . The decrease in net interest expense in the 2004 period compared to the 2003 period is due primarily to a net reduction of interest accruals of approximately \$2.0 million related to estimated tax contingencies as discussed below; capitalized interest of \$1.4 million in the 2004 period related primarily to construction and expansion projects at the Company's DCs compared to none in the 2003 period; a reduction in amortization of debt issuance costs of \$1.4 million due primarily to the previously disclosed termination of a \$150 million revolving credit facility in May 2003; and the May 2003 purchase of promissory notes related to the Company's DC in South Boston, Virginia, which reduced interest expense during the period by \$1.2 million.

Provision for Taxes on Income . The effective income tax rates for the 2004 and 2003 periods were 34.4% and 35.9%, respectively. During the current year period, the Company recorded a net reduction in certain contingent income tax-related liabilities and the related interest accruals due to a change in the probability assessment (as described in SFAS No. 5, "Accounting for Contingencies") that the likelihood of certain potential income tax exposure

items would translate into actual future liabilities. The probability assessment changed in the second quarter as a result of two recent state income tax examinations pertaining to certain prior year income tax returns. These adjustments resulted in favorable impacts of approximately \$6.2 million to the current period income tax provision, net of the federal income tax effect, and \$2.0 million to pre-tax interest expense, net, in the accompanying condensed consolidated statements of income. These adjustments had the effect of increasing diluted earnings per share by \$0.02 per share in the current year period. Excluding this adjustment, the Company's effective tax rate during the current year period would have been 37.3%, which represents the Company's current estimate of its effective tax rate for the remainder of the year. This rate is higher than the prior year period due in part to the expiration of certain federal jobs tax credits for employees hired after December 31, 2003. The Company estimates that the expiration of these federal credit programs increased its 2004 effective tax rate by approximately 0.5%. Currently, there is legislation pending in Congress that will reinstate these credits on a retroactive basis, as discussed above. The effective tax rate in the prior year period was favorably impacted by a reduction of estimated tax return liabilities for years prior to 2003 and a \$0.8 million adjustment to the Company's state income tax valuation reserves related to a change in tax laws in the state of Mississippi.

Liquidity and Capital Resources

Current Financial Condition / Recent Developments . At July 30, 2004, the Company had total debt (including the current portion of long-term obligations and short-term borrowings) of \$275.0 million and \$101.5 million of cash and cash equivalents, resulting in a net debt position of \$173.5 million, compared with a net cash position of \$116.3 million at January 30, 2004. The most significant factors in the change affecting the Company's net debt/cash position during the first 26 weeks of 2004 were increased inventory purchases and repurchases of the Company's outstanding common stock, as further described below.

As described in Note 4 to the condensed consolidated financial statements, the Company is involved in a number of legal actions and claims, some of which could potentially result in a material cash settlement. Adverse developments in these actions could materially and adversely affect the Company's liquidity. The Company also has certain income tax-related contingencies as more fully described below under "Critical Accounting Policies and Estimates". Estimates of these contingent liabilities are included in the Company's condensed consolidated financial statements. However, future negative developments could have a material adverse effect on the Company's liquidity.

The Company's inventory balance represented approximately 52% of its total assets as of July 30, 2004. The Company's proficiency in managing its inventory balances can have a significant impact on the Company's 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 remained constant at 4.0 times for the twelve months ended July 30, 2004 and August 1, 2003.

In late 2003, the Internal Revenue Service, in a published ruling, indicated that certain rules related to the qualification of individuals under the federal Work Opportunity Credit and the Welfare-to-Work Credit programs had been improperly applied by various government agencies administering these federal jobs credit programs. As a result, the Company's jobs tax credit applications for a certain classification of employees were improperly rejected. The Company is awaiting further guidance from the Internal Revenue Service as to how properly to claim these previously denied job credits. Due to uncertainty regarding this guidance, the Company has not been able to reasonably estimate the amount of the credits or any related benefit that may occur, and therefore no amount has been recorded in the Company's condensed consolidated financial statements.

On March 13, 2003, the Board of Directors authorized the Company to repurchase up to 12 million shares of its outstanding common stock. Purchases may be made in the open market or in privately negotiated transactions from time to time subject to market conditions. The objective of the share repurchase program 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 will be undertaken only if such purchases result in an accretive impact on the Company's fully diluted earnings per share calculation. This authorization expires March 13, 2005. During the first 26 weeks of 2004, the Company purchased approximately 9.0 million shares at a total cost of \$169.4

million. In 2003, the Company purchased approximately 1.5 million shares at a total cost of \$29.7 million.

In June 2004, the Company amended its existing revolving credit facility (the "Credit Facility"). Under the terms of the amendment, the Credit Facility has a current maximum commitment of \$250 million and expires in June 2009. The amended Credit Facility contains provisions that would allow the maximum commitment to be increased to up to \$400 million upon mutual agreement of the Company and its lenders. The Credit Facility, as amended, is unsecured. The Company pays interest on funds borrowed under the Credit Facility at rates that are subject to change based upon the ratio of the Company's debt to EBITDA (as defined in the debt agreement). The Company has two interest rate options, base rate (which is usually equal to prime rate) or LIBOR. Under the amended terms of the Credit Facility, the facility fees can range from 12.5 to 37.5 basis points; the all-in drawn margin under the LIBOR option can range from LIBOR plus 87.5 to 212.5 basis points and the all-in drawn margin under the base rate option can range from the base rate plus 12.5 to 62.5 basis points. The 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 (\$1.29 billion at July 30, 2004). As of July 30, 2004, the Company was in compliance with all of these covenants. As of July 30, 2004 the Company had no outstanding borrowings and \$6.5 million of standby letters of credit under the Credit Facility. The standby letters of credit reduce the borrowing capacity under the Credit Facility.

The Company has \$200 million (principal amount) of 8 5/8% unsecured notes due June 15, 2010. This indebtedness was incurred to assist in funding the Company's growth. Interest on the notes is payable semi-annually on June 15 and December 15 of each year. The note holders may elect to have these notes repaid on June 15, 2005, at 100% of the principal amount plus accrued and unpaid interest. The Company continues to classify these notes as long-term due to the available commitment under the Credit Facility as discussed above. The Company may seek, from time to time, to retire its outstanding notes through cash purchases on the open market, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, the Company's liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Significant terms of the Company's outstanding debt obligations could have an effect on the Company's ability to incur additional debt financing. The Credit Facility contains financial covenants as listed above. The Credit Facility also places certain specified limitations on secured and unsecured debt. The Company's outstanding notes discussed above place certain specified limitations on secured debt and place certain limitations on the Company's ability to execute sale-leaseback transactions. The Company has generated significant cash flows from its operations during recent years and had no borrowings outstanding under its revolving credit arrangements at any time during 2003 or the first 26 weeks of 2004. Therefore, the Company does not believe that any existing limitations on its ability to incur additional indebtedness will have a material impact on its liquidity.

At July 30, 2004 and January 30, 2004, the Company had commercial letter of credit facilities totaling \$218.0 million, of which \$173.3 million and \$111.7 million, respectively, were outstanding for the funding of imported merchandise purchases.

The Company believes that its existing cash balances, cash flows from operations, the Credit Facility and its anticipated ongoing access to the capital markets, if necessary, will provide sufficient financing to meet the Company's currently foreseeable liquidity and capital resource needs.

Cash Flows Provided by Operating Activities . Cash flows from operating activities declined by \$93.7 million during the 2004 period compared to the 2003 period. The most significant component of the change in cash flows from operating activities was an increase in inventory purchases in the 2004 period over the 2003 period, particularly in the highly consumable and basic clothing categories, which led to an increase in inventory balances of approximately \$90.1 million and \$72.6 million in those categories, respectively, at July 30, 2004, as compared to the beginning of the year. These increased inventory levels are primarily the result of recent rollouts of new merchandising items in connection with revised store merchandising layouts and the Company's emphasis on improving its in-stock positions in stores. The increase in inventory purchases partially contributed to an increase in accounts payable balances. Cash flows in the current year period increased by \$31.6 million over the prior year period related to changes in income taxes payable, primarily due to a large payment of estimated federal income taxes for 2002 that was made in 2003. In addition, cash

flows in the 2004 period were positively impacted by an increase in net income of \$18.9 million driven by improved operating results (as more fully discussed above under “Results of Operations”). The primary source of cash in 2003 was the Company’s net income, as adjusted for the non-cash depreciation and amortization expense, which together totaled \$195.2 million. Significant uses of cash in the prior year include an increase in inventories of \$61.7 million and a decline in net cash flows from changes in current income taxes payable of \$57.9 million.

Cash Flows Used in Investing Activities . The Company’s purchases of property and equipment in the 2004 period totaled \$124.8 million, which is net of property and equipment purchases of \$5.4 million that have not been processed for payment and are included in accounts payable at July 30, 2004. Significant components of these purchases included the following: \$38.3 million for new stores; \$37.9 million for distribution and transportation-related capital expenditures; \$16.4 million for coolers in new and existing stores, which allow the stores to carry refrigerated products; \$12.7 million for certain fixtures in existing stores and \$10.9 million for systems-related capital projects. During the 2004 period, the Company opened 420 new stores. Distribution and transportation expenditures in the 2004 period include costs associated with the expansion of the Ardmore, Oklahoma and South Boston, Virginia DCs as well as costs associated with the construction of the Company’s new DC in Union County, South Carolina. The Company purchased property and equipment totaling \$64.0 million in the prior year period which consisted primarily of \$30.4 million for new stores, \$22.6 million for other store-related projects and \$8.2 million for various technology projects. Also during the prior year period the Company purchased two secured promissory notes totaling \$49.6 million which represent debt issued by a third party entity from which the Company leases its DC in South Boston, Virginia.

Capital expenditures during 2004 are projected to be approximately \$300 million. The Company anticipates funding its 2004 capital requirements with cash flows from operations and the Credit Facility, if necessary.

Cash Flows Used in Financing Activities . During the 2004 period, the Company repurchased approximately 9.0 million shares of its common stock at a total cost of \$169.4 million, and paid cash dividends of \$26.4 million, or \$0.08 per share, on its outstanding common stock. The use of cash in the 2003 period primarily reflects the payment of \$23.4 million of cash dividends, or \$0.07 per share.

Critical Accounting 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 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 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 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
- inaccurate estimates of LIFO reserves

To reduce the potential of such distortions in the valuation of inventory, the Company’s RIM currently utilizes 10 departments in which fairly homogenous classes of merchandise inventories having similar gross margins are grouped. In the future, in order to further refine its RIM calculation, the Company intends to expand the number of

departments it utilizes for its gross margin calculation. The impact of this intended change on the Company's future consolidated financial statements is not currently expected to be material. Other factors that reduce potential distortion include the use of historical experience in estimating the shrink provision (see discussion below) and the utilization of an independent statistician to assist in the LIFO sampling process and index formulation. Also, on an ongoing basis, the Company reviews and evaluates the salability of its inventory and records adjustments, if necessary, to reflect its inventory at the lower of cost or market.

The Company calculates its 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 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, the Company's effective shrink rate for a given reporting period will include the impact of adjusting the estimated results to the actual results. Although the Company performs physical inventories in all of its stores annually, 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.

Property and Equipment. Property and equipment are recorded at cost. The Company groups its assets into relatively homogeneous classes and provides for depreciation on a straight-line basis over the estimated average useful life of each asset class. The valuation and classification of these assets and the assignment of useful depreciable lives involves significant judgments and the use of estimates. Property and equipment are reviewed for impairment periodically and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

Self-Insurance Liability. The Company retains a significant portion of the risk for its 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. 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 by an independent actuary utilizing historical claim trends. If future claim trends deviate from recent historical patterns, the Company may be required to record additional expenses or expense reductions which could be material to the Company's future financial results.

Contingent Liabilities – Income Taxes . The Company is subject to routine income tax audits which occur periodically in the normal course of business. The Company estimates its contingent income tax liabilities based on its assessment of potential income tax-related exposures and the relative probabilities of those exposures translating into actual future liabilities. The probabilities are estimated based on both historical audit experiences with various state and federal taxing authorities and the Company's interpretation of current income tax-related trends. If the Company's income tax contingent liability estimates prove to be inaccurate, the resulting adjustments could be material to the Company's future financial results.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have no material changes to the disclosures relating to this item that are set forth in the Company's report on Form 10-K for the fiscal year ended January 30, 2004.

ITEM 4. CONTROLS AND PROCEDURES

(a) *Disclosure Controls and Procedures .* The Company, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of July 30, 2004. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of July 30, 2004, the Company's disclosure controls and procedures are effective for the purposes set forth in the definition thereof in Exchange Act Rule 13a-15(e).

- (b) *Changes in Internal Control Over Financial Reporting* . There have been no changes during the quarter ended July 30, 2004 in the Company's internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information in Note 4 to the condensed consolidated financial statements under the heading "Legal Proceedings" contained in Part I, Item 1 of this Form 10-Q is incorporated herein by this reference.

ITEM 2. CHANGES IN SECURITIES, USE OF PROCEEDS AND ISSUER REPURCHASES OF EQUITY SECURITIES

The following table sets forth information with respect to purchases of shares of the Company's common stock made during the quarter ended July 30, 2004 by or on behalf of the Company or any "affiliated purchaser," as defined by Rule 10b-18(a)(3) of the Securities Exchange Act of 1934:

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased(a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(b)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs(b)
05/01/04-05/31/04	924,421	\$18.58	904,000	1,476,380
06/01/04-06/30/04	185	\$20.00	--	1,476,380
07/01/04-07/30/04	546	\$18.93	--	1,476,380
Totals	925,152	\$18.58	904,000	1,476,380

(a) Includes 21,152 shares purchased in open market transactions in satisfaction of the Company's obligations under certain employee benefit plans.

(b) On March 13, 2003, the Company announced that its Board of Directors had authorized the Company to repurchase up to 12 million shares of the Company's outstanding common stock. Purchases may be made in the open market or in privately negotiated transactions from time to time subject to market conditions. This repurchase authorization expires on March 13, 2005. The Company did not have any repurchase plan or program that expired during the second quarter of 2004, nor has the Company determined to terminate the current plan prior to its expiration.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) See the Exhibit Index immediately following the signature page hereto.
- (b) (1) A Current Report on Form 8-K, dated May 6, 2004, was furnished to the SEC pursuant to Item 9 and Item 12 in connection with a news release regarding sales results for the four-week and 13-week periods ended April 30, 2004, and other matters.
- (2) A Current Report on Form 8-K, dated May 10, 2004, was furnished to the SEC pursuant to Item 9 in connection with a news release regarding the hiring of a Chief

Financial Officer.

- (3) A Current Report on Form 8-K, dated May 20, 2004, was furnished to the SEC pursuant to Item 9 in connection with a news release regarding the expiration of a Rule 10b5-1 trading plan.
- (4) A Current Report on Form 8-K, dated May 25, 2004, was furnished to the SEC pursuant to Item 9 in connection with a news release regarding the declaration of a dividend.
- (5) A Current Report on Form 8-K, dated May 27, 2004, was furnished to the SEC pursuant to Item 9 and Item 12 in connection with a news release regarding earnings for the first quarter ended April 30, 2004, and other matters.
- (6) A Current Report on Form 8-K, dated June 3, 2004, was furnished to the SEC pursuant to Item 9 in connection with a news release regarding sales results for the four-week and 17-week periods ended May 28, 2004, and other matters.
- (7) A Current Report on Form 8-K, dated June 10, 2004, was furnished to the SEC pursuant to Item 9 in connection with a news release regarding Dollar General presentations at investor conferences.
- (8) A Current Report on Form 8-K, dated July 8, 2004, was furnished to the SEC pursuant to Item 9 in connection with a news release regarding sales results for the five-week and 22-week periods ended July 2, 2004, and other matters.
- (9) A Current Report on Form 8-K, dated July 9, 2004, was furnished to the SEC pursuant to Item 9 in connection with a news release regarding a Dollar General presentation at an investor conference.

SIGNATURES

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

DOLLAR GENERAL CORPORATION

Date: August 26, 2004

By: /s/ David M. Tehle

David M. Tehle

Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

- 10.1 Employment Agreement, effective June 7, 2004, by and between Dollar General Corporation and David M. Tehle.
- 10.2 Amended and Restated Revolving Credit Agreement, dated as of June 30, 2004, by and among Dollar General Corporation, SunTrust Bank, Key Bank National Association, Bank of America, N.A., U.S. Bank National Association, AmSouth Bank, and the lenders from time to time parties thereto.
- 31 Certifications of CEO and CFO under Exchange Act Rule 13a-14(a).
- 32 Certifications of CEO and CFO under 18 U.S.C. 1350.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”), effective June 7, 2004 (“Effective Date”), is made and entered into by and between **DOLLAR GENERAL CORPORATION** (the “Company”), and **David Tehle** (“Employee”).

WITNESSETH:

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

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

Employment Terms

1. **Employment** . Subject to the terms and conditions of this Agreement, Company agrees to employ Employee as Executive Vice President, Chief Financial Officer of Dollar General Corporation.

2. **Term** . The term of this Agreement shall be until the third annual anniversary of the Effective Date (“Term”), unless otherwise terminated pursuant to Paragraphs 7, 8, 9, 10, 11 or 12 hereof.

3. **Position, Duties and Administrative Support** .

a. **Position** . Employee shall serve as Executive Vice President, Chief Financial Officer. Employee shall report to the Chief Executive Officer and perform such duties and responsibilities as the CEO may prescribe from time-to-time.

b. **Full-Time Efforts** . Employee shall perform and discharge faithfully, diligently and to the best of his /her ability such duties and responsibilities and shall devote his/her full-time efforts to the business and affairs of Company. Employee agrees to promote the best interests of Company and to take no action that in any way damages the public image or reputation of Company, its subsidiaries or its affiliates.

c. **Administrative Support** . Employee shall be provided with office space and administrative support commensurate with his/her position.

d. **No Interference With Duties** . Employee shall not devote time to other activities which would inhibit or otherwise interfere with the proper performance of his/her duties, and shall not be directly or indirectly concerned or interested in any other occupation, activity or interest in any business whatsoever other than by reason of holding a non-controlling interest as a shareholder, securities holder or debenture holder in a corporation quoted on a nationally recognized exchange. Employee may not serve as a member of a board of directors of a for-profit company, other than the Company or any of its subsidiaries or affiliates, during the Term without the express approval of the CEO.

4. **Work Standard** . Employee hereby agrees that he/she shall at all times comply with and abide by all terms and conditions set forth in this Agreement, and all applicable work policies, procedures and rules as may be issued by Company. Employee also agrees that he/she shall comply with all federal, state and local statutes, regulations and public ordinances governing the performance of his/her duties hereunder.

5. **Compensation** .

a. Base Salary. Subject to the terms and conditions set forth in this Agreement, Company shall pay Employee, and Employee shall accept, an annual base salary (“Base Salary”) of no less than Four Hundred Thousand Dollars (\$400,000). The Base Salary shall be paid in accordance with Company’s normal payroll practices and may be increased from time to time at the sole discretion of the Company.

b. Incentive Bonus. Employee’s incentive compensation for the Term of this Agreement shall be determined under the Company’s bonus program for officers established by the Compensation Committee and amended in its discretion. The actual bonus paid pursuant to this Paragraph 5(b) shall be based on performance criteria established by the Compensation Committee in accordance with the terms and conditions of the bonus program for officers. For the Company’s fiscal year 2004 only, Employee shall be guaranteed a bonus payment of 65% of his annual base salary, prorated based on employment date, payable in April 2005.

c. Signing Bonus. As an inducement to accept employment, Employee shall receive from Company, within 30 days of the effective date, a one-time payment of One Hundred Thousand Dollars (\$100,000), less appropriate wage deductions.

d. Stock Based Compensation. Employee shall be eligible for award grants from time-to-time consistent with the award grants made to similarly situated officers of the Company as governed by the terms of the 1998 Employee Stock Incentive Plan, as may be amended, or any successor plan thereof (the “Stock Plan”), as determined in the sole discretion of the Compensation Committee. As an inducement to accept employment, Employee will be granted an option to purchase 62,800 shares at the first meeting of the compensation committee of the Company’s Board of Directors after Employee’s hire date, at a purchase price as of the close of business on that date. Such grant will vest in four equal installments (25% each year on anniversary of grant date). As an additional inducement to accept employment, Employee will be granted 15,000 shares of restricted stock, pursuant to the terms of the Stock Plan, at the first meeting of the compensation committee following Employee’s hire date. Such shares will vest in three equal installments (approximately 33% each year on anniversary of grant date).

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

f. Business Expenses. Employee shall be reimbursed for all reasonable business expenses incurred in carrying out the work hereunder. Employee shall adhere to the Company’s expense reimbursement policies and shall follow those expense reimbursement procedures that generally apply to other Company employees.

g. Perquisites. Employee shall be entitled to receive such other executive perquisites, fringe and other benefits as are provided to officers and their families under any of the Company’s plans and/or programs in effect from time to time and such other benefits as are customarily available to officers of the Company and their families.

6. Benefits. During the Term, Employee (and, where applicable, Employee’s eligible dependents) shall be eligible to participate in the various Company welfare benefit plans, practices and policies (including, without limitation, medical, prescription, dental, vision, disability, employee life, accidental death and travel accident insurance plans and

programs) to the extent and in accordance with the terms of those plans as generally provided to officers or other similarly situated employees of the Company. In addition, Employee shall be eligible to participate, pursuant to their terms, in any other benefit plans offered by the Company to officers or other employees (excluding plans applicable solely to certain officers of the Company in accordance with the express terms of such plans), including, without limitation, the 401 (k) Retirement and Savings Plan and CDP/SERP Plan. Collectively the plans and arrangements described in this Paragraph 6 and as they may be amended or modified in accordance with their terms are hereinafter referred to as the “Benefits Plans.”

Notwithstanding the above, Employee understands and acknowledges that Employee is not eligible for benefits under the Dollar General Corporation Severance Plan and that the only severance benefits Employee is entitled to are set forth in this Agreement.

7. Termination for Cause . Under the following conditions, each of which shall constitute “Cause” or “Termination for Cause”, this Agreement may be terminated immediately at any time by Company without any liability owing to Employee or Employee’s beneficiaries under this Agreement, except for those benefits owed under any other plan or agreement covering Employee which shall be governed by the terms of such plan or agreement:

- a. Any act involving fraud, dishonesty or material misrepresentation, or any material breach of applicable regulations of competent authorities in relation to trading or dealing with stocks, securities, investments and the like;
- b. Other than as required by law, the carrying out of any activity or the making of any public statement which prejudices or reduces the good name and standing of Company or any of its affiliates or would bring any one of these into public contempt or ridicule;
- c. Attendance at work in a state of intoxication or being found in possession of any prohibited drug or substance, possession of which would amount to a criminal offense;
- d. Assault or other act of violence against any employee of Company or other person; or
- e. Conviction of any felony whatsoever or any misdemeanor involving moral turpitude.

A termination for Cause shall be effective only if the Company has given Employee written notice of its intention to terminate for Cause, describing Employee’s acts or omissions that are believed to constitute Cause, and has given Employee fair opportunity to respond.

8. Termination upon Death . Notwithstanding anything herein to the contrary, this Agreement shall terminate immediately upon Employee’s death, and Company shall have no further liability to Employee or his/her beneficiaries under this Agreement, except for benefits under the Benefits Plans and Stock Plan covering Employee to the extent provided by the terms of such Benefits Plans and Stock Plan.

9. Disability . If a Disability (as defined below) of Employee occurs during the Term, the Company may notify Employee of the Company’s intention to terminate Employee’s employment. In that event, employment shall terminate effective on the termination date provided in such notice of termination (the “Disability Effective Date”), and this Agreement shall terminate without further liability to Employee, except for benefits under the Benefits Plans and Stock Plan covering Employee to the extent provided by the terms of such Benefits Plans and Stock Plan. In this Agreement, “Disability” means:

(a) a long-term disability, as defined in the Company's applicable long-term disability plan as then in effect; or

(b) Employee's inability reasonably to perform his/her duties under this Agreement because of any medically determinable physical or mental impairment that (i) can reasonably be expected to result in death or (ii) has lasted or can reasonably be expected to last longer than ninety (90) consecutive days. In this circumstance, the existence of a Disability shall be determined by the Company, in its sole and absolute discretion, upon receipt of competent medical advice from a qualified physician selected by or acceptable to the Company. In this circumstance, Employee shall, if there is any question about his/her Disability, submit to a physical examination by a qualified physician selected by the Company. Nothing in this subsection (b) is intended to nor shall it be deemed to broaden or modify the definition of "disability" in the Company's long-term disability plan.

10. Employee's Termination of Employment .

a. Notwithstanding anything herein to the contrary, Employee may terminate his/her employment and this Agreement at any time, for no reason, with thirty (30) days written notice to Company. Upon such termination, Employee shall be entitled to his/her prorata Base Salary through the date of termination and such other vested benefits under any other plan or agreement covering Employee which shall be governed by the terms of such plan or agreement. Employee shall not be entitled to those payments and benefits listed in paragraph 11, unless he/she terminates his/her employment for Good Reason, as defined below.

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

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

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

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

(iv) Without his/her written consent, the assignment to the Employee by the Company of duties inconsistent with, or the significant reduction of the title, powers and functions associated with, Employee'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 Employee at the same officer level (i.e., Vice President, Executive Vice President, etc.) and with a similar level of responsibility, or is the result of Employee's failure to meet pre-established and objective performance criteria, or is the result of his/her termination for Disability or Cause;

(v) Any material breach by the Company of any provision 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 this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

Good Reason shall not include Employee's death or Disability. The Company shall have the opportunity to cure any claimed event of Good Reason (other than subparagraph (vi) above) within thirty (30) days notice from Employee.

11. Termination without Cause or by Employee for Good Reason . If Employee's employment is terminated by the Company without Cause which the Company may do at any time prior to the expiration of the Term (it being understood by the Parties that termination by death or Disability shall not constitute termination without Cause), Employee terminates for Good Reason (as defined above), or the Company fails to renew or extend the Term of this Employment Agreement unless such failure to renew or extend is accompanied with a mutually agreeable severance arrangement between the Company and the Employee or is the result of Employee's voluntary retirement, then Employee shall be entitled (in lieu of the payments referenced in Paragraph 12 below, and not in addition to), only upon the execution and effectiveness of the Release attached hereto and made a part hereof, to continuation of Employee's Base Salary as of the date immediately preceding the termination for 24 months, payable in accordance with the Company's normal payroll cycle and procedures. In addition, Employee shall be entitled to outplacement services, provided by the Company, for one year or until other employment is secured, whichever comes first.

In the event that there is a breach by Employee of any continuing obligations under this Agreement after termination of employment, any unpaid amounts under this Paragraph 11 shall be forfeited. Any payments or reimbursements under this Paragraph 11 shall not be deemed the continuation of Employee's employment for any purpose. The Company's obligations under this Paragraph 11 will not negate or reduce (i) any amounts otherwise due but not yet paid to Employee by the Company, or (ii) any other amounts payable to Employee outside this Agreement, or any other rights that Employee may have, under the terms of any of the applicable Benefit Plans and Stock Plan as in effect on the employment termination date. Further, the Company may, at any time and in its sole discretion, make a lump-sum payment of all amounts, or all remaining amounts, due to Employee under this Paragraph 11.

12. Effect of Change in Control .

a. If within two (2) years following a Change in Control (as hereafter defined), the Company (or any successor to the Company) terminates Employee's employment without Cause or Employee terminates his/her employment for Good Reason, then upon the execution and the effectiveness of the Release attached hereto and made a part hereof, the Company shall pay to Employee (in lieu of the payments referenced in paragraph 11 above, and not in addition to):

(i) a lump sum payment equal to two times Employee's Base Salary in effect immediately prior to the Change in Control plus two times the amount of Employee's target incentive bonus payment in effect immediately prior to the Change in Control;

(ii) a lump sum payment in an amount equal to two (2) times the annual Employee contribution

to participate in the Company's medical, dental and vision benefits program;

(iii) outplacement services, provided by the Company, for one year or until other employment is secured, whichever comes first; and

(iv) Employee's awards, if any, granted pursuant to the Stock Plan or any precursor or successor plan shall fully vest and shall remain exercisable in accordance with the terms of the Stock Plan.

b. For purposes of Paragraph 12(a), the payments described therein shall be limited to the Capped Amount. The "Capped Amount" shall be the amount otherwise payable under Paragraph 12(a), reduced in such amount and to such extent that no amount of the payment under Paragraph 12(a), plus all other "parachute payments" under Code Section 280G (collectively "Total Payments"), would constitute an "excess parachute payment" under Code Section 280G. Notwithstanding the preceding sentence, the Employee's Total Payments shall not be limited to the Capped Amount if it is determined that Employee would receive at least \$25,000 in greater after-tax proceeds if no such reduction is made. The calculation of the Capped Amount and all other determinations relating to the applicability of Code Section 280G (and the rules and regulations promulgated thereunder) to the payments contemplated by this Employment Agreement shall be made by the tax department of the independent public accounting firm then responsible for preparing or auditing the Company's consolidated federal income tax return, and such determinations shall be binding upon the Employee and the Company.

c. Change in Control shall mean the date as of which any of the following occurs:

(i) The Consummation of an acquisition after which any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (hereinafter "Exchange Act") shall have beneficial ownership within the meaning of Rule 13d-3 promulgated under the Exchange Act (hereinafter "Beneficial Ownership") of 35% or more of the Voting Securities of the Company; provided, however, that for purposes of the preceding sentence, the following acquisitions of Voting Securities of the Company shall not constitute a Change in Control:

(A) ownership or an acquisition by Cal Turner, James Stephen Turner or a member or members of his/her or their immediate family or any trust, partnership, foundation or similar entity for the exclusive benefit of any such persons (collectively, the "Turner Family Interests");

(B) any acquisition directly from the Company;

(C) any acquisition by the Company or an affiliate which the Company Controls;

(D) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or a subsidiary of the Company;

(E) any acquisition by a qualified pension plan or publicly held mutual fund;

(F) any acquisition by the Employee or a group within the meaning of Section 14(d) of the Exchange Act that includes the Employee; or

(G) any Business Combination which would not otherwise constitute a Change in Control because of the application of clauses (A), (B) and (C) of Paragraph 12(c)(iii).

(ii) A change in the composition of the Board of Directors of the Company whereby individuals who constitute the Board of Directors of the Company as of the Effective Date of this Agreement (plus any individual who shall become a director subsequent to such date whose election or nomination for election by the shareholders was approved by a vote of at least 75% of the directors then comprising the Board of Directors) (hereinafter “Incumbent Board”) cease for any reason to constitute at least a majority of the Board of Directors. Notwithstanding the foregoing, no individual who shall become a director of the Board of Directors subsequent to the Effective Date whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Regulations promulgated under the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of an individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act other than the Board of Directors shall be a member of the Incumbent Board.

(iii) Consummation of a Business Combination, unless, immediately following such Business Combination, all of the following three conditions are met:

(A) all or substantially all of the individuals and entities who held Beneficial Ownership, respectively, of the Voting Securities of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, 65% or more of the combined voting power of the Voting Securities of the corporation surviving or resulting from such Business Combination, (including, without limitation, a corporation which as a result of such transaction holds Beneficial Ownership of all or substantially all of the Voting Securities of the Company or all or substantially all of the Company’s assets) (such surviving or resulting corporation to be referred to as “Surviving Company”), in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Voting Securities of the Company;

(B) no individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (excluding any corporation resulting from such Business Combination, the Turner Family Interests, any qualified pension plan, a publicly held mutual fund, the Employee, a group within the meaning of Section 14(d) of the Exchange Act that includes the Employee, or an employee benefit plan (or related trust) of the Company or Surviving Company) holds Beneficial Ownership, directly or indirectly, of 35% or more of the combined voting power of the then outstanding Voting Securities of Surviving Company except to the extent that such ownership existed immediately prior to the Business Combination; and

(C) at least a majority of the members of the board of directors of the Surviving Company were members of the Incumbent Board at the earlier of the date of execution of the initial agreement, or of the action of the Board of Directors of the Company, providing for such Business Combination.

(iv) For purposes of subparagraphs (i) - (iii) above, the terms below shall have the following meanings:

(A)

“ Business Combination ” shall mean a reorganization, merger or consolidation of the Company or sale or other disposition of all or substantially all of the assets of the Company.

(B) “ Consummation ” shall mean the completion of the final act necessary to complete a transaction as a matter of law, including, but not limited to, any required approvals by the corporation’s shareholders and board of directors, the transfer of legal and beneficial title to securities or assets and the final approval of the transaction by any applicable domestic or foreign governments or governmental agencies.

(C) “ Control ” shall mean, in the case of a corporation, Beneficial Ownership of more than 50% of the combined voting power of the corporation’s Voting Securities, or in the case of any other entity, Beneficial Ownership of more than 50% of such entity’s voting equity interests.

(D) “ Voting Securities ” shall mean the outstanding voting securities of a company entitling the holder thereof to vote generally in the election of such company’s directors.

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

14. Confidentiality and Legal Process . Employee represents and agrees that he/she will keep the terms, amount and fact of this Agreement confidential and that he/she will not hereafter disclose any information concerning this Agreement to any one other than his/her personal agents. Notwithstanding the foregoing, nothing in this Agreement is intended to prohibit Employee from performing any duty or obligation that shall arise as a matter of law. Specifically, Employee shall continue to be under a duty to truthfully respond to any legal and valid subpoena or other legal process. This Agreement is not intended in any way to proscribe Employee’s right and ability to provide information to any federal, state or local government in the lawful exercise of such government’s governmental functions.

15. Business Protection Provision Definitions .

a. Preamble . As a material inducement to the Company to enter into this Agreement, and its recognition of the valuable experience, knowledge and proprietary information Employee will gain from his/her employment with the Company, Employee warrants and agrees he/she will abide by and adhere to the business protection provisions in Paragraphs 15, 16, 17, 18 and 19 herein.

b. Definitions . For purposes of Paragraphs 15, 16, 17, 18, 19 and 20 herein, the following terms shall have the following meanings:

(i) “Competitive Position” shall mean any employment, consulting, advisory, directorship, agency, promotional or independent contractor arrangement between the Employee and (x) any person or Entity engaged wholly or in material part in the business in which the Company is engaged, including but not limited to such other similar businesses as Wal-Mart, Family Dollar Stores, Fred’s, the 99 Cents Stores and Dollar Tree Stores, or (y) any person or Entity then attempting or planning to enter the business in which the Company is engaged (i.e., the deep discount consumable basics retail business) whereby the Employee is required to or does perform services on behalf of or for the benefit of such person or Entity which are

substantially similar to the services Employee participated in or directed at any time while employed by the Company or any of its affiliates.

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

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

(iv) “Restricted Period” shall mean two (2) years following the Employee’s termination date.

(v) “Territory” shall include those states in which the Company maintains stores at Employee’s termination date.

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

(vii) “Work Product” shall mean all tangible work product, property, data, documentation, “know-how,” concepts or plans, inventions, improvements, techniques and processes relating to the Company that were conceived, discovered, created, written, revised or developed by Employee during the term of his/her employment with the Company.

16. Nondisclosure: Ownership of Proprietary Property.

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

b. Employee shall exercise best efforts to ensure the continued confidentiality of all Trade Secrets and

Confidential Information, and he/she shall immediately notify the Company of any unauthorized disclosure or use of any Trade Secrets or Confidential Information of which Employee becomes aware. Employee shall assist the Company, to the extent necessary, in the protection of or procurement of any intellectual property protection or other rights in any of the Trade Secrets or Confidential Information.

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

17. Non-Interference with Employees . Employee covenants and agrees that during the Restricted Period he/she will not, either directly or indirectly, alone or in conjunction with any other person or Entity: (a) actively recruit, solicit, attempt to solicit, or induce any person who is an exempt employee of the Company or any of its subsidiaries, or is an officer or exempt employee of any of the other DG Entities to leave or cease such employment for any reason whatsoever; or (b) hire or engage the services of any such person described in Paragraph 17(a) above in any business substantially similar or competitive with that in which the Company was engaged during his/her employment.

18. Non-Interference with Business Relationships .

a. Employee acknowledges that in the course of employment, he/she will learn about Company’s business, services, materials, programs and products and the manner in which they are developed, marketed, serviced and provided. Employee knows and acknowledges that the Company has invested considerable time and money in developing its programs, agreements, stores, vendors, representatives, services, products and marketing techniques and that they are unique and original. Employee further acknowledges that the Company must keep secret all pertinent information divulged to Employee and Company’s business concepts, ideas, programs, plans and processes, so as not to aid Company’s competitors. Accordingly, Company is entitled to the following protection, which Employee agrees is reasonable:

b. Employee covenants and agrees that during the Restricted Period, he/she will not, on his/her own behalf or on behalf of any person or Entity, solicit, direct, appropriate, call upon, or initiate communication or contact with any person or entity or any representative of any person or entity, with whom Employee had contact during his/her employment, in such a way as to interfere with Company’s business relationships.

19. Agreement Not to Work in Competitive Position .

a. Employee covenants and agrees not to obtain or work in a Competitive Position within the Territory for the Restricted Period.

b. Employee and Company expressly covenant and agree that the scope, territorial, time and other restrictions contained in this entire Agreement constitute the most reasonable and equitable restrictions possible to protect the business interest of the Company given: (i) the business of the Company; (ii) the competitive nature of the Company's industry; and (iii) that Employee's skills are such that he/she could easily find alternative, commensurate employment or consulting work in his/her field which would not violate any of the provisions of this Agreement. The Employee further acknowledges that the compensation and benefits described in Paragraphs 5, 11 and 12 are also in consideration of his/her covenants and agreements contained in Paragraphs 15 through 19 hereof.

20. Return of Materials . Upon the Employee's termination, or at any point after that time, upon the specific request of the Company, Employee shall return to the Company all written or descriptive materials of any kind belonging or relating to the Company or its affiliates, including, without limitation, any originals, copies and abstracts containing any Work Product, intellectual property, Confidential Information and Trade Secrets in Employee's possession or control.

21. General Provisions .

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

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

c. Waiver Of Breach; Specific Performance . The waiver of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other breach. Each of the parties to this Agreement will be entitled to enforce its or his/her rights under this Agreement, specifically, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights existing in its or his/her favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and that any party may in its or his/her sole discretion apply to any court of law or equity of competent jurisdiction for specific performance or injunctive relief in order to enforce or prevent any violations of the provisions of this Agreement.

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

e. No Effect On Other Arrangements . It is expressly understood and agreed that the payments made in accordance with this Agreement are in addition to any other benefits or compensation to which Employee may be entitled or for which he/she may be eligible, whether funded or unfunded, by reason of his/her employment with the Company.

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

g. Notices .

(i)

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

If to Company to: Dollar General Corporation
Attn: General Counsel
1 Mission Ridge
Goodlettsville, TN 37072-2171
Facsimile: (615)855-5180

If to Employee to: David Tehle
4408 Fairfax Ave.
Dallas, TX 75205

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

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

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

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

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

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

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

m. Interpretation. Should a provision of this Agreement require judicial interpretation, it is agreed that the judicial body interpreting or construing the Agreement shall not apply the assumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that an instrument is to be construed more strictly against the party which itself or through its agents prepared the agreement, it being agreed that all parties and/or their agents have participated in the preparation hereof.

n. Voluntary Agreement. Employee and Company represent and agree that each has reviewed all aspects of this Agreement, has carefully read and fully understands all provisions of this Agreement, and is

voluntarily entering into this Agreement. Each party represents and agrees that such party has had the opportunity to review any and all aspects of this Agreement with legal, tax or other adviser(s) of such party's choice before executing this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed, or caused their duly authorized representative to execute, this Agreement effective the 7th day of June, 2004.

“COMPANY”

DOLLAR GENERAL CORPORATION

By: /s/ David A. Perdue

Its: Chairman and CEO

“EMPLOYEE”

/s/ David Tehle

David Tehle

Witnessed By:

/s/ Mona Tehle

**Addendum to Employment
Agreement with _____**

RELEASE AGREEMENT

THIS RELEASE (“Release”) is made and entered into by and between _____ (“Employee”) and **DOLLAR GENERAL CORPORATION**, and its successor or assigns (“Company”).

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

WHEREAS, Employee and the Company have previously entered into that certain Employment Agreement, effective _____ (“Agreement”), that this Release is incorporated therein by reference;

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

WHEREAS, the Company desires to compensate Employee in accordance with the Agreement for service he/she has

provided or will provide for the Company;

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

1. Claims Released Under This Agreement .

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

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

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

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

d. claims to benefits under any bonus, severance, workforce reduction, early retirement, outplacement, or any other similar type plan sponsored by the Company (except for benefits specifically provided for under the Benefits Plans as specified in Section 2, below); or

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

2. Claims Not Released Under This Agreement .

In signing this Agreement, I am not releasing any claims that may arise under the terms of this Agreement or which may arise out of events occurring after the date I execute this Agreement.

I am also not releasing claims to benefits that I am already entitled to receive under the Benefits Plans. However, I understand and acknowledge that nothing herein is intended to or shall be construed to require the Company to institute or continue in effect any particular plan or benefit sponsored by the Company and the Company hereby reserves the right to amend or terminate any of its benefit programs at any time in accordance with the procedures set forth in such plans.

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

law.

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

4. **Compensation** . In accordance with the Agreement, the Company agrees to pay the Employee, or if he/she becomes eligible for payments under Paragraph 11 or 12 but dies before receipt thereof, his/her spouse or his/her estate, as the case may be, the amount provided in Paragraph 11 or 12 of the Agreement.

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

6. **No Admission Of Liability** . This Release shall not in any way be construed as an admission by the Company or Employee of any improper actions or liability whatsoever as to one another, and each specifically disclaims any liability to or improper actions against the other or any other person, on the part of itself or himself/herself, its or his/her employees or agents.

7. **Voluntary Execution** . Employee warrants, represents and agrees that he/she has been encouraged in writing to seek advice from anyone of his/her choosing regarding this Release, including his/her attorney and accountant or tax advisor prior to his/her signing it; that this Release represents written notice to do so; that he/she has been given the opportunity and sufficient time to seek such advice; and that he/she fully understands the meaning and contents of this Release. He/she further represents and warrants that he/she was not coerced, threatened or otherwise forced to sign this Release, and that his/her signature appearing hereinafter is voluntary and genuine. **EMPLOYEE UNDERSTANDS THAT HE/SHE MAY TAKE UP TO TWENTY-ONE (21) DAYS TO CONSIDER WHETHER OR NOT HE/SHE DESIRES TO ENTER INTO THIS RELEASE.**

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

Acknowledged and Agreed To:

“COMPANY”

DOLLAR GENERAL CORPORATION

By: _____

Its: _____

I UNDERSTAND THAT BY SIGNING THIS RELEASE, I AM GIVING UP RIGHTS I MAY

HAVE. I UNDERSTAND THAT I DO NOT HAVE TO SIGN THIS RELEASE.

“EMPLOYEE”

Date _____

WITNESSED BY:

Date _____

EXECUTION COUNTERPART

AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

dated as of June 30, 2004

among

**DOLLAR GENERAL CORPORATION
as Borrower**

THE LENDERS FROM TIME TO TIME PARTIES HERETO

**KEYBANK NATIONAL ASSOCIATION
and BANK OF AMERICA, N.A.,**

as Co-Syndication Agents,

**U.S. BANK NATIONAL ASSOCIATION
and AMSOUTH BANK,
as Co-Documentation Agents,**

and

**SUNTRUST BANK
as Administrative Agent**

**SUNTRUST ROBINSON HUMPHREY,
a division of SunTrust Capital Markets, Inc.,
as Sole Lead Arranger**

#

**[Amended and Restated
Revolving Credit Agreement]**

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AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

THIS AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT (this “*Agreement*”) is made and entered into as of June 30, 2004, by and among DOLLAR GENERAL CORPORATION, a Tennessee corporation (the “*Borrower*”), the several banks and other financial institutions from time to time party hereto (the “*Lenders*”), SUNTRUST BANK, in its capacities as Issuing Bank (the “*Issuing Bank*”) and as Administrative Agent (the “*Administrative Agent*”) for the Lenders, KEYBANK NATIONAL ASSOCIATION and BANK OF AMERICA, N.A., as Co-Syndication Agents for the Lenders (the “*Syndication Agents*”), and U.S. BANK NATIONAL ASSOCIATION and AMSOUTH BANK, as Co-Documentation Agents for the Lenders (the “*Co-Documentation Agents*”).

WITNESSETH:

WHEREAS, the Borrower, the Lenders and certain other banks and financial institutions, and the Administrative Agent are parties to a certain Revolving Credit Agreement dated as of June 21, 2002, as amended by a certain First Amendment to 3-Year Revolving Credit Agreement dated as of December 12, 2003 (as so amended, the “*Existing Credit Agreement*”), pursuant to which a \$300,000,000 revolving credit facility in favor of the Borrower was established;

WHEREAS, the Borrower has requested that the Aggregate Revolving Commitment Amount under the Existing Credit Agreement be reduced to \$250,000,000 and that certain other amendments be made to the Existing Credit Agreement;

WHEREAS, the Lenders have agreed to amend and restate the Existing Credit Agreement in order to effect such reduction and other amendments to the Existing Credit Agreement, all subject to the terms, conditions, and requirements of this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the

Borrower, the Lenders and the Administrative Agent agree as follows:

ARTICLE I

DEFINITIONS; CONSTRUCTION

Section 1.1. Definitions. In addition to the other terms defined herein, the following terms used herein shall have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

“ **Acquisition** ” shall mean the acquisition by any of the Borrower or its Subsidiaries of any of the following: (i) the controlling interest in any Person, (ii) the capital stock or other equity securities or ownership interests in any Subsidiary not already owned by the Borrower or any of its Subsidiaries, and (iii) all or substantially all of the assets of any Person or a division, line of business, or business segment of any Person.

“ **Adjusted LIBO Rate** ” shall mean, with respect to each Interest Period for a Eurodollar Borrowing, the rate per annum obtained by dividing (i) LIBOR for such Interest Period by (ii) a percentage equal to 1.00 *minus* the Eurodollar Reserve Percentage.

“ **Administrative Agent** ” shall have the meaning assigned to such term in the opening paragraph hereof.

“ **Administrative Questionnaire** ” shall mean, with respect to each Lender, an administrative questionnaire in the form prepared by the Administrative Agent and submitted to the Administrative Agent duly completed by such Lender.

“ **Affiliate** ” shall mean, as to any Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person. For purposes of this definition, “ **Control** ” shall mean the power, directly or indirectly, either to (i) vote 10% or more of securities having ordinary voting power for the election of directors (or persons performing similar functions) of a Person or (ii) direct or cause the direction of the management and policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. The terms “ **Controlling** ”, “ **Controlled by** ”, and “ **under common Control with** ” have meanings correlative thereto.

“ **Aggregate Revolving Commitment Amount** ” shall mean the amount of the Aggregate Revolving Commitments in effect from time to time. Upon the effectiveness of this Agreement on the Restatement Date, the Aggregate Revolving Commitment Amount shall equal \$250,000,000.

“ **Aggregate Revolving Commitments** ” shall mean at any time, collectively, all Revolving Commitments of all Lenders in effect at such time.

“ **Agreement** ” shall mean this Amended and Restated Revolving Credit Agreement, as the same may be further amended, restated, and supplemented from time to time.

“ **Applicable Lending Office** ” shall mean, for each Lender and for each Type of Loan, the “Lending Office” of such Lender (or an Affiliate of such Lender) designated for such Type of Loan in the Administrative Questionnaire submitted by such Lender or such other office of such Lender (or an Affiliate of such Lender) as such Lender may from time to time specify to the Administrative Agent and the Borrower as the office through which its Loans of such Type are to be made and maintained.

“ **Applicable Margin** ” shall mean, with respect to all Loans outstanding on any date, the percentage rate per annum determined by reference to the then applicable Ratio of Consolidated Funded Debt to Consolidated EBITDA as set forth on the Pricing Grid, with such percentage rate being subject to adjustment (upwards or downwards, as appropriate) quarterly based on the ratio of the Borrower’s Consolidated Funded Debt (as of the end of the most recent Fiscal Quarter) to the Borrower’s Consolidated EBITDA (calculated for the most recent Fiscal Quarter then ending and

the immediately preceding three Fiscal Quarters). Such ratio shall be determined from the then most recent annual or quarterly financial statements of the Borrower delivered by the Borrower pursuant to Section 5.1(a) or 5.1(b) and the compliance certificate delivered by the Borrower pursuant to Section 5.1(c). The adjustment, if any, to the Applicable Margin shall be effective for all purposes under this Agreement on and after the second Business Day following the delivery to the Administrative Agent of such financial statements and compliance certificate (the “**Adjustment Effective Date**”). If the Borrower shall at any time fail to furnish to the Administrative Agent such financial statements and compliance certificate within the applicable time limitations specified by Section 5.1, then the Applicable Margin shall be the respective percentage rates shown for Level I on the Pricing Grid and shall apply from the date of such failure until the second Business Day after such financial statements and compliance certificate are so delivered. Notwithstanding anything to the contrary contained herein (i) at all such times as the Borrower maintains an Investment Grade Rating, the percentage rates shown on the Pricing Grid shall be reduced by an amount equal to the applicable Investment Grade Adjustment, and (ii) on and after the Restatement Date, the Applicable Margin shall be deemed to be 1.25% per annum until the Adjustment Effective Date immediately following the Borrower’s Fiscal Quarter ending July 30, 2004, and thereafter the Applicable Margin will be adjusted as provided herein.

“**Applicable Percentage**” shall mean, with respect to the Commitment Fee, as of any date, the percentage rate per annum determined by reference to the then applicable Ratio of Consolidated Funded Debt to Consolidated EBITDA as set forth on the Pricing Grid, with such percentage rate being subject to adjustment (upwards or downwards, as appropriate) quarterly based on the ratio of the Borrower’s Consolidated Funded Debt (as of the end of the most recent Fiscal Quarter) to the Borrower’s Consolidated EBITDA (calculated for the most recent Fiscal Quarter then ending and the immediately preceding three Fiscal Quarters). Such ratio shall be determined from the then most recent annual or quarterly financial statements of the Borrower delivered by the Borrower pursuant to Section 5.1(a) or 5.1(b) and the compliance certificate delivered by the Borrower pursuant to Section 5.1(c). The adjustment, if any, to the Applicable Percentage shall be effective for all purposes under this Agreement on and after each Adjustment Effective Date. If the Borrower shall at any time fail to furnish to the Administrative Agent such financial statements and compliance certificate within the applicable time limitations specified by Section 5.1, then the Applicable Percentage shall be the percentage rate shown for Level I on the Pricing Grid and shall apply from the date of such failure until the second Business Day after such financial statements and compliance certificate are so delivered. Notwithstanding anything to the contrary contained herein (i) at all such times as the Borrower maintains an Investment Grade Rating, the percentage rates shown on the Pricing Grid shall be reduced by an amount equal to the applicable Investment Grade Adjustment, and (ii) on and after the Restatement Date, the Applicable Percentage shall be deemed to be 0.20% per annum until the Adjustment Effective Date immediately following the Borrower’s Fiscal Quarter ending July 30, 2004, and thereafter the Applicable Percentage will be adjusted as provided herein.

“**Approved Fund**” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business, that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender, and that in any case has been approved by the Administrative Agent and the Issuing Bank hereunder.

“**Assignment and Acceptance**” shall mean an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.4(b)) and accepted by the Administrative Agent, in the form of Exhibit B attached hereto or any other form approved by the Administrative Agent.

“**Availability Period**” shall mean the period from the Restatement Date to the Revolving Commitment Termination Date.

“**Base Rate**” shall mean the higher of (i) the per annum rate which the Administrative Agent publicly announces from time to time to be its prime lending rate, as in effect from time to time, and (ii) the Federal Funds Rate, as in effect from time to time, *plus* one-half of one percent (0.50%) per annum. The Administrative Agent’s prime lending rate is a reference rate and does not necessarily represent the lowest or best rate charged to customers. The Administrative Agent may make commercial loans or other loans at rates of interest at, above or below the

Administrative Agent's prime lending rate. Each change in the Administrative Agent's prime lending rate shall be effective from and including the date such change is publicly announced as being effective.

“ **Borrower** ” shall have the meaning assigned to such term in the introductory paragraph hereof.

“ **Borrowing** ” shall mean a borrowing consisting of (i) Loans of the same Class and Type, made, converted or continued on the same date and, in case of Eurodollar Loans, as to which a single Interest Period is in effect or (ii) a Swingline Loan.

“ **Business Day** ” shall mean (i) any day other than a Saturday, Sunday or other day on which commercial banks in Atlanta, Georgia are authorized or required by law to close, and (ii) if such day relates to a Borrowing of, a payment or prepayment of principal or interest on, a conversion of or into, or an Interest Period for, a Eurodollar Loan or a notice with respect to any of the foregoing, any day on which dealings in Dollars are carried on in the London interbank market.

“**Capital Lease Debt Obligations**” shall mean, with respect to any Capital Lease Obligations of the Borrower or any Subsidiary, the debt obligations incurred by the lessor under any such capital lease to finance the property or properties subject to such capital lease and secured by an assignment of the lease or rental payments due from the Borrower or any Subsidiary under such capital lease.

“ **Capital Lease Obligations** ” of any Person shall mean all obligations of such Person to pay rent or other amounts under any lease (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“ **Change in Control** ” shall mean the occurrence of one or more of the following events: (i) any sale, lease, exchange or other transfer (in a single transaction or a series of related transactions) of all or substantially all of the assets of the Borrower to any Person or “group” (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder in effect on the date hereof), (ii) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or “group” (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) acting in concert acquiring beneficial ownership of 30% or more of the outstanding shares of the voting stock of the Borrower; (iii) during any period of 12 consecutive calendar months, Continuing Directors shall cease to constitute a majority of the board of directors of the Borrower, or (iv) any event or condition shall occur or exist which, pursuant to the terms of any change of control provision, requires or permits the holder(s) of Indebtedness of any Loan Party which individually or in the aggregate is equal to or exceeds \$10,000,000 to require that such Indebtedness be redeemed, repurchased, defeased, prepaid or repaid, in whole or in part, or the maturity of such Indebtedness to be accelerated in any respect.

“ **Change in Law** ” shall mean (i) the adoption of any applicable law, rule or regulation after the date of this Agreement, (ii) any change in any applicable law, rule or regulation, or any change in the interpretation or application thereof, by any Governmental Authority after the date of this Agreement, or (iii) compliance by any Lender (or its Applicable Lending Office) or the Issuing Bank (or for purposes of Section 2.18 (b), by such Lender's or the Issuing Bank's holding company, if applicable) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

“ **Class** ”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Swingline Loans, and when used in reference to any Commitment, refers to whether such Commitment is a Revolving Commitment or a Swingline Commitment.

“ **Closing Date** ” shall mean June 21, 2002.

“ **Code** ” shall mean the Internal Revenue Code of 1986, as amended and in effect from time to time.

“ **Commitment** ” shall mean a Revolving Commitment or a Swingline Commitment or any combination thereof (as the context shall permit or require).

“ **Commitment Fee** ” shall mean the commitment fee described in Section 2.14(b).

“ **Consolidated Adjusted Funded Debt** ” shall mean, as of any date of determination for the Borrower and its Subsidiaries on a consolidated basis, the sum of (i) Consolidated Funded Debt as of such date and, (ii) without duplication, the present value (determined based on a discount rate of ten percent (10%) in accordance with discounted present value analytical technology) as of such date, of all remaining payments due under leases and financing obligations (excluding capital leases and financing obligations already included in the calculation of Consolidated Funded Debt), whether for retail stores, distribution centers, administrative office space, furniture, fixtures, equipment, or other tangible assets, in each case determined on a consolidated basis in accordance with GAAP.

“ **Consolidated EBITDA** ” shall mean, for the Borrower and its Subsidiaries for any period, an amount equal to the sum of (i) Consolidated Net Income for such period, *plus* (ii) to the extent deducted in determining the Consolidated Net Income for such period, (x) Consolidated Interest Expense, (y) income tax expense, and (z) all depreciation and amortization for such period, in each case determined on a consolidated basis in accordance with GAAP.

“ **Consolidated EBITDAR** ” shall mean, for the Borrower and its Subsidiaries for any period, an amount equal to the sum of (i) Consolidated EBITDA for such period, and (ii) to the extent deducted in determining Consolidated Net Income for such period, Consolidated Rent Expense for such period, in each case determined on a consolidated basis in accordance with GAAP.

“ **Consolidated EBITR** ” shall mean, for the Borrower and its Subsidiaries for any period, an amount equal to the sum of (i) Consolidated Net Income for such period, *plus* (ii) to the extent deducted in determining the Consolidated Net Income for such period (x) Consolidated Interest Expense, (y) income tax expense, and (z) Consolidated Rent Expense, in each case determined on a consolidated basis in accordance with GAAP.

“ **Consolidated Funded Debt** ” shall mean, as of any date of determination, all outstanding Indebtedness of the Borrower and its Subsidiaries on a consolidated basis (other than in respect of commercial letters of credit and Indebtedness of the types described in clause (xi) of the definition of the term Indebtedness), including without limitation, all Obligations.

“ **Consolidated Interest Expense** ” shall mean, for the Borrower and its Subsidiaries for any period, determined on a consolidated basis in accordance with GAAP, the sum of (i) total interest expense (net of interest income), including without limitation, the interest component of any payments in respect of capital leases capitalized or expensed during such period (whether or not actually paid during such period, and any program costs incurred in respect of any accounts receivable securitization or other financing arrangement), *plus* (ii) the net amount payable (or *minus* the net amount receivable) with respect to Hedging Obligations during such period (whether or not actually paid or received during such period).

“ **Consolidated Net Income** ” shall mean, for any period, the net income or loss of the Borrower and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (i) the income of any Person (other than the Borrower) in which any other Person (other than the Borrower or any Subsidiary) owns an equity interest in excess of 10%, except to the extent of the amount of dividends or other distributions actually paid to the Borrower or any of the Subsidiaries during such period, (ii) any extraordinary items of gain or loss, and (iii) the income or loss of any Person or business accrued prior to the date such Person or business is included in the results of operations of the Borrower and its Subsidiaries, in each case as determined on a consolidated basis in accordance with GAAP.

“ **Consolidated Net Worth** ” shall mean, as of any date of determination, the shareholders' equity of the Borrower, as set forth or reflected on the most recent consolidated balance sheet of the Borrower prepared in accordance with GAAP, but excluding any redeemable preferred stock.

“ **Consolidated Rent Expense** ” shall mean, for the Borrower and its Subsidiaries for any period, the aggregate amount of all rental payments (including both minimum and contingent rents) during such period in respect of all lease agreements and financing obligations (excluding any amounts in respect of capital leases or financing obligations included in the calculation of Consolidated Interest Expense for such period), whether for retail stores, distribution centers, administrative office space, furniture, fixtures, equipment, or other tangible assets.

“ **Contractual Obligation** ” of any Person shall mean any provision of any security issued by such Person or of any agreement, instrument or undertaking under which such Person is obligated or by which it or any of the property in which it has an interest is bound.

“ **Contribution Agreement** ” shall mean that certain Amended and Restated Contribution Agreement dated as of the date of this Agreement executed by the Borrower, the Guarantors, and the Administrative Agent substantially in the form of Exhibit D, as the same may be amended, restated or supplemented from time to time.

“ **Continuing Directors** ” shall mean, with respect to any period of twelve (12) consecutive calendar months, any member of the board of directors of the Borrower who (a) was a member of such board of directors on the first day of such period or (b) was nominated for election or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election.

“ **Debt Rating** ” shall mean the Moody’s Rating and the S&P’s Rating, as the case may be.

“ **Default** ” shall mean any condition or event that, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

“ **Default Interest** ” shall have the meaning assigned to such term in Section 2.13 (b).

“ **Dollar(s)** ” and the sign “ \$ ” shall mean lawful money of the United States of America.

“ **Eligible Assignee** ” means (i) a Lender; (ii) an Affiliate of a Lender; (iii) an Approved Fund; and (iv) any other Person (other than a natural Person) approved by the Administrative Agent, the Issuing Bank, and unless an Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed). If the consent of the Borrower to an assignment to an Eligible Assignee is required hereunder, the Borrower shall be deemed to have given its consent five Business Days after the date notice thereof has actually been delivered by the assigning Lender (through the Administrative Agent) to the Borrower, unless such consent is expressly refused by the Borrower prior to such fifth Business Day.

“ **Environmental Indemnity Agreement** ” shall mean the Hazardous Materials Indemnity Agreement dated as of June 21, 2002 executed by the Borrower and certain of the Guarantors in favor of SunTrust Bank, as collateral agent, and the Lenders, as the same may be amended, restated and supplemented from time to time.

“ **Environmental Laws** ” shall mean all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material, or to health and safety matters.

“ **Environmental Liability** ” shall mean any liability, contingent or otherwise (including any liability for damages, costs of environmental investigation and remediation, costs of administrative oversight, fines, natural resource damages, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (i) any actual or alleged violation of any Environmental Law, (ii) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (iii) any actual or alleged exposure to any Hazardous Materials, (iv) the Release or threatened Release of any Hazardous Materials or (v) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ **ERISA** ” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute.

“ **ERISA Affiliate** ” shall mean any trade or business (whether or not incorporated), which, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for the purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ **ERISA Event** ” shall mean (i) any “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (ii) the existence with respect to any Plan of an “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (iii) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (iv) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (v) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator appointed by the PBGC of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (vi) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (vii) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

“ **Eurodollar** ” when used in reference to any Loan or Borrowing refers to whether such Loan, or the Loans comprising such Borrowing, bears interest at a rate determined by reference to the Adjusted LIBO Rate.

“ **Eurodollar Reserve Percentage** ” shall mean the aggregate of the maximum reserve percentages (including, without limitation, any emergency, supplemental, special or other marginal reserves) expressed as a decimal (rounded upwards to the next 1/100th of 1%) in effect on any day to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate pursuant to regulations issued by the Board of Governors of the Federal Reserve System (or any Governmental Authority succeeding to any of its principal functions) with respect to eurocurrency funding (currently referred to as “eurocurrency liabilities” under Regulation D). Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under Regulation D. The Eurodollar Reserve Percentage shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“ **Event of Default** ” shall have the meaning assigned to such term in Article VIII.

“ **Excluded Taxes** ” shall mean with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (i) income or franchise taxes imposed on (or measured by) its net income by any United States local, state or federal governmental authority, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its Applicable Lending Office is located, or any nation within which such jurisdiction is located, or any political subdivision thereof, (ii) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction described in the preceding clause (i), and (iii) in the case of a Non-U.S. Lender, any withholding tax that (x) is imposed on amounts payable to such Non-U.S. Lender at the time such Non-U.S. Lender becomes a party to this Agreement, (y) is imposed on amounts payable to such Non-U.S. Lender at any time that such Non-U.S. Lender designates a new Applicable Lending Office, other than taxes that have accrued prior to the designation of such new Applicable Lending Office that are otherwise not Excluded Taxes, and (z) is attributable to such Non-U.S. Lender’s failure to comply with Section 2.20(e).

“ **Existing Credit Agreement** ” shall mean that certain 3-Year Revolving Credit Agreement dated as of June 21, 2002, by and among the Borrower, the lenders from time to time party thereto and SunTrust Bank, as amended and in effect as of the Restatement Date immediately prior to the effectiveness of this Agreement.

“**Existing Letter of Credit**” shall mean the irrevocable letter of credit issued by SunTrust Bank as Issuing Bank and outstanding as of the Restatement Date under the Existing Credit Agreement as described on Schedule 1.1-E, together with all extensions, renewals, modifications and replacements thereof.

“**Federal Funds Rate**” shall mean, for any day, the rate per annum (rounded upwards, if necessary, to the next 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with member banks of the Federal Reserve System arranged by Federal funds brokers, as published by the Federal Reserve Bank of New York on the next succeeding Business Day or if such rate is not so published for any Business Day, the Federal Funds Rate for such day shall be the average rounded upwards, if necessary, to the next 1/100th of 1% of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent.

“**Fee Letter**” shall mean that certain fee letter, dated as of May 21, 2004, executed by SunTrust Capital Markets, Inc. and SunTrust Bank and accepted by the Borrower.

“**Fiscal Quarter**” shall mean a fiscal quarter of the Borrower.

“**Fiscal Year**” shall mean a fiscal year of the Borrower.

“**Foreign Subsidiary**” shall mean any Subsidiary that is not a U.S. Subsidiary.

“**GAAP**” shall mean generally accepted accounting principles in the United States applied on a consistent basis and subject to the terms of Section 1.3.

“**GCIC**” shall mean The Greater Cumberland Insurance Company, a Vermont corporation and wholly owned Subsidiary of the Borrower, or any other wholly owned Subsidiary of the Borrower succeeding GCIC after the Restatement Date as the so-called “captive” insurance company for the Borrower and its other Subsidiaries and performing the services described in Section 7.3(b).

“**Governmental Authority**” shall mean the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“**Guarantee**” of or by any Person (the “**guarantor**”) shall mean any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the “**primary obligor**”) in any manner, whether directly or indirectly and including any obligation, direct or indirect, of the guarantor (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) as an account party in respect of any letter of credit or letter of guaranty issued in support of such Indebtedness or obligation; provided, that the term “Guarantee” shall not include endorsements for collection or deposits in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which Guarantee is made or, if not so stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith. The term “Guarantee” used as a verb has a corresponding meaning.

“**Guaranty Agreement**” shall mean that certain Amended and Restated Guaranty Agreement dated as of the Restatement Date executed by the Guarantors in favor of the Administrative Agent for the benefit of the Lenders, substantially in the form of Exhibit C, as amended, restated, supplemented or otherwise modified from time to time.

“ **Guarantors** ” shall mean each U.S. Subsidiary (other than DGC Holdings, LLC so long as its sole purpose is to hold no more than 1% of the stock of Dollar General Global Sourcing, a company organized in Hong Kong) of the Borrower now existing or hereafter acquired, and each Foreign Subsidiary becoming a Guarantor as provided in the last sentence of Section 5.10(b) .

“ **Hazardous Materials** ” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“ **Hedging Obligations** ” of any Person shall mean any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired under (i) any and all Hedging Transactions, (ii) any and all cancellations, unwinds, buy backs, reversals, terminations or assignments of any Hedging Transactions, and (iii) any and all renewals, extensions and modifications of any Hedging Transactions and any and all substitutions and replacements for any Hedging Transactions.

“ **Hedging Transaction** ” of any Person shall mean any transaction (including an agreement with respect thereto) now existing or hereafter entered into by such Person that is a rate swap, basis swap, forward rate transaction, commodity swap, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collateral transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

“ **Indebtedness** ” of any Person shall mean, without duplication (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person in respect of the deferred purchase price of property or services (other than trade payables and other accrued expenses incurred in the ordinary course of business on terms customary in the trade); (iv) all obligations of such Person under any conditional sale or other title retention agreement(s) relating to property acquired by such Person, (v) all Capital Lease Obligations of such Person, (vi) all obligations, contingent or otherwise, of such Person in respect of standby letters of credit, acceptances or similar extensions of credit, (vii) all Guarantees by such Person of any type of Indebtedness of others described in this definition, (viii) all Indebtedness of a third party secured by any Lien on property owned by such Person, whether or not such Indebtedness has been assumed by such Person; provided that the amount of any Indebtedness of others that constitutes Indebtedness of such Person solely by reason of this clause (viii) shall not for purposes of this Agreement exceed the greater of the book value or the fair market value of the properties or assets subject to such Lien, (ix) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any capital stock or partner, member or other ownership interests of such Person or any Subsidiary or other Affiliate of such Person, in each case where the holder of such capital stock or member or other ownership interests may require such purchase, redemption, retirement or other acquisition to be effected prior to the Revolving Commitment Termination Date, (x) all Off-Balance Sheet Liabilities of such Person, and (xi) all Hedging Obligations of such Person.

“**Indemnified Taxes**” shall mean Taxes other than Excluded Taxes.

“**Indenture**” shall mean, collectively, that certain Indenture, dated as of June 21, 2000, by and among the Borrower, as issuer, the Guarantors, as Guarantors, and First Union National Bank, as trustee, either as originally executed or as the same may from time to time be supplemented, modified, amended, renewed or extended as permitted herein.

“**Information Memorandum**” shall mean the Confidential Executive Summary dated May 2004 relating to the Borrower and the transactions contemplated by this Agreement and the other Loan Documents.

“ **Interest Period** ” shall mean with respect to any Eurodollar Borrowing, a period of one, two, three or six months as the Borrower may elect; provided, that:

(i) the initial Interest Period for such Borrowing shall commence on the date of such Borrowing (including the date of any conversion from a Borrowing of another Type), and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

(ii) if any Interest Period would otherwise end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(iii) any Interest Period which begins on the last Business Day of a calendar month or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period shall end on the last Business Day of such calendar month; and

(iv) no Interest Period may extend beyond the Revolving Commitment Termination Date.

“Investment Grade Adjustment” shall mean (i) with respect to the Applicable Margin, a reduction in the applicable percentage by an amount equal to 0.125%, and (ii) with respect to the Applicable Percentage, a reduction in the applicable percentage by an amount equal to 0.025%.

“ Investment Grade Rating ” shall mean a Moody’s Rating of Baa3 or better, or an S&P Rating of BBB- or better, as either such rating be in effect from time to time.

“ Issuing Bank ” shall mean SunTrust Bank or any other Lender, each in its capacity as an issuer of Letters of Credit pursuant to Section 2.23.

“ LC Commitment ” shall mean that portion of the Aggregate Revolving Commitment Amount that may be used by the Borrower for the issuance of Letters of Credit in an aggregate face amount not to exceed \$75,000,000 .

“ LC Disbursement ” shall mean a payment made by the Issuing Bank pursuant to a Letter of Credit.

“ LC Documents ” shall mean the Letters of Credit and all applications, agreements and instruments relating to the Letters of Credit.

“ LC Exposure ” shall mean, at any time, the sum of (i) the aggregate undrawn amount of all outstanding Letters of Credit at such time, *plus* (ii) the aggregate amount of all LC Disbursements that have not been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Lender shall be its Pro Rata Share of the total LC Exposures for all Lenders at such time.

“ LC Notice ” shall have the meaning assigned to such term in Section 2.23(b).

“ Lenders ” shall have the meaning assigned to such term in the opening paragraph of this Agreement and, unless the context otherwise requires, shall include the Swingline Lender.

“ Letter of Credit ” shall mean any stand-by or trade letter of credit issued pursuant to Section 2.23 by the Issuing Bank for the account of the Borrower pursuant to the LC Commitment.

“ Level ” shall mean the respective category assigned to each applicable ratio of Consolidated Funded Debt to Consolidated EBITDA as set forth on the Pricing Grid, being Levels I through VI.

“ LIBOR ” shall mean, for any applicable Interest Period with respect to any Eurodollar Loan, the British Bankers’ Association Interest Settlement Rate per annum for deposits in Dollars for a period equal to such Interest Period appearing on the display designated as Page 3750 on the Dow Jones Market Services (or such other page on that service or such other service designated by the British Bankers’ Association for the display of such Association’s interest settlement rates for Dollar deposits) as of 11:00 a.m. (London, England time) on the day that is two Business Days prior to the first day of the Interest Period or, if such Page 3750 is unavailable for any reason at

such time, the rate which appears on the Reuters Screen ISDA Page as of such date and such time; provided, that if the Administrative Agent determines that the relevant foregoing sources are unavailable for the relevant Interest Period, LIBOR shall mean the rate of interest determined by the Administrative Agent to be the average (rounded upward, if necessary, to the nearest 1/100th of 1%) of the rates per annum at which deposits in Dollars are offered to the Administrative Agent two (2) Business Days preceding the first day of such Interest Period by leading banks in the London interbank market as of 10:00 a.m. for delivery on the first day of such Interest Period, for the number of days comprised therein and in an amount comparable to the amount of the Eurodollar Loan of the Administrative Agent.

“ **Lien** ” shall mean any mortgage, pledge, security interest, lien (statutory or otherwise), charge, encumbrance, hypothecation, assignment, deposit arrangement, or other arrangement having the practical effect of the foregoing or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having the same economic effect as any of the foregoing).

“ **Loan Documents** ” shall mean, collectively, this Agreement, the Notes (if any), the LC Documents, the Environmental Indemnity Agreement, all Notices of Borrowing, all LC Notices, all Notices of Conversion/Continuation, and any and all other instruments, agreements, documents and writings executed in connection with any of the foregoing.

“ **Loan Parties** ” shall mean the Borrower and the Guarantors.

“ **Loans** ” shall mean all Revolving Loans and Swingline Loans in the aggregate or any of them, as the context shall require.

“ **Material Adverse Effect** ” shall mean, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singularly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, a material adverse change in, or a material adverse effect on, (i) the results of operations, financial condition or assets of the Borrower and its Subsidiaries taken as a whole, (ii) the ability of the Loan Parties to perform their respective obligations under the Loan Documents, (iii) the rights and remedies of the Administrative Agent, the Issuing Bank, the Swingline Lender, or the Lenders under any of the Loan Documents, or (iv) the legality, validity or enforceability of any of the Loan Documents.

“ **Material Indebtedness** ” shall mean Indebtedness (other than the Loans and Letters of Credit) of any one or more of the Borrower and the Subsidiaries in an aggregate principal amount exceeding \$20,000,000. For purposes of determining Material Indebtedness, the “principal amount” of any Hedging Obligation at any time shall be the Net Mark-to-Market Exposure of such Hedging Obligation at such time.

“**Material Property**” shall mean each of the corporate headquarters and executive office buildings and related real properties, and distribution center buildings and related real properties.

“ **Moody’s** ” shall mean Moody’s Investors Service, Inc and its successors.

“ **Moody’s Rating** ” shall mean, at any time, the rating assigned by Moody’s to the Borrower’s senior unsecured long-term, non-credit enhanced debt at such time or, if such rating is not then available, Moody’s long-term unsecured debt issuer rating of the Borrower then in effect.

“ **Multiemployer Plan** ” shall have the meaning set forth in Section 4001(a)(3) of ERISA.

“ **Net Mark-to-Market Exposure** ” of any Person shall mean, as of any date of determination with respect to any Hedging Obligation, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from such Hedging Obligation. “Unrealized losses” shall mean the fair market value of the cost to such Person of replacing the Hedging Transaction giving rise to such Hedging Obligation as of the date of determination (assuming

the Hedging Transaction was to be terminated as of that date), and “unrealized profits” means the fair market value of the gain to such Person of replacing such Hedging Transaction as of the date of determination (assuming such Hedging Transaction were to be terminated as of such date of determination).

“ *New Store Development Program* ” shall mean the Borrower’s program, commencing after the Restatement Date, for developing new retail store properties to be the subject of sale and leaseback transactions of the type described in Section 7.9.

“ *Non-U.S. Lender* ” shall mean any Lender that is not a United States person under Section 7701(a)(3) of the Code.

“ *Notes* ” shall mean, collectively, the Revolving Credit Notes and the Swingline Note.

“ *Notice of Conversion/Continuation* ” shall have the meaning assigned to such term in Section 2.7 (b).

“ *Notice of Revolving Borrowing* ” shall have the meaning assigned to such term in Section 2.3.

“ *Notice of Swingline Borrowing* ” shall have the meaning as set forth in Section 2.5.

“ *Notices of Borrowing* ” shall mean, collectively, the Notices of Revolving Borrowing and the Notices of Swingline Borrowing.

“ *Obligations* ” shall mean all amounts owing by the Borrower to the Administrative Agent, the Issuing Bank and all Lenders pursuant to or in connection with this Agreement, the Notes or any other Loan Document, including without limitation, all principal, interest (including any interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), all reimbursement obligations, fees, expenses, indemnification and reimbursement payments, costs and expenses (including all fees and expenses of counsel to the Administrative Agent and any Lender incurred pursuant to this Agreement or any other Loan Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, and all Hedging Obligations owing to the Administrative Agent, any Lender or any of their Affiliates incurred in respect of any interest accruing on the Loans, and all obligations and liabilities incurred in connection with collecting and enforcing the foregoing, together with all renewals, extensions, modifications or refinancings thereof.

“ *Off-Balance Sheet Liabilities* ” of any Person shall mean (i) any obligations created through asset securitization financing programs arranged for such Person, (ii) any liabilities of such Person under any sale and leaseback transactions which do not create a liability on the balance sheet of such Person, (iii) any Synthetic Lease Obligations, and (iv) any obligations arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheet of such Person, in each case in an amount that would result if such transaction had been treated as a borrowing, provided that any such obligation described in the preceding clause (ii) or this clause (iv) shall not include any liability pursuant to an obligation classified as an operating lease for purposes of GAAP.

“ *Operating Lease Obligations* ” of any Person shall mean all obligations of such Person to pay rent and other amounts under any lease (or other arrangements conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as operating leases on a balance sheet of such Person under GAAP.

“ *OSHA* ” shall mean the Occupational Safety and Health Act of 1970, as amended from time to time, and any successor statute.

“ *Other Taxes* ” shall mean any and all present or future stamp or documentary taxes or any other excise

or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement, any Note, or any other Loan Document.

“ **Participant** ” shall have the meaning assigned to such term in Section 10.4 (d).

“ **Payment Office** ” shall mean the office of the Administrative Agent located at 303 Peachtree Street, N.E., Atlanta, Georgia 30308, or such other location as to which the Administrative Agent shall have given written notice to the Borrower and the other Lenders.

“ **PBGC** ” shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA, and any successor entity performing similar functions.

“ **Permitted Encumbrances** ” shall mean

(i) Liens imposed by law for taxes or special assessments not yet due or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

(ii) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other Liens imposed by law created in the ordinary course of business for amounts not yet due or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP;

(iii) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations and deposits securing liabilities to insurance carriers under insurance or self-insurance arrangements;

(iv) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(v) judgment and attachment Liens not giving rise to an Event of Default or Liens created by or existing from any litigation or legal proceeding that are currently being contested in good faith by appropriate proceedings and with respect to which adequate reserves are being maintained in accordance with GAAP; and

(vi) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of the Borrower and its Subsidiaries taken as a whole;

provided, that the term “Permitted Encumbrances” shall not include any Lien securing Indebtedness.

“ **Permitted Investments** ” shall mean:

(i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States), in each case maturing within one year from the date of acquisition thereof;

(ii) commercial paper having the highest rating, at the time of acquisition thereof, of S&P or Moody's and in either case maturing within six months from the date of acquisition thereof;

(iii) certificates of deposit, bankers' acceptances and time deposits maturing within 180 days of the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States or any

state thereof which has a combined capital and surplus and undivided profits of not less than \$500,000,000;

(iv) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (i) above and entered into with a financial institution satisfying the criteria described in clause (iii) above;

(v) mutual funds investing solely in any one or more of the Permitted Investments described in clauses (i) through (iv) above;

(vi) money market deposit accounts having the highest rating by either S&P or Moody's; and

(vii) tax exempt bonds having the highest rating by either S&P or Moody's and maturing or having a rate re-set date at or within thirty-five days of the acquisition thereof.

“ **Person** ” shall mean any individual, partnership, firm, corporation, association, joint venture, limited liability company, trust or other entity, or any Governmental Authority.

“ **Plan** ” shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“ **Pricing Grid** ” shall mean the table of applicable ratios of Consolidated Funded Debt to Consolidated EBITDA and corresponding Applicable Margins and Applicable Percentages set forth as Schedule 1.1-A attached to this Agreement.

“ **Pro Rata Share** ” shall mean, with respect to any Commitment of any Lender at any time, a percentage, the numerator of which shall be such Lender's Commitment (or if such Commitments have been terminated or expired or the Loans have been declared to be due and payable, such Lender's Revolving Credit Exposure), and the denominator of which shall be the sum of such Commitments of all Lenders (or if such Commitments have been terminated or expired or the Loans have been declared to be due and payable, all Revolving Credit Exposure of all Lenders).

“ **Regulation D** ” shall mean Regulation D of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time, and any successor regulations.

“ **Related Parties** ” shall mean, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

“ **Release** ” means any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

“ **Required Lenders** ” shall mean, at any time, Lenders holding more than 50% of the aggregate outstanding Revolving Commitments at such time or, if no Revolving Commitments are then outstanding, then Lenders having more than 50% of the Revolving Credit Exposures of all Lenders.

“ **Requirement of Law** ” for any Person shall mean the articles or certificate of incorporation and bylaws, partnership agreement, certificate of limited partnership, articles of organization, limited liability company operating and/or management agreement, or other organizational or governing documents of such Person, and any law, treaty, rule or regulations, or determination of a Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“ **Responsible Officer** ” shall mean any of the president, the chief executive officer, the chief operating

officer, the chief financial officer, the treasurer or a vice president of the Borrower or such other representative of the Borrower as may be designated in writing by any one of the foregoing with the consent of the Administrative Agent; and, with respect to the financial covenants only, the chief financial officer or the treasurer of the Borrower.

“ **Restatement Date** ” shall mean the date on which the conditions precedent set forth in Section 3.1 and Section 3.2 have been satisfied or waived in accordance with Section 10.2 .

“ **Restricted Payment** ” shall have the meaning assigned to such term in Section 7.5 .

“ **Revolving Commitment** ” shall mean, with respect to each Lender, the obligation of such Lender to make Revolving Loans to the Borrower and to participate in Letters of Credit and Swingline Loans in an aggregate principal amount not exceeding the amount set forth with respect to such Lender on the signature pages to this Agreement, or in the case of a Person becoming a Lender after the Restatement Date, the amount of the assigned “Revolving Commitment” as provided in the Assignment and Acceptance executed by such Person as an assignee, in each case as the same may be increased or decreased pursuant to the terms hereof.

“ **Revolving Commitment Termination Date** ” shall mean the earliest of (i) June 30, 2009, (ii) the date on which the Revolving Commitments are terminated pursuant to Section 2.8 , and (iii) the date on which all amounts outstanding under this Agreement have been declared or have automatically become due and payable (whether by acceleration or otherwise).

“ **Revolving Credit Exposure** ” shall mean, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender’s Revolving Loans, LC Exposure, and Swingline Exposure.

“ **Revolving Credit Note** ” shall mean a promissory note of the Borrower payable to the order of a requesting Lender in the principal amount of such Lender’s Revolving Commitment, in substantially the form of Exhibit A-1 .

“ **Revolving Loan** ” shall mean a loan made by a Lender (other than the Swingline Lender) to the Borrower under its Revolving Commitment, which may either be a Base Rate Loan or a Eurodollar Loan.

“ **S&P** ” shall mean Standard & Poor’s and its successors.

“ **S&P Rating** ” shall mean, at any time, the rating assigned by S&P to the Borrower’s senior unsecured long-term, non-credit enhanced debt at such time or, if such rating is not then available, S&P’s issuer credit rating of the Borrower then in effect.

“ **Senior Notes** ” shall mean, collectively, the Borrower’s 8 5/8% Notes due June 15, 2010, in the aggregate principal amount of \$200,000,000, issued pursuant to the Indenture.

“ **Subsidiary** ” shall mean, with respect to any Person (the “ **parent** ”), any corporation, partnership, joint venture, limited liability company, association or other entity the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, partnership, joint venture, limited liability company, association or other entity (i) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power, or in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (ii) that is, as of such date, otherwise controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent. Unless otherwise indicated, all references to “Subsidiary” hereunder shall mean a Subsidiary of the Borrower.

“ **Swingline Commitment** ” shall mean the commitment of the Swingline Lender to make Swingline Loans in an aggregate principal amount at any time outstanding not to exceed \$10,000,000.

“ **Swingline Commitment Termination Date** ” shall mean the date that is five (5) Business Days prior to

the Revolving Commitment Termination Date.

“ **Swingline Exposure** ” shall mean, with respect to each Lender, the aggregate principal amount of the Swingline Loans as to which such Lender is obligated either to make Base Rate Loans or to purchase participations therein in accordance with Section 2.5 , which amount shall equal such Lender’s Pro Rata Share of all outstanding Swingline Loans.

“ **Swingline Lender** ” shall mean SunTrust Bank or any other Lender that may agree to make Swingline Loans hereunder.

“ **Swingline Loan** ” shall mean a loan made to the Borrower by the Swingline Lender under the Swingline Commitment.

“**Swingline Loan Period**” shall mean the period of time not more than 10 days, specified by the Borrower in respect of a Swingline Loan requested to be made bearing interest at a Swingline Quoted Rate.

“ **Swingline Note** ” shall mean the promissory note of the Borrower payable to the order of the Swingline Lender in the principal amount of the Swingline Commitment, substantially the form of Exhibit A-2 .

“**Swingline Quoted Rate**” shall mean the rate of interest quoted by the Swingline Lender, and accepted by the Borrower, with respect to a requested Swingline Loan made pursuant to Section 2.5 .

“ **Synthetic Lease** ” means a lease transaction under which (i) the lease will be treated as an “operating lease” by the lessee pursuant to Statement of Financial Accounting Standards No. 13, as amended and (ii) the lessee will be entitled to various tax and other benefits ordinarily available to owners (as opposed to lessees) of like property.

“ **Synthetic Lease Obligations** ” shall mean, with respect to any Person, the sum of (i) all remaining rental obligations of such Person as lessee under Synthetic Leases that are attributable to principal and, without duplication, (ii) all rental and purchase price payment obligations of such Person under such Synthetic Leases assuming such Person exercises the option to purchase the lease property at the end of the lease term.

“ **Taxes** ” shall mean any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

“ **Type** ”, when used in reference to a Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Base Rate.

“ **U.S. Subsidiary** ” shall mean a Subsidiary that is a United States person under Section 7701(a)(3) of the Code.

“ **Withdrawal Liability** ” shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

Section 1.2. Classifications of Loans and Borrowings . For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a “Revolving Loan” or “Swingline Loan”) or by Type (e.g., a “Eurodollar Loan” or “Base Rate Loan”) or by Class and Type (e.g., “Revolving Eurodollar Loan”). Borrowings also may be classified and referred to by Class (e.g., “Revolving Borrowing” or “Swingline Borrowing”) or by Type (e.g., “Eurodollar Borrowing”) or by Class and Type (e.g., “Revolving Eurodollar Borrowing”).

Section 1.3. Accounting Terms and Determination . Unless otherwise defined or specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP as in effect from time to time, applied on a basis consistent with the most recent audited consolidated financial statements of the Borrower delivered pursuant to Section 5.1 (a); provided , that if the Borrower notifies the Administrative Agent that

the Borrower wishes to amend any covenant in Article VI to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend Article VI for such purpose), then the Borrower's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders.

Section 1.4. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the word "to" means "to but excluding". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as it was originally executed or as it may from time to time be amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (iii) the words "hereof", "herein" and "hereunder" and words of similar import shall be construed to refer to this Agreement as a whole and not to any particular provision hereof, (iv) all references to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles, Sections, Exhibits and Schedules to this Agreement, and (v) all references to a specific time shall be construed to refer to the time in the city and state of the Administrative Agent's principal office, unless otherwise indicated.

ARTICLE II

AMOUNT AND TERMS OF THE COMMITMENTS

Section 2.1. General Description of Facilities. Subject to and upon the terms and conditions set forth herein, (i) the Lenders hereby establish in favor of the Borrower a revolving credit facility pursuant to which each Lender severally agrees (to the extent of such Lender's Revolving Commitment) to make Revolving Loans to the Borrower in accordance with Section 2.2, (ii) the Issuing Bank agrees to issue Letters of Credit in accordance with Section 2.23, (iii) the Swingline Lender agrees to make Swingline Loans in accordance with Section 2.4, (iv) each Lender agrees to purchase a participation interest in the Swingline Loans as provided in Section 2.5; and (v) each Lender agrees to purchase a participation interest in the Letters of Credit as provided in Section 2.23; provided, that in no event shall the aggregate principal amount of all outstanding Revolving Loans, Swingline Loans and outstanding LC Exposure exceed at any time the Aggregate Revolving Commitment Amount from time to time in effect.

Section 2.2. Revolving Loans. Subject to the terms and conditions set forth herein, each Lender severally agrees to make Revolving Loans to the Borrower, from time to time during the Availability Period, in an aggregate principal amount outstanding at any time that will not result in (i) such Lender's Revolving Credit Exposure exceeding such Lender's Revolving Commitment or (ii) the sum of the aggregate Revolving Credit Exposures of all Lenders exceeding the Aggregate Revolving Commitment Amount. During the Availability Period, the Borrower shall be entitled to borrow, prepay and reborrow Revolving Loans in accordance with the terms and conditions of this Agreement; provided, that the Borrower may not borrow or reborrow any Loans should there exist a Default or Event of Default (other than a reborrowing (x) consisting solely of a continuation of an existing Eurodollar Borrowing for a new Interest Period of one (1) month at a time when there exists a Default (but not an Event of Default), or (y) consisting solely of a conversion of an existing Eurodollar Borrowing to a Base Rate Borrowing).

Section 2.3. Procedure for Revolving Borrowings. The Borrower shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of each Revolving Borrowing substantially in the form of Exhibit 2.3 attached hereto (a "Notice of Revolving Borrowing") (x) prior to 12:00 noon (Atlanta, Georgia time) on the requested date of each Base Rate Borrowing and (y) prior to 12:00 noon (Atlanta, Georgia time) at least three (3) Business Days prior to the requested date of each Eurodollar Borrowing. Each Notice of Revolving

Borrowing shall be irrevocable and shall specify: (i) the aggregate principal amount of such Borrowing, (ii) the date of such Borrowing (which shall be a Business Day), (iii) the Type of such Revolving Loan comprising such Borrowing and (iv) in the case of a Eurodollar Borrowing, the duration of the initial Interest Period applicable thereto (subject to the provisions of the definition of Interest Period). Each Revolving Borrowing shall consist entirely of Base Rate Loans or Eurodollar Loans, as the Borrower may request. The aggregate principal amount of each such Eurodollar Borrowing shall be not less than \$5,000,000 or a larger multiple of \$1,000,000, and the aggregate principal amount of each such Base Rate Borrowing shall not be less than \$1,000,000 or a larger multiple of \$100,000; provided, that Base Rate Loans made pursuant to Section 2.5(b) and Section 2.23(d) may be made in lesser amounts as provided therein . At no time shall the total number of Eurodollar Borrowings outstanding at any time exceed eight. Promptly following the receipt of a Notice of Revolving Borrowing in accordance herewith, the Administrative Agent shall advise each Lender of the details thereof and the amount of such Lender's Revolving Loan to be made as part of the requested Revolving Borrowing.

Section 2.4. Swingline Loans . Subject to and upon the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower, from time to time from the Restatement Date to the Swingline Commitment Termination Date, in an aggregate principal amount outstanding at any time not to exceed the lesser of (i) the Swingline Commitment then in effect and (ii) the difference between the Aggregate Revolving Commitment Amount then in effect and the aggregate Revolving Credit Exposures of all Lenders then existing. The Borrower shall be entitled to borrow, repay and reborrow Swingline Loans in accordance with the terms and conditions of this Agreement; provided, that the Borrower may not borrow or reborrow any Swingline Loans should there exist a Default or Event of Default.

Section 2.5. Procedure for Swingline Borrowings .

(a) The Borrower shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of each Swingline Borrowing substantially in the form of Exhibit 2.5 attached hereto (“ *Notice of Swingline Borrowing* ”) prior to 12:00 noon (Atlanta, Georgia time) on the requested date of each Swingline Borrowing. Each Notice of Swingline Borrowing shall be irrevocable and shall specify: (i) the principal amount of such Swingline Loan, (ii) the date of such Swingline Loan (which shall be a Business Day), (iii) the account of the Borrower to which the proceeds of such Swingline Loan should be credited, and (iv) if the Borrower is requesting that such Swingline Loan accrue interest based on a Swingline Quoted Rate, the requested Swingline Loan Period for such Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of each Notice of Swingline Borrowing, and the Swingline Lender and the Borrower shall establish by mutual agreement the Swingline Quoted Rate. Each Swingline Loan shall accrue interest at the rate in effect for Base Rate Loans, or if applicable, the Swingline Quoted Rate. The aggregate principal amount of each Swingline Loan shall be not less than \$100,000 (or the remaining unused amount of the Swingline Commitment, if less) or a larger multiple of \$50,000, or such other minimum amounts agreed to by the Swingline Lender and the Borrower. The Swingline Lender will make the proceeds of each Swingline Loan available to the Borrower in Dollars in immediately available funds at the account specified by the Borrower in the applicable Notice of Swingline Borrowing not later than 3:00 p.m. on the requested date of such Swingline Loan. At no time shall the total number of Swingline Loans outstanding that bear interest based on a Swingline Quoted Rate exceed three.

(b) The Swingline Lender, at any time and from time to time in its sole discretion, may, on behalf of the Borrower (which hereby irrevocably authorizes and directs the Swingline Lender to act on its behalf), give a Notice of Revolving Borrowing to the Administrative Agent requesting the Lenders (including the Swingline Lender) to make Base Rate Loans in an amount equal to their respective Pro Rata Shares of the unpaid principal amounts of any Swingline Loans. Each Lender will make the proceeds of its Base Rate Loan included in such Borrowing available to the Administrative Agent for the account of the Swingline Lender in accordance with Section 2.6 , which will be used solely for the repayment of such Swingline Loans.

(c) If for any reason a Base Rate Borrowing may not be (as determined in the sole discretion of the Administrative Agent), or is not, made in accordance with the foregoing provisions of Section 2.5(b) , then each Lender (other than the Swingline Lender) shall purchase an undivided participating interest in such Swingline Loans in an

amount equal to its Pro Rata Share thereof on the date that such Base Rate Borrowing should have occurred. On the date of such required purchase, (i) each Lender shall promptly transfer, in immediately available funds, the amount of its participating interest to the Administrative Agent for the account of the Swingline Lender, and (ii) the Swingline Loan shall thereafter bear interest at the rate in effect for Base Rate Loans.

(d) Each Lender's obligation to make a Base Rate Loan pursuant to Section 2.5 (b) or to purchase the participating interests pursuant to Section 2.5 (c) shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation (i) any setoff, counterclaim, recoupment, defense or other right that such Lender or any other Person may have or claim against the Swingline Lender, the Borrower or any other Person for any reason whatsoever, (ii) the existence of a Default or an Event of Default or the termination of any Lender's Revolving Commitment, (iii) the existence (or alleged existence) of any event or condition which has had or could reasonably be expected to have a Material Adverse Effect, (iv) any breach of this Agreement or any other Loan Document by the Borrower, the Administrative Agent or any Lender or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. If such amount is not in fact made available to the Swingline Lender by any Lender, the Swingline Lender shall be entitled to recover such amount on demand from such Lender, together with accrued interest thereon for each day from the date of demand thereof at the Federal Funds Rate. Until such time as such Lender makes its required payment, the Swingline Lender shall be deemed to continue to have outstanding Swingline Loans in the amount of the unpaid participation for all purposes of the Loan Documents. In addition, such Lender shall be deemed to have assigned any and all payments made of principal and interest on its Loans and any other amounts due to it hereunder to the Swingline Lender to fund the amount of such Lender's participation interest in such Swingline Loans that such Lender failed to fund pursuant to this Section 2.5 , until such amount has been purchased in full.

Section 2.6. Funding of Revolving Borrowings .

(a) Each Lender will make available each Revolving Loan to be made by it hereunder on the proposed date thereof by wire transfer in immediately available funds by 1:00 p.m. (Atlanta, Georgia time) to the Administrative Agent at the Payment Office. The Administrative Agent will make such Revolving Loans available to the Borrower by promptly crediting the amounts that it receives, in like funds by the close of business on such proposed date, to an account maintained by the Borrower with the Administrative Agent or at the Borrower's option, by effecting a wire transfer of such amounts to an account designated in writing by the Borrower to the Administrative Agent.

(b) Unless the Administrative Agent shall have been notified by any Lender prior to 5:00 p.m. one (1) Business Day prior to the date of a Revolving Borrowing in which such Lender is participating that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date, and the Administrative Agent, in reliance on such assumption, may make available to the Borrower on such date a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender on the date of such Borrowing, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender together with interest at the Federal Funds Rate for up to two (2) days and thereafter at the rate specified for such Borrowing. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower, and the Borrower shall immediately pay such corresponding amount to the Administrative Agent together with interest at the rate specified for such Borrowing. Nothing in this subsection shall be deemed to relieve any Lender from its obligation to fund its Pro Rata Share of any Borrowing hereunder or to prejudice any rights which the Borrower may have against any Lender as a result of any default by such Lender hereunder.

(c) All Revolving Borrowings shall be made by the Lenders on the basis of their respective Pro Rata Shares. No Lender shall be responsible for any default by any other Lender in its obligations hereunder, and each Lender shall be obligated to make its Revolving Loans provided to be made by it hereunder, regardless of the failure of any other Lender to make its Revolving Loans hereunder.

Section 2.7. Interest Elections for Revolving Borrowings .

(a) Each Revolving Borrowing initially shall be of the Type specified in the applicable Notice of Revolving Borrowing, and in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Notice of Revolving Borrowing. Thereafter, the Borrower may elect to convert such Borrowing into a different Type or to continue such Borrowing, and in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding Revolving Loans comprising such Borrowing, and the Revolving Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall give the Administrative Agent prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing (a “ **Notice of Conversion/Continuation** ”) that is to be converted or continued, as the case may be, (x) prior to 12:00 noon (Atlanta, Georgia time) on the requested date of a conversion into a Base Rate Borrowing, and (y) prior to 12:00 noon (Atlanta, Georgia time) three (3) Business Days prior to a continuation of or conversion into a Eurodollar Borrowing. Each such Notice of Conversion/Continuation shall be irrevocable and shall specify (i) the Borrowing to which such Notice of Continuation/Conversion applies and if different options are being elected with respect to different portions thereof, the portions thereof that are to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) shall be specified for each resulting Borrowing), (ii) the effective date of the election made pursuant to such Notice of Continuation/Conversion, which shall be a Business Day, (iii) whether the resulting Borrowing is to be a Base Rate Borrowing or a Eurodollar Borrowing, and (iv) if the resulting Borrowing is to be a Eurodollar Borrowing, the Interest Period applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of “Interest Period.” If any such Notice of Continuation/Conversion requests a Eurodollar Borrowing but does not specify an Interest Period, the Borrower shall be deemed to have selected an Interest Period of one month. The principal amount of any resulting Borrowing shall satisfy the minimum borrowing amount for Eurodollar Borrowings and Base Rate Borrowings set forth in Section 2.3.

(c) If, on the expiration of any Interest Period in respect of any Eurodollar Borrowing, the Borrower shall have failed to deliver a Notice of Conversion/ Continuation, then, unless such Borrowing is repaid as provided herein, the Borrower shall be deemed to have elected to convert such Borrowing to a Base Rate Borrowing. No Borrowing may be converted into, or continued as, a Eurodollar Borrowing if an Event of Default exists, unless the Administrative Agent and each of the Lenders shall have otherwise consented in writing. The Borrower will pay any amounts due under Section 2.19 if Eurodollar Loans are converted on a day that is not the last day of an Interest Period for such Loans.

(d) Upon receipt of any Notice of Conversion/Continuation, the Administrative Agent shall promptly notify each Lender of the details thereof and of such Lender’s portion of each resulting Borrowing.

Section 2.8. Optional Reduction and Termination of Commitments

(a) Unless previously terminated, all Revolving Commitments shall terminate on the Revolving Commitment Termination Date, and the Swingline Commitment shall terminate on the Swingline Commitment Termination Date.

(b) Upon at least three (3) Business Days’ prior written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent (which notice shall be irrevocable), the Borrower may reduce the Aggregate Revolving Commitments in part or terminate the Aggregate Revolving Commitments in whole; provided, that (i) any partial reduction shall apply to reduce proportionately and permanently the Revolving Commitment of each Lender, (ii) any partial reduction pursuant to this Section 2.8 shall be in an amount of at least \$10,000,000 and any larger multiple of \$1,000,000, and (iii) no such reduction shall be permitted which would reduce the Aggregate Revolving Commitments to an amount less than the outstanding Revolving Credit Exposures of all Lenders.

Section 2.9. Repayment of Loans

(a) The outstanding principal amount of all Revolving Loans shall be due and payable (together with

accrued and unpaid interest thereon) on the Revolving Commitment Termination Date.

(b) The outstanding principal amount of each Swingline Loan shall be due and payable (together with accrued interest thereon) on the earlier of (i) the last day of the Swingline Loan Period of such Swingline Loan, and (ii) the Swingline Commitment Termination Date.

Section 2.10. Evidence of Indebtedness .

(a) Each Lender shall maintain in accordance with its usual practice appropriate records evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable thereon and paid to such Lender from time to time under this Agreement. The Administrative Agent shall maintain appropriate records in which shall be recorded (i) the Commitment of each Lender, (ii) the amount of each Loan made hereunder by each Lender, the Class and Type thereof and the Interest Period applicable thereto, (iii) the date of each continuation thereof pursuant to Section 2.7, (iv) the date of each conversion of all or a portion thereof to another Type pursuant to Section 2.7, (v) the date and amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder in respect of such Loans, and (vi) both the date and amount of any sum received by the Administrative Agent hereunder from the Borrower in respect of the Loans and each Lender's share thereof. The entries made in such records shall be *prima facie* evidence of the existence and amounts of the obligations of the Borrower therein recorded subject to manifest error; provided, that the failure or delay of any Lender or the Administrative Agent in maintaining or making entries into any such record or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans (both principal and unpaid accrued interest) of such Lender in accordance with the terms of this Agreement.

(b) At the request of any Lender (including the Swingline Lender) at any time, the Borrower agrees that it will execute and deliver to such Lender a Revolving Credit Note and, in the case of the Swingline Lender only, the Swingline Note, payable to the order of such Lender evidencing such Lender's Loans.

Section 2.11. Optional Prepayments .

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, without premium or penalty, by giving irrevocable written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent no later than (i) in the case of prepayment of any Eurodollar Borrowing, 12:00 noon (Atlanta, Georgia time) not less than three (3) Business Days prior to any such prepayment, (ii) in the case of any prepayment of any Base Rate Borrowing or any Swingline Borrowing, 12:00 noon (Atlanta, Georgia time) on the date of such prepayment. Each such notice shall be irrevocable and shall specify the proposed date of such prepayment and the principal amount of each Borrowing or portion thereof to be prepaid. Upon receipt of any such notice, the Administrative Agent shall promptly notify each affected Lender of the contents thereof and of such Lender's share of any such prepayment. If such notice is given, the aggregate amount specified in such notice shall be due and payable no later than one (1) Business Day after the date designated in such notice, together with accrued interest to such date on the amount so prepaid in accordance with Section 2.13(c); provided, that if a Eurodollar Borrowing or Swingline Borrowing is prepaid on a date other than the last day of an Interest Period or Swingline Loan Period applicable thereto, the Borrower shall also pay all amounts required pursuant to Section 2.19. Each partial prepayment of any Loan shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type pursuant to Section 2.3 or in the case of a Swingline Loan pursuant to Section 2.5, as the case may be. Each prepayment of a Borrowing shall be applied ratably to the Loans comprising such Borrowing.

Section 2.12. Mandatory Prepayments .

(a) If at any time the aggregate Revolving Credit Exposures of all Lenders exceed the Aggregate Revolving Commitment Amount at such time, the Borrower shall immediately prepay Loans (or, if no Loans are then outstanding, deposit cash collateral in an account with the Administrative Agent pursuant to Section 2.23(g)) in an aggregate amount equal to such excess.

(b) The Borrower agrees to pay all accrued and unpaid interest on all amounts prepaid pursuant to the

requirements of this Section 2.12, together with any amounts due in respect of such prepayment pursuant to Section 2.19. Each prepayment to be applied under this Agreement shall be applied ratably first to the Base Rate Loans to the full extent thereof, and thereafter to Eurodollar Loans to the full extent thereof.

Section 2.13. Interest on Loans.

(a) The Borrower shall pay interest (i) on each Base Rate Loan at the Base Rate in effect from time to time, and (ii) on each Eurodollar Loan at the Adjusted LIBO Rate for the applicable Interest Period in effect for such Loan, *plus*, in each case, the Applicable Margin in effect from time to time with respect to such Base Rate Loan or Eurodollar Loan, as the case may be. The Borrower shall pay interest on each Swingline Loan, other than a Base Rate Loan, at the Swingline Quoted Rate applicable to such Swingline Loan as in effect from time to time.

(b) While an Event of Default exists or after acceleration, unless otherwise agreed by the Required Lenders, the Borrower shall pay interest (“**Default Interest**”) with respect to all Eurodollar Loans at the rate otherwise applicable hereunder for such Eurodollar Loans for the then-current Interest Period, *plus* an additional 2% per annum until the last day of such Interest Period, and thereafter, and with respect to all Base Rate Loans and all other Obligations hereunder (other than Loans), at the rate otherwise applicable hereunder for Base Rate Loans, *plus* an additional 2% per annum.

(c) Interest on the principal amount of all Loans shall accrue from and including the date such Loans are made to but excluding the date of any repayment thereof. Interest on all outstanding Base Rate Loans shall be payable quarterly in arrears on the last day of each March, June, September and December, on the Revolving Commitment Termination Date (in respect of Revolving Loans), and on the Swingline Commitment Termination Date (in respect of Swingline Loans). Interest on all outstanding Eurodollar Loans shall be payable on the last day of each Interest Period applicable thereto, and, in the case of any Eurodollar Loans having an Interest Period in excess of three months, on each day which occurs every three months, after the initial date of such Interest Period, and on the Revolving Commitment Termination Date. Interest on all outstanding Swingline Loans, other than Base Rate Loans, shall be payable on the last day of each Swingline Loan Period applicable thereto and on the Swingline Commitment Termination Date. Interest on any Loan which is converted into a Loan of another Type or which is repaid or prepaid shall be payable on the date of such conversion or on the date of any such repayment or prepayment (on the amount repaid or prepaid) thereof. All Default Interest shall be payable on demand.

(d) The Administrative Agent shall determine each interest rate applicable to the Loans hereunder and shall promptly notify the Borrower and the Lenders of such rate in writing (or by telephone, promptly confirmed in writing). Any such determination shall be conclusive and binding for all purposes, absent manifest error.

Section 2.14. Fees.

(a) The Borrower shall pay to the Administrative Agent for its own account fees in the amounts and at the times previously agreed upon by the Borrower and the Administrative Agent.

(b) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee (the “**Commitment Fee**”) which shall accrue at the Applicable Percentage (determined daily in accordance with the Pricing Grid) on the daily unused amount of the total Revolving Commitment of such Lender during the Availability Period. For purposes of the foregoing, outstanding LC Exposure at any time shall be deemed to be usage of the Revolving Commitments at such time, but outstanding Swing Line Loans shall not be deemed to constitute any such usage at such time.

(c) The Borrower agrees to pay (i) to the Administrative Agent, for the account of each Lender, a letter of credit fee with respect to its participation in each Letter of Credit, which shall accrue at the Applicable Margin for Eurodollar Loans then in effect on the average daily amount of such Lender’s LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) attributable to such Letter of Credit during the period from and including the date of issuance of such Letter of Credit to but excluding the date on which such Letter of Credit expires or is drawn in full (including without limitation any LC Exposure that remains outstanding after the Revolving

Commitment Termination Date) and (ii) to the Issuing Bank for its own account a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) in respect of each Letter of Credit issued and outstanding during the Availability Period (or until the date that such Letter of Credit is irrevocably cancelled, whichever is later), as well as the Issuing Bank's standard fees with respect to issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder.

(d) Accrued fees shall be payable quarterly in arrears on the last day of each March, June, September and December, commencing on June 30, 2004 and on the Revolving Commitment Termination Date (and if later, the date the Loans and LC Exposure shall be repaid in their entirety); provided, that any Commitment Fees accruing after the Revolving Commitment Termination Date shall be payable on demand.

Section 2.15. Computation of Interest and Fees . All computations of interest and fees hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable (to the extent computed on the basis of days elapsed), except that, with respect to Base Rate Loans, interest based on the prime lending rate hereunder shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day). Each determination by the Administrative Agent of an interest amount or fee hereunder shall be made in good faith and, except for manifest error, shall be final, conclusive and binding for all purposes.

Section 2.16. Inability to Determine Interest Rates . If prior to the commencement of any Interest Period for any Eurodollar Borrowing,

(a) the Administrative Agent shall have determined (which determination shall be made in good faith and, absent manifest error, shall be final, conclusive and binding upon all parties) that, by reason of circumstances affecting the relevant interbank market, adequate means do not exist for ascertaining LIBOR for such Interest Period, or

(b) the Administrative Agent shall have received notice from the Required Lenders that the Adjusted LIBO Rate does not adequately and fairly reflect the cost to such Lenders (or Lender, as the case may be) of making, funding or maintaining their (or its, as the case may be) Eurodollar Loans for such Interest Period,

the Administrative Agent shall give written notice (or telephonic notice, promptly confirmed in writing) and a summary of the basis for such determination to the Borrower and to the Lenders as soon as practicable thereafter. Until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) the obligations of the Lenders to make Eurodollar Loans or to continue or convert outstanding Loans as or into Eurodollar Loans shall be suspended, and (ii) all such affected Eurodollar Loans shall be converted into Base Rate Loans on the last day of the then current Interest Period applicable thereto unless the Borrower prepays such Loans in accordance with this Agreement. Unless the Borrower notifies the Administrative Agent at least one Business Day before the date of any Eurodollar Borrowing for which a Notice of Borrowing has previously been given that it elects not to borrow on such date, then such Borrowing shall be made as a Base Rate Borrowing .

Section 2.17. Illegality . If any Change in Law shall make it unlawful or impossible for any Lender to make, maintain or fund any Eurodollar Loan and such Lender shall so notify the Administrative Agent, the Administrative Agent shall promptly give notice thereof to the Borrower and the other Lenders, whereupon until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such suspension no longer exist, the obligation of such Lender to make Eurodollar Loans, or to continue or convert outstanding Loans as or into Eurodollar Loans, shall be suspended. In the case of the making of a Eurodollar Borrowing, such Lender's Loan shall be made as a Base Rate Loan as part of the same Borrowing for the same Interest Period and if the affected Eurodollar Loan is then outstanding, such Loan shall be converted to a Base Rate Loan on the last day of the then current Interest Period applicable to such Eurodollar Loan if such Lender may lawfully continue to maintain such Loan to such date or within such earlier period as required by law. Notwithstanding the foregoing, the affected Lender shall, prior to giving such notice to the Administrative Agent, designate a different Applicable Lending Office if such

designation would avoid the need for giving such notice and if such designation would not otherwise be disadvantageous to such Lender in the good faith exercise of its discretion.

Section 2.18. Increased Costs

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement that is not otherwise included in the determination of the Adjusted LIBO Rate hereunder against assets of, deposits with or for the account of, or credit extended by, any Lender or the Issuing Bank; or

(ii) impose on any Lender or on the Issuing Bank or the eurodollar interbank market any other condition affecting this Agreement or any Eurodollar Loans made by such Lender or any Letter of Credit or any participation therein;

and the result of the foregoing is to increase the cost to such Lender of making, converting into, continuing or maintaining a Eurodollar Loan or to increase the cost to such Lender or the Issuing Bank of participating in or issuing any Letter of Credit or to reduce the amount received or receivable by such Lender or the Issuing Bank hereunder (whether of principal, interest or any other amount), then the Borrower shall promptly pay, upon written notice from and demand by such Lender on the Borrower (with a copy of such notice and demand to the Administrative Agent), to the Administrative Agent for the account of such Lender or the Issuing Bank, within five Business Days after the date of such notice and demand, additional amount or amounts sufficient to compensate such Lender or the Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or the Issuing Bank shall have determined that on or after the date of this Agreement any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital (or on the capital of such Lender's or the Issuing Bank's holding company) as a consequence of its obligations hereunder or under or in respect of any Letter of Credit to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies or the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy) then, from time to time, within five (5) Business Days after receipt by the Borrower of written demand by such Lender (with a copy thereof to the Administrative Agent), the Borrower shall pay to such Lender such additional amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company, as the case may be, specified in paragraph (a) or (b) of this Section, prepared in good faith and accompanied by a statement describing in reasonable detail the basis for and calculation of such increased cost, shall be delivered to the Borrower (with a copy to the Administrative Agent) at the time of such Lender's demand therefor and shall be conclusive, absent manifest error.

(d) Subject to Section 2.21(f), failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation.

Section 2.19. Funding Indemnity. In the event of (i) the payment of any principal of a Eurodollar Loan, or a Swingline Loan that is bearing interest at a Swingline Quoted Rate, other than on the last day of the Interest Period or Swingline Loan Period applicable thereto (including as a result of an Event of Default), (ii) the conversion or continuation of a Eurodollar Loan other than on the last day of the Interest Period applicable thereto, or (iii) the failure by the Borrower to borrow, prepay, convert or continue any Eurodollar Loan, or a Swingline Loan that is bearing interest at a Swingline Quoted Rate, on the date specified in any applicable notice (regardless of whether such notice is withdrawn or revoked) then, in any such event, the Borrower shall compensate each Lender, within five (5) Business Days after written demand from such Lender, for any loss, cost or expense attributable to such event. Such

compensation shall not include the Applicable Margin, but without limiting the foregoing, shall include an amount equal to the excess, if any, of (x) the amount of interest that would have otherwise accrued on the principal amount of such Eurodollar Loan or Swingline Loan if such event had not occurred at the Adjusted LIBO Rate applicable to such Eurodollar Loan, or at the Swingline Quoted Rate applicable to such Swingline Loan, as the case may be, for the period from the date of such event to the last day of the then current Interest Period or Swingline Loan Period therefor (or in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period or Swingline Loan Period for such Loan) (excluding any Applicable Margin) less (y) the amount of interest (as reasonably determined by such Lender) that would accrue on the principal amount of such Loan for the same period if the Adjusted LIBO Rate or Swingline Quoted Rate, as the case may be, were set on the date such Loan was prepaid or converted or the date on which the Borrower failed to borrow, convert or continue such Loan, provided that such Lender shall have delivered to the Borrower a certificate setting forth in reasonable detail its calculation as to any additional amount payable under this Section 2.19 submitted to the Borrower by any Lender (with a copy to the Administrative Agent) shall be conclusive, absent manifest error.

Section 2.20. Taxes.

(a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided, that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable or attributable to additional sums payable under this Section) the Administrative Agent, any Lender or the Issuing Bank (as the case may be) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions, and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) The Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent, each Lender and the Issuing Bank, within ten (10) Business Days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes imposed or asserted by any Governmental Authority paid where due by the Administrative Agent, such Lender or the Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or the Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or the Issuing Bank, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment, or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Non-U.S. Lender that is entitled to an exemption from or reduction of withholding tax under the Code or any treaty to which the United States is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate. Without limiting the generality of the foregoing, each Non-U.S. Lender agrees that it will deliver to the Administrative Agent and the Borrower (or in the case of a Participant, to the Lender from which the related participation shall have been purchased), as appropriate, two (2) duly completed copies of (i) Internal Revenue Service Form W-8 ECI, or any successor form thereto, certifying that the payments received from the Borrower hereunder are effectively connected with such Non-U.S. Lender's conduct of

a trade or business in the United States, (ii) Internal Revenue Service Form W-8 BEN, or any successor form thereto, certifying that such Non-U.S. Lender is entitled to benefits under an income tax treaty to which the United States is a party which reduces the rate of withholding tax on payments of interest, (iii) Internal Revenue Service Form W-8 BEN, or any successor form prescribed by the Internal Revenue Service, together with a certificate (A) establishing that the payment to the Non-U.S. Lender qualifies as “portfolio interest” exempt from U.S. withholding tax under Code section 871(h) or 881(c), and (B) stating that (1) the Non-U.S. Lender is not a bank for purposes of Code section 881(c)(3)(A), or the obligation of the Borrower hereunder is not, with respect to such Non-U.S. Lender, a loan agreement entered into in the ordinary course of its trade or business, within the meaning of that section, (2) the Non-U.S. Lender is not a 10% shareholder of the Borrower within the meaning of Code section 871(h) (3) or 881(c)(3)(B), and (3) the Non-U.S. Lender is not a controlled foreign corporation that is related to the Borrower within the meaning of Code section 881(c)(3)(C), or (iv) such other Internal Revenue Service forms as may be applicable to the Non-U.S. Lender, including Forms W-8 IMY or W-8 EXP. Each such Non-U.S. Lender shall deliver to the Borrower and the Administrative Agent such forms on or before the date that it becomes a party to this Agreement (or in the case of a Participant, on or before the date such Participant purchases the related participation). In addition, each such Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each such Non-U.S. Lender shall promptly notify the Borrower and the Administrative Agent at any time that it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the Internal Revenue Service for such purpose).

(f) If the Administrative Agent, any Lender or the Issuing Bank receives a refund in respect of Taxes for which the Borrower has made additional payments pursuant to this Section 2.20, the Administrative Agent, Lender or the Issuing Bank, as the case may be, shall promptly pay such refund (together with any interest with respect thereto received from the relevant Governmental Authority) to the Borrower (but only to the extent of additional payments actually made by the Borrower pursuant to this Section 2.20 with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent, Issuing Bank or applicable Lender, as the case may be, with respect thereto, provided, that the Borrower agrees promptly to return such refund (together with any interest and penalties (other than penalties imposed on the Administrative Agent, Issuing Bank, or Applicable Lender, as the case may be, in respect of a filing determined by the relevant Governmental Authority to have been made by such Person in bad faith and without the consent or approval of the Borrower) with respect thereto due to the relevant Governmental Authority) (free of all Indemnified Taxes or Other Taxes) to the Administrative Agent, the applicable Lender or the Issuing Bank, as the case may be, upon receipt of a notice that such refund is required to be repaid to the relevant Governmental Authority. Notwithstanding anything to the contrary contained in this Section 2.20(f), none of the Administrative Agent, Issuing Bank or the Lenders shall have any obligation to disclose to the Borrower any of such Person’s books, records, tax filings or any other information relating to its Taxes that it deems confidential.

Section 2.21. Payments Generally; Pro Rata Treatment; Sharing of Set-offs .

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.18, 2.19 or 2.20, or otherwise) prior to 1:00 p.m. (Atlanta, Georgia time), on the date when due, in immediately available funds, free and clear of any defenses, rights of set-off, counterclaim, or withholding or deduction of taxes. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at the Payment Office, except (i) payments to be made directly to the Issuing Bank or Swingline Lender as expressly provided herein, and (ii) that payments pursuant to Sections 2.18, 2.19 and 2.20 and 10.3 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be made payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Loans or participations in LC Disbursements or Swingline Loans that would result in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans and participations in LC Disbursements and Swingline Loans; provided, that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Revolving Loans or participations in LC Disbursements and Swingline Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount or amounts due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with then-current banking industry practices on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.6(b), 2.21(d), 2.23, or 10.3(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

(f) The Borrower shall not be required to compensate or indemnify a Lender pursuant to Sections 2.18, 2.19 or 2.20 for any increased costs loss, cost or any other expense incurred more than one year prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs loss, cost or any other expense and of such Lender's intention to claim compensation therefore; provided further that, if a Change in Law giving rise to such increased costs loss, cost or any other expense is retroactive, then the one year period referred to above shall be extended to include the period of retroactive effect thereof.

Section 2.22. Mitigation of Obligations. If any Lender requests compensation under Section 2.18, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.20, then such Lender shall use reasonable efforts to designate a different

lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the good faith judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable under Section 2.18 or Section 2.20, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all costs and expenses incurred by any Lender in connection with such designation or assignment.

Section 2.23. Letters of Credit.

(a) During the Availability Period, the Issuing Bank, in reliance upon the agreements of the other Lenders pursuant to this Section 2.23, agrees to issue, at the request of the Borrower, Letters of Credit for the account of the Borrower on the terms and conditions hereinafter set forth; provided, that (i) each Letter of Credit shall expire not later than the earlier of (x) the date one year after the date of issuance of such Letter of Credit (or in the case of any renewal or extension thereof, one year after such renewal or extension), and (y) the date that is five (5) Business Days prior to the Revolving Commitment Termination Date, (ii) each Letter of Credit shall be in a stated amount of at least \$1,000,000, and (iii) the Borrower may not request any Letter of Credit, if, after giving effect to such issuance (A) the aggregate LC Exposures of all Lenders would exceed the LC Commitment, or (B) the aggregate Revolving Credit Exposures of all Lenders would exceed the Aggregate Revolving Commitment Amount. Upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Issuing Bank without recourse a participation in such Letter of Credit equal to such Lender's Pro Rata Share of the aggregate amount available to be drawn under such Letter of Credit. Each issuance of a Letter of Credit shall be deemed to utilize the Revolving Commitment of each Lender by an amount equal to the amount of such participation. Any Letter of Credit may provide for automatic renewal for additional subsequent periods of 12-months (but in no event to a date which is later than five (5) Business Days prior to the Revolving Commitment Termination Date).

(b) To request the issuance of a Letter of Credit (or any amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall give the Issuing Bank and the Administrative Agent irrevocable written notice substantially in the form of Exhibit 2.23 attached hereto (an "**LC Notice**") at least three (3) Business Days prior to the requested date of such issuance specifying the date (which shall be a Business Day) such Letter of Credit is to be issued (or amended, extended or renewed, as the case may be), the expiration date of such Letter of Credit, the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. In addition to the satisfaction of the conditions in Article III, the issuance of such Letter of Credit (or any amendment which increases the amount of such Letter of Credit) will be subject to the further conditions that (i) such Letter of Credit shall be in such form and contain such terms as the Issuing Bank shall approve, and (ii) the Borrower shall have executed and delivered any additional applications, agreements and instruments relating to such Letter of Credit as the Issuing Bank shall reasonably require; provided, that in the event of any conflict between such applications, agreements or instruments and this Agreement, the terms of this Agreement shall control.

(c) At least two Business Days prior to the issuance of any Letter of Credit, the Issuing Bank will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received such notice and if not, the Issuing Bank will provide the Administrative Agent with a copy thereof. Unless the Issuing Bank has received notice from the Administrative Agent on or before the Business Day immediately preceding the date the Issuing Bank is to issue the requested Letter of Credit directing the Issuing Bank not to issue the Letter of Credit because such issuance is not then permitted hereunder because of the limitations set forth in Section 2.23 (a) or that one or more conditions specified in Article III are not then satisfied, then, subject to the terms and conditions hereof, the Issuing Bank shall, on the requested date, issue such Letter of Credit in accordance with the Issuing Bank's usual and customary business practices.

(d) The Issuing Bank shall examine all documents purporting to represent a demand for payment under a Letter of Credit promptly following its receipt thereof. The Issuing Bank shall notify the Borrower and the Administrative Agent of such demand for payment and whether the Issuing Bank has made or will make a LC Disbursement thereunder; provided, that any failure to give or delay in giving such notice shall not relieve the

Borrower of its obligation to reimburse the Issuing Bank and the Lenders with respect to such LC Disbursement. The Borrower shall be irrevocably and unconditionally obligated to reimburse the Issuing Bank for any LC Disbursements paid by the Issuing Bank in respect of such drawing no later than one (1) Business Day after the date designated for payment of the LC Disbursement in the notice provided to the Borrower (together with interest thereon from the date of payment of such LC Disbursements at the rate then applicable to Base Rate Loans), without presentment, demand or other formalities of any kind. Unless the Borrower shall have notified the Issuing Bank and the Administrative Agent prior to 12:00 noon on the Business Day immediately prior to the date on which such drawing is honored that the Borrower intends to reimburse the Issuing Bank for the amount of such drawing in funds other than from the proceeds of Revolving Loans, the Borrower shall be deemed to have timely given a Notice of Borrowing to the Administrative Agent requesting the Lenders to make a Base Rate Borrowing on the date on which such drawing is honored in an exact amount due to the Issuing Bank; provided, that for purposes solely of such Borrowing, the conditions precedent set forth in Section 3.2 hereof shall not be applicable. The Administrative Agent shall notify the Lenders of such Borrowing in accordance with Section 2.3, and each Lender shall make the proceeds of its Base Rate Loan included in such Borrowing available to the Administrative Agent for the account of the Issuing Bank in accordance with Section 2.6. The proceeds of such Borrowing shall be applied directly by the Administrative Agent to reimburse the Issuing Bank for such LC Disbursement .

(e) If for any reason a Base Rate Borrowing may not be made in accordance with the foregoing provisions, then each Lender (other than the Issuing Bank) shall be obligated to fund the participation that such Lender purchased pursuant to subsection (a) in an amount equal to its Pro Rata Share of such LC Disbursement on and as of the date which such Base Rate Borrowing should have occurred. Each Lender's obligation to fund its participation shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation (i) any setoff, counterclaim, recoupment, defense or other right that such Lender or any other Person may have against the Issuing Bank or any other Person for any reason whatsoever, (ii) the existence of a Default or an Event of Default or the termination of the Aggregate Revolving Commitments, (iii) any adverse change in the condition (financial or otherwise) of the Borrower or any of its Subsidiaries, (iv) any breach of this Agreement by the Borrower or any other Lender, (v) any amendment, renewal or extension of any Letter of Credit, or (vi) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. On the date that such participation is required to be funded, each Lender shall promptly transfer, in immediately available funds, the amount of its participation to the Administrative Agent for the account of the Issuing Bank. Whenever, at any time after the Issuing Bank has received from any such Lender the funds for its participation in a LC Disbursement, the Issuing Bank (or the Administrative Agent on its behalf) receives any payment on account thereof, the Administrative Agent or the Issuing Bank, as the case may be, will distribute to such Lender its Pro Rata Share of such payment; provided, that if such payment is required to be returned for any reason to the Borrower or to a trustee, receiver, liquidator, custodian or similar official in any bankruptcy or other insolvency proceeding, such Lender will return to the Administrative Agent or the Issuing Bank any portion thereof previously distributed by the Administrative Agent or the Issuing Bank to it.

(f) To the extent that any Lender shall fail to pay any amount required to be paid pursuant to paragraph (d) of this Section 2.23 on the due date therefor, such Lender shall pay interest to the Issuing Bank (through the Administrative Agent) on such amount from such due date to the date such payment is made at a rate per annum equal to the Federal Funds Rate; provided, that if such Lender shall fail to make such payment to the Issuing Bank within three (3) Business Days of such due date, then, retroactively to the due date, such Lender shall be obligated to pay interest on such amount at the interest rate set forth in Section 2.13(b).

(g) If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders demanding the deposit of cash collateral pursuant to this paragraph, or as otherwise required pursuant to Section 2.12, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Issuing Bank and the Lenders, an amount in cash equal to the aggregate LC Exposures of all Lenders as of such date plus any accrued and unpaid fees thereon; provided, that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in subsection (g) or (h) of Section 8.1. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the

obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Borrower agrees to execute any documents and/or certificates to effectuate the intent of this paragraph. Other than any interest earned on the investment of such deposits, which investments shall be made at the reasonable discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest and profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank and the Lenders, as the case may be, for LC Disbursements for which no reimbursement has been made and to the extent so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the aggregate LC Exposures of all Lenders at such time or, if the maturity of the Loans has been accelerated, with the consent of the Required Lenders, be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not so applied as aforesaid) shall be returned to the Borrower with three Business Days after all Events of Default have been cured or waived.

(h) The Borrower's obligation to reimburse LC Disbursements hereunder shall be absolute, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement under all circumstances whatsoever and irrespective of any of the following circumstances:

(i) Any lack of validity or enforceability of any Letter of Credit or this Agreement;

(ii) The existence of any claim, set-off, defense or other right which the Borrower or any Subsidiary or Affiliate of the Borrower may have at any time against a beneficiary or any transferee of any Letter of Credit (or any Persons or entities for whom any such beneficiary or transferee may be acting), any Lender (including the Issuing Bank) or any other Person, whether in connection with this Agreement or the Letter of Credit or any document related hereto or thereto or any unrelated transaction (it being understood that the foregoing shall not be deemed to preclude the initiation and prosecution to conclusion by the Borrower, in a separate legal proceeding, of any claim for damages against any Person in respect of liability arising from such Person's gross negligence or willful misconduct);

(iii) Any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) Payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document to the Issuing Bank that does not comply with the terms of such Letter of Credit;

(v) Any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder; or

(vi) The existence of a Default or an Event of Default.

Neither the Administrative Agent, the Issuing Bank, the Lenders nor any Related Party of any of the foregoing shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to above), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided, that the foregoing provisions of this Section 2.23(h) shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent not prohibited by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts or other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree, that in the absence of gross negligence or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised care in each such determination. In

furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented that appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(i) Each Letter of Credit shall be subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, as the same may be amended from time to time, and, to the extent not inconsistent therewith, the governing law of this Agreement set forth in Section 10.5.

(j) The parties acknowledge and agree that the Existing Letter of Credit shall, for all purposes of this Agreement and the other Loan Documents, be deemed to be a Letter of Credit to the same extent and with the same effect as if such Existing Letter of Credit had been issued as a Letter of Credit pursuant to this Section 2.23 on the Restatement Date.

Section 2.24. Increase in Revolving Commitments.

(a) On not more than one occasion during any calendar year, the Borrower may submit to the Administrative Agent the Borrower's written request that the Revolving Commitments be increased up to a total amount not to exceed \$400,000,000 (such requested amount being the "Maximum Revolving Commitments"), and the Administrative Agent shall promptly give notice of such request to each Lender (the "Revolving Commitment Increase Notice"). Within fifteen (15) Business Days after its receipt from the Administrative Agent of a Revolving Commitment Increase Notice, each Lender that desires to increase its Revolving Commitment in response to such request (each such Lender, a "Consenting Lender") shall deliver written notice to the Administrative Agent of its election to increase its Revolving Commitment and the maximum amount of such increase (for each Consenting Lender, its "Additional Revolving Commitment"), which may not be larger than the excess of (a) the Maximum Revolving Commitments, over (b) the Revolving Commitments then in effect. The failure of any Lender to so notify the Administrative Agent of its election and its Additional Revolving Commitment, if any, shall be deemed to be a refusal by such Lender to increase its Revolving Commitment. If the sum of the Revolving Commitments then in effect *plus* the aggregate Additional Revolving Commitments does not exceed the Maximum Revolving Commitments, the Revolving Commitment of each Consenting Lender shall be increased by its Additional Revolving Commitment as hereinafter provided. If the sum of the Revolving Commitments then in effect *plus* the aggregate Additional Revolving Commitments exceeds the Maximum Revolving Commitments, the Revolving Commitment of each Consenting Lender shall be increased by an amount equal to the product of (i) such Consenting Lender's Additional Revolving Commitment *multiplied by* (ii) the quotient of (a) the excess of (A) the Maximum Revolving Commitments, over (B) the Revolving Commitments then in effect, *divided by* (b) the aggregate Additional Revolving Commitments of all Consenting Lenders. Any increase in the Revolving Commitments shall be effective as of the date specified pursuant to Section 2.24(c); provided, that the Revolving Commitments may not at any time exceed the Maximum Revolving Commitments.

(b) If the sum of the Revolving Commitments then in effect *plus* the aggregate Additional Revolving Commitments pursuant to Section 2.24(a) is less than the Maximum Revolving Commitments, then the Borrower may obtain the remainder of the Maximum Revolving Commitments from one or more new banks or other financial institutions acceptable to the Borrower and the Administrative Agent (each a "New Lender"). Upon (i) the execution of a joinder agreement with respect to this Agreement by such New Lender and acceptance thereof by the Administrative Agent, (ii) the execution and delivery by the Borrower of any Notes requested by the New Lender evidencing its Loans, and (iii) delivery of notice to the Lenders by the Administrative Agent setting forth the effective date of the addition of the New Lender(s) hereunder and the amount of such New Lender(s)' Revolving Commitment (s), such New Lender(s) shall be for all purposes Lender(s) party to this Agreement to the same extent as if original parties hereto with Revolving Commitment(s) as set forth on the joinder agreement executed by the New Lender(s); provided, however, (i) the total Revolving Commitments of all Lenders (including any New Lenders) shall not exceed in the aggregate the Maximum Revolving Commitments, and (ii) the Revolving Commitments of all Lenders that are parties hereto prior to the addition of any New Lender shall not be affected by the addition of such New Lender.

(c) Prior to any increase in the Revolving Commitments becoming effective pursuant to this Section 2.24, Borrower shall deliver evidence of appropriate corporate authorization on the part of the Borrower with respect to the increase in the Revolving Commitments and such opinions of counsel for the Borrower with respect thereto as the Administrative Agent may reasonably request. Effective on the date on which the increase in Revolving Commitments pursuant to this Section 2.24 takes effect, which date shall be mutually agreed upon by the Borrower, the Administrative Agent, and each Lender or New Lender increasing or providing, as the case may be, its Revolving Commitments, (i) all Loans outstanding hereunder shall be converted into, and shall be advanced as, Eurodollar Loans or ABR Loans (or both) as selected by the Borrower by notice to the Administrative Agent in accordance with the provisions of Section 2.3 or 2.7, as the case may be, such that all such Loans are held by the Lenders (including any New Lenders) in the proportion of their Revolving Percentages, as determined taking into account the increase in the Revolving Commitments, and (ii) each New Lender and each other Lender increasing its Revolving Commitment shall advance any additional amounts to be advanced by it hereunder, by making funds available to the Administrative Agent, in immediately available funds, not later than 1:00 p.m. Atlanta, Georgia time on such date. After the Administrative Agent's receipt of such funds, the Administrative Agent shall disburse to the non-Consenting Lenders any resulting repayments of such outstanding Loans. If any conversion or payment of a Eurodollar Loan pursuant to the foregoing provisions occurs on a day that is not the last day of the applicable Interest Period, the provisions of Section 2.19 shall apply thereto.

ARTICLE III

CONDITIONS PRECEDENT TO LOANS AND LETTERS OF CREDIT

Section 3.1. Conditions To Effectiveness. The amendment and restatement of the Existing Credit Agreement as provided herein, and the obligations of the Lenders (including the Swingline Lender) to make Loans and the obligation of the Issuing Bank to issue any Letter of Credit hereunder, shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.2):

(a) The Administrative Agent shall have received all fees and other amounts due and payable to the Administrative Agent and the Lenders on or prior to the Restatement Date, including reimbursement or payment of all out-of-pocket expenses (including reasonable fees, charges and disbursements of counsel to the Administrative Agent) required to be reimbursed or paid by the Borrower hereunder, under any other Loan Document and under any agreement with the Administrative Agent or SunTrust Robinson Humphrey Capital Markets, a division of SunTrust Capital Markets, Inc., as Sole Lead Arranger.

(b) The Administrative Agent shall have received the following:

(i) a counterpart of this Agreement signed by or on behalf of each party hereto or written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement;

(ii) a duly executed Note payable to each Lender requesting such Note;

(iii) the duly executed Guaranty Agreement and Contribution Agreement;

(iv) payment in full of all Loans and all accrued interest, facility fees, letter of credit fees, and other fees, expenses and amounts owing under the Existing Credit Agreement through the Restatement Date;

(v) evidence that satisfactory arrangements have been made for the cancellation, termination, and releases of the real estate collateral documents and related filings and registrations made pursuant to the conditions and requirements of the Existing Credit Agreement;

(vi) certificates of insurance, all in form and detail acceptable to the Administrative Agent, describing the types and amounts of insurance (property and liability) covering the properties of the Borrower and its Subsidiaries;

(vii) a certificate of the Secretary or Assistant Secretary of each Loan Party, attaching and certifying copies of its bylaws and of the resolutions of its board of directors, or other comparable governing documents and authorizations, authorizing the execution, delivery and performance of the Loan Documents to which it is a party and certifying the name, title and true signature of each officer of such Loan Party executing the Loan Documents to which it is a party;

(viii) certified copies of the articles of incorporation or other organizational documents of each Loan Party, together with certificates of good standing or existence, as may be available from the Secretary of State of the jurisdiction of incorporation or formation of such Loan Party and each other jurisdiction where such Loan Party is required to be qualified to do business as a foreign corporation;

(ix) the favorable written opinions of (i) Bass, Berry & Sims, PLC, (ii) Paul Frank & Collins and (iii) Frost Brown & Todd LLC, each as counsel to the Loan Parties, addressed to the Administrative Agent, the Issuing Bank, and each of the Lenders, and covering such matters relating to the Loan Parties, the Loan Documents and the transactions contemplated therein as the Administrative Agent or the Required Lenders shall reasonably request;

(x) a certificate, dated the Restatement Date and signed by a Responsible Officer, confirming compliance with the conditions set forth in paragraphs (a), (b) and (c) of Section 3.2 ;

(xi) a certified copy of the Indenture and all modifications and amendments thereto;

(xii) a duly executed Notice or Notices of Borrowing and/or Notice or Notices of Conversion/Continuation, as applicable;

(xiii) certified copies of all consents, approvals, authorizations, registrations and filings and orders required or advisable to be made or obtained under any Requirement of Law, or by any Contractual Obligation of each Loan Party, in connection with the execution, delivery, performance, validity and enforceability of the Loan Documents or any of the transactions contemplated thereby, and such consents, approvals, authorizations, registrations, filings and orders shall be in full force and effect and all applicable waiting periods shall have expired;

(xiv) copies of the consolidated financial statements of Borrower and its Subsidiaries for the 2004 and 2003 Fiscal Years, including balance sheets, income and cash flow statements audited by independent public accountants of recognized national standing and prepared in conformity with GAAP and such other financial information as the Administrative Agent may reasonably request;

(xv) acknowledgments from those Persons that were “Lenders” under the Existing Credit Agreement but are not Lenders under this Agreement, confirming as of the Restatement Date their receipt of payment in full of all amounts then owing to them under the Existing Credit Agreement, the termination of their respective Commitments, and their ceasing to continue as Lenders that will be parties to the Agreement after the effective time of the restatement and amendment of the Existing Credit Agreement; and

(xvi) such other documents, certificates, information or legal opinions as the Administrative Agent or the Required Lenders may reasonably request, all in form and substance reasonably satisfactory to the Administrative Agent.

Section 3.2. Each Credit Event . The obligation of each Lender to make a Loan on the occasion of any Borrowing (other than a Borrowing consisting solely of a continuation or a conversion of a Borrowing already then outstanding) and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit is subject to the satisfaction of the following conditions:

(a) at the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default or Event of Default shall exist; and

(b) all representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects on and as of the date of such Borrowing or the date of issuance, amendment, extension or renewal of such Letter of Credit, in each case before and after giving effect thereto; and

(c) since the date of the audited financial statements of the Borrower described in Section 4.4, there shall have been no change which has had or is reasonably likely to have a Material Adverse Effect.

Each Borrowing and each issuance, amendment, extension or renewal of any Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a), (b) and (c) of this Section 3.2. The Borrower shall provide such additional information and certificates as the Administrative Agent or the Required Lenders may reasonably request in order to confirm satisfaction of such conditions.

Section 3.3. Delivery of Documents. All of the Loan Documents, certificates, legal opinions and other documents and papers referred to in this Article III, unless otherwise specified, shall be delivered to the Administrative Agent for the account of each of the Lenders and, except for the Notes, in sufficient counterparts or copies for each of the Lenders, and shall be in form and substance satisfactory in all respects to the Administrative Agent.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Administrative Agent and each Lender as follows:

Section 4.1. Existence; Power. Except as described on Schedule 4.1, the Borrower and each of its Subsidiaries (i) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (ii) has all requisite corporate or other organizational power and authority to carry on its business as now conducted, and (iii) is duly qualified to do business, and is in good standing, in each jurisdiction where such qualification is required, except where a failure to be so qualified is not reasonably likely to result in a Material Adverse Effect.

Section 4.2. Organizational Power; Authorization. The execution, delivery and performance by each Loan Party of the Loan Documents to which it is a party are within such Loan Party's organizational powers and have been duly authorized by all necessary organizational action, including if required, action of its stockholders, partners, members, or other owners, as the case may be. This Agreement and each other Loan Document have been duly executed and delivered by the Borrower and the other Loan Parties, as the case may be, and constitute valid and binding obligations of the Borrower or such Loan Party (as the case may be), enforceable against it in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

Section 4.3. Governmental Approvals; No Conflicts. The execution, delivery and performance by the Borrower of this Agreement, and by each Loan Party of the other Loan Documents to which it is a party (i) do not require any consent or approval of, registration or filing with, or any action by, any Governmental Authority, except those as have been obtained or made and are in full force and effect (ii) will not violate any applicable law, rule or regulation or the charter, by-laws or other organizational documents of the Borrower or any of its Subsidiaries or any judgment, order or ruling of any Governmental Authority, (iii) will not violate or result in a default under the Indenture or any other indenture, mortgage, loan or credit agreement, lease or financing agreement, or other material agreement or instrument binding on the Borrower or any of its Subsidiaries or any of its assets or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Subsidiaries, and (iv) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries, except Liens (if any) created under the Loan Documents.

Section 4.4. Financial Statements. The Borrower has furnished to each Lender (i) the audited con-

solidated balance sheet of the Borrower and its Subsidiaries as of January 30, 2004 and the related consolidated statements of income, shareholders' equity and cash flows for the Fiscal Year then ended prepared by Ernst & Young LLP, and (ii) the unaudited consolidated balance sheet of the Borrower and its Subsidiaries as at April 30, 2004, and the related unaudited consolidated statements of income and cash flows for the Fiscal Quarter and year-to-date period then ending, certified by a Responsible Officer. Such financial statements fairly present in all material respects the consolidated financial condition of the Borrower and its Subsidiaries as of such dates and the consolidated results of operations for such periods in conformity with GAAP consistently applied, subject to year-end audit adjustments and the absence of notes in the case of the statements referred to in clause (ii). None of the Borrower or its Subsidiaries has any material contingent obligations or liabilities, or material liabilities for known taxes, long-term leases or unusual forward or long-term commitments required by GAAP to be reflected in the foregoing financial statements or the notes thereto that are not so reflected. Since January 30, 2004 through the Restatement Date, there have been no changes with respect to the Borrower and its Subsidiaries which have had or are reasonably likely to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.5. Litigation and Environmental Matters.

(a) Except as may be disclosed on Schedule 4.5, no litigation, investigation or proceeding of or before any arbitrators, courts or other Governmental Authorities is pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination that is reasonably likely to materially impair the value of any Material Properties or otherwise have, either individually or in the aggregate, a Material Adverse Effect, or (ii) that in any manner draws into question the validity or enforceability of this Agreement or any other Loan Document.

(b) Neither the Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become the subject of any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability, which in the case of any of the matters described in the preceding clauses (i) through (iv) are reasonably likely to, individually or in the aggregate, result in a Material Adverse Effect or are reasonably likely to materially impair the value of any Material Properties.

Section 4.6. Compliance with Laws. The Borrower and each Subsidiary is in compliance with all applicable laws, rules, regulations, judgments and orders of any Governmental Authority except where non-compliance, either individually or in the aggregate, is not reasonably likely to result in a Material Adverse Effect.

Section 4.7. Investment Company Act, Etc. Neither the Borrower nor any of its Subsidiaries is (i) an "investment company" or is "controlled" by an "investment company", as such terms are defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, or (ii) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935, as amended, which prohibits its ability to incur or consummate the transactions contemplated hereby, and neither the Borrower nor any Subsidiary is otherwise subject to any other regulatory limitations of any Governmental Authority affecting its ability to incur or guarantee debt as contemplated hereby or by any other Loan Document.

Section 4.8. Taxes. The Borrower and its Subsidiaries and each other Person for whose taxes the Borrower or any Subsidiary could become liable have timely filed or caused to be filed all Federal and state tax returns (except as noted in this Section 4.8) and all other material tax returns that are required to be filed by them, and have paid all taxes (other than local and municipal taxes and assessments in an aggregate amount not to exceed \$1,000,000) shown to be due and payable on such returns or on any assessments made against it or its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority, except where the same are currently being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as the case may be, has set aside on its books adequate reserves in accordance with GAAP. As of the Restatement Date, the charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of such taxes are adequate, and no tax liabilities that could be materially in excess of the amount so provided are anticipated.

Section 4.9. Margin Regulations. None of the proceeds of any of the Loans will be used for

“purchasing” or “carrying” any “margin stock” with the respective meanings of each of such terms under Regulation U of the Board of Governors of the Federal Reserve System, as the same may be in effect from time to time and any successor regulation, or for any purpose that would result in a violation of the provisions of Regulation U. If requested by the Administrative Agent or any Lender, the Borrower will furnish the requesting party a statement to the foregoing effect in conformity with the requirements of Regulation U.

Section 4.10. ERISA. Except as may be disclosed on Schedule 4.10 :

(a) None of the Borrower or its Subsidiaries or their respective ERISA Affiliates maintains or contributes to, or has during the past five (5) years maintained or contributed to, any Plan that is subject to Title IV of ERISA;

(b) Each Plan maintained by the Borrower or any of its Subsidiaries or their respective ERISA Affiliates has at all times been maintained, by their terms and in operation, in compliance with all applicable laws, and none of such Persons are subject to tax or penalty with respect to any such Plan, including without limitation, any tax or penalty under Title I or Title IV of ERISA or under Chapter 43 of the Code, or any tax or penalty resulting from a loss of deduction under Sections 162, 401, or 419 of the Code, where the failure to comply with such laws, and such taxes and penalties, taken as a whole with all other liabilities referred to in this Section 4.10, is in the aggregate reasonably likely to have a Material Adverse Effect;

(c) Neither the Borrower nor any of its Subsidiaries is subject to liabilities (including Withdrawal Liabilities) with respect to any of its Plans or the Plans of any of its ERISA Affiliates, including without limitation, any liabilities arising from Title I or Title IV of ERISA, other than obligations to fund benefits under an on-going Plan and to pay current contributions, expenses and premiums with respect to such Plans, where such liabilities, taken as a whole with all other liabilities referred to in this Section 4.10, is in the aggregate reasonably likely to have a Material Adverse Effect;

(d) The Borrower and its Subsidiaries and, with respect to any Plan that is subject to Title IV of ERISA, each of their respective ERISA Affiliates, have made full and timely payment of all amounts (i) required to be contributed under the terms of each Plan and applicable law, and (ii) required to be paid as expenses of each Plan, where the failure to pay such amounts (when taken as a whole, including any penalties attributable to such amounts) is reasonably likely to have a Material Adverse Effect. No Plan subject to Title IV of ERISA has an “amount of unfunded benefit liabilities” (as defined in Section 4001(a)(18) of ERISA), determined as if such Plan terminated on any date on which this representation and warranty is deemed made, in any amount which, taken as a whole with all other liabilities referred to in this Section 4.10, is reasonably likely to have a Material Adverse Effect if such amount were then due and payable. Neither the Borrower nor any of its Subsidiaries is subject to liabilities with respect to post-retirement medical benefits in any amounts which, taken as a whole with all other liabilities referred to in this Section 4.10, could have a Material Adverse Effect if such amounts were then due and payable; and

(e) No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, is reasonably likely to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Plans.

Section 4.11. Ownership of Property.

(a) Each of the Borrower and its Subsidiaries has good and marketable fee simple title to, or a valid leasehold interest in, all of its real property, and good title to or valid leasehold interest in all of its personal property and other assets, all as such real and personal property and assets are reflected in the consolidated balance sheet of the Borrower described in clause (ii) of Section 4.4, except for properties or assets disposed of in the ordinary course of

business since such date or as otherwise permitted by the terms of this Agreement and where the failure to hold such title, leasehold or possession is not reasonably likely to have a Material Adverse Effect, and the Borrower and its Subsidiaries enjoy peaceful and undisturbed possession under all of their respective leases of real and personal property, except where the failure to enjoy peaceful and undisturbed possession is not reasonably likely to have a Material Adverse Effect. None of such real or personal property or other assets is subject to any Liens which secure obligations in excess of \$250,000 individually or \$5,000,000 in the aggregate as of the Restatement Date except as described on Schedule 7.2 or other Permitted Encumbrances.

(b) Each of the Borrower and its Subsidiaries owns, or is licensed, or otherwise has the right, to use, all patents, trademarks, service marks, tradenames, copyrights, franchises, licenses, and other intellectual property material to its business, and the use thereof by the Borrower and its Subsidiaries does not infringe on the rights of any other Person, except for any such infringements that, individually or in the aggregate, is not reasonably likely to have a Material Adverse Effect.

Section 4.12. Insurance . The Borrower and its Subsidiaries currently maintain, and have maintained at all times during the previous five years, such insurance with respect to their properties and business with financially sound and reputable insurers, in such amounts and having such coverages against losses and damages which the Borrower in the exercise of its reasonable prudent business judgment has determined to be necessary to prevent the Borrower and its Subsidiaries from experiencing a loss that is reasonably likely to have a Material Adverse Effect. The Borrower and its Subsidiaries have paid all material insurance premiums now due and owing with respect to such insurance policies and coverages, and such policies and coverages are in full force and effect.

Section 4.13. Disclosure . As of the Restatement Date, the Borrower has identified in a certificate delivered to the Administrative Agent on the Restatement Date (i) all agreements, instruments, and corporate or other restrictions to which the Borrower or any of its Subsidiaries is subject where the breach of any such agreements, instruments, and corporate or other restrictions is reasonably likely to result in a Material Adverse Effect, (ii) all agreements, instruments and corporate or other restrictions to which the Borrower or any of its Subsidiaries is subject when performed by their respective terms are reasonably likely to result in a Material Adverse Effect, (iii) and all other matters known to any of them, that, individually or in the aggregate, is reasonably likely to result in a Material Adverse Effect. Neither the information furnished by the Borrower for inclusion in the Information Memorandum nor any of the reports (including without limitation all reports that the Borrower is required to file with the Securities and Exchange Commission), financial statements, certificates or other information furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation or syndication of this Agreement or any other Loan Document or otherwise delivered hereunder or thereunder (as modified or supplemented by any other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, taken as a whole, in light of the circumstances under which they were made, not misleading. It is understood that no representation or warranty is made concerning any forecasts, estimates, pro forma information, projections and statements as to anticipated future performance or conditions contained in any such financial statements, certificates or documents except that as of the date such forecasts, estimates, pro forma information, projections and statements were generated, (i) such forecasts, estimates, pro forma information, projections and statements were based on the good faith assumptions of the management of the Borrower, and (ii) such assumptions were believed by such management to be reasonable. Such forecasts, estimates, pro forma information and statements, and the assumptions on which they were based, may or may not prove to be correct.

Section 4.14. Labor Relations . There are no strikes, lockouts or other material labor disputes or grievances against the Borrower or any of its Subsidiaries, or, to the Borrower's knowledge, threatened against or affecting the Borrower or any of its Subsidiaries, and no significant unfair labor practice, charges or grievances are pending against the Borrower or any of its Subsidiaries, or to the Borrower's knowledge, threatened against any of them before any Governmental Authority that are reasonably likely to have a Material Adverse Effect. All payments due from the Borrower or any of its Subsidiaries pursuant to the provisions of any collective bargaining agreement have been paid or accrued as a liability on the books of the Borrower or any such Subsidiary, except where the failure to do so is not reasonably likely to have a Material Adverse Effect.

Section 4.15. Status of Certain Agreements and Other Matters .

(a) None of the Borrower or its Subsidiaries is in default which is continuing under or with respect to any Contractual Obligation, including, without limitation, the Indenture, or any Requirement of Law in any respect which has had or is reasonably likely to have a Material Adverse Effect. Without limiting the foregoing, as of the Restatement Date, none of the Borrower or its Subsidiaries has received any notice or claim as to the existence or occurrence of any unwaived default or breach by the Borrower or any of its Subsidiaries under the provisions of the Indenture or any other indenture, mortgage, loan or credit agreement, lease or financing agreement, or other material agreement or instrument binding on the Borrower or any of its Subsidiaries or any of their respective properties.

(b) None of the Subsidiaries is party to or subject to any agreement or arrangement restricting or limiting the payment of any dividends or other distributions by such Subsidiary to the Borrower or any other Subsidiary, the repayment of any loans or advances made to such Subsidiary by the Borrower or any other Subsidiary, or the sale or transfer by the Subsidiary of any assets to the Borrower or any other Subsidiary.

(c) The Borrower has furnished to the Administrative Agent a correct and complete copy of each agreement or instrument evidencing Indebtedness of the Borrower or any Subsidiary in each case in an amount greater than \$10,000,000, including all amendments, modifications, and supplements that have been made with respect thereto, in each case as of the Restatement Date.

Section 4.16. Subsidiaries .

(a) Schedule 4.16 sets forth the name of, the ownership interest of the Borrower in, the jurisdiction of organization of, and the type of, each Subsidiary, as of the Restatement Date.

(b) On the Restatement Date and after giving effect to the transactions contemplated by this Agreement and the other Loan Documents, (i) the assets of each Subsidiary at fair valuation and based on their present fair saleable value will exceed such Subsidiary's debts, including contingent liabilities but excluding intercompany debt among the Loan Parties, (ii) the remaining capital of such Subsidiary will not be unreasonably small to conduct such Subsidiary's business, and (iii) such Subsidiary will not have incurred debts, or have intended to incur debts, beyond the Subsidiary's ability to pay such debts as they mature. For purposes of this Section 4.16, "debt" means any liability on a claim, and "claim" means (x) the right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (y) the right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

ARTICLE V

AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that so long as any Lender has a Commitment in effect hereunder or the principal of and interest on any Loan or any fee or any LC Disbursement remains unpaid or any Letter of Credit remains outstanding:

Section 5.1. Financial Statements and Other Information . The Borrower will deliver to the Administrative Agent and each Lender:

(a) as soon as reasonably available and in any event within 100 days after the end of each Fiscal Year, a copy of the annual audited financial statements for such Fiscal Year for the Borrower and its Subsidiaries, containing a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such Fiscal Year and the related consolidated statements of income, stockholders' equity and cash flows (together with all notes thereto) of the Borrower and its Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all in reasonable detail and reported on by Ernst & Young LLP or other independent public

accountants of nationally recognized standing (without a “going concern” or like qualification, exception or explanation and without any qualification or exception as to the scope of such audit) to the effect that such financial statements present fairly in all material respects the financial condition and the results of operations of the Borrower and its Subsidiaries for such Fiscal Year on a consolidated basis in accordance with GAAP and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards;

(b) as soon as reasonably available and in any event within 50 days after the end of each of the first three Fiscal Quarters of each Fiscal Year, an unaudited consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such Fiscal Quarter and the related unaudited consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such Fiscal Quarter and the then elapsed portion of such Fiscal Year, setting forth in each case in comparative form the figures for the corresponding Fiscal Quarter and the corresponding portion of Borrower’s previous Fiscal Year, all certified by the chief financial officer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments and the absence of notes;

(c) concurrently with the delivery of the financial statements referred to in clauses (a) and (b) above, a certificate of the chief financial officer of the Borrower, (i) certifying as to whether there exists a Default or Event of Default on the date of such certificate, and if a Default or an Event of Default then exists, specifying the details thereof and the action which the Borrower has taken or proposes to take with respect thereto, (ii) setting forth in reasonable detail calculations demonstrating compliance with Article VI, and (iii) stating whether any material change in GAAP or the application thereof affecting such financial statements or calculations has occurred since the date of the Borrower’s audited financial statements referred to in Section 4.4 and, if any change has occurred, specifying the effect of such change on the financial statements accompanying such certificate or the calculations set forth therein;

(d) promptly (and in no event later than 5 Business Days) provide to the Administrative Agent, upon the written request of the Administrative Agent or any Lender, copies of any specified periodic and other reports (including without limitation, all reports filed on Forms 8-K, 10-Q, and 10-K), proxy statements and other materials filed by the Borrower with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all functions of said Commission, or with any national securities exchange, or distributed by the Borrower to its shareholders generally, as the case may be; and

(e) promptly following any request therefor, such other information regarding the results of operations, business affairs and financial condition of the Borrower or any Subsidiary as the Administrative Agent or any Lender may reasonably request.

Section 5.2. Notices of Material Events. The Borrower will furnish to the Administrative Agent and each Lender reasonably prompt written notice (given in no event later than 5 Business Days) of the following:

(a) after a Responsible Officer of the Borrower knows thereof, the occurrence of any Default or Event of Default;

(b) after a Responsible Officer of the Borrower knows thereof, the filing or commencement of any action, suit or proceeding by or before any arbitrator, court or other Governmental Authority against or, to the knowledge of the Borrower, affecting the Borrower or any Subsidiary which, if adversely determined (but excluding any action, suit or proceeding where the Borrower’s management has determined in good faith after reasonable inquiry that the likelihood of any adverse determination is remote), is reasonably likely to result in a Material Adverse Effect;

(c) after a Responsible Officer of the Borrower knows thereof, the occurrence of any event or any other development by which the Borrower or any of its Subsidiaries (i) fails to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) becomes subject to any Environmental Liability, (iii) receives notice of any claim with respect to any Environmental Liability, or (iv) becomes aware of any basis for any Environmental Liability, and in each of the preceding clauses, which individually or in the aggregate is reasonably likely to result in a Material Adverse Effect;

(d) the occurrence of any ERISA Event that alone, or together with any other ERISA Events that have occurred, is reasonably likely to result in liability of the Borrower and its Subsidiaries in an aggregate amount exceeding \$10,000,000;

(e) the effectiveness of any material amendment, modification or supplement to the Indenture;

(f) the receipt by the Borrower or any of its Subsidiaries of any notice or claim asserting the existence or occurrence of (i) any default, breach, or violation of the terms of the Indenture or any other indenture, mortgage, loan or credit agreement, lease or financing arrangement, or other material agreement or instrument, in any case where the Indebtedness associated with any such agreement or instrument exceeds \$10,000,000, or (ii) any event or condition that would require or permit the holder of any Indebtedness of the Borrower or any of its Subsidiaries in an amount greater than \$10,000,000 to exercise its rights to require the repayment, redemption or repurchase, or other acquisition of such Indebtedness by the Borrower or any of its Subsidiaries prior to the scheduled maturity thereof; and

(g) any other development that results in, or is reasonably likely to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a written statement of a Responsible Officer setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 5.3. Existence; Conduct of Business. The Borrower will, and will cause each of its Subsidiaries to, (i) preserve, renew and maintain in full force and effect its legal existence, (ii) do or cause to be done all things reasonably necessary to preserve, renew and maintain in full force and effect its respective rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business and (iii) continue to engage in the same business as presently conducted or such other businesses that are reasonably related thereto; provided, that nothing in this Section shall prohibit any merger, consolidation, liquidation or dissolution permitted under Section 7.3.

Section 5.4. Compliance with Laws, Etc. The Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and requirements of any Governmental Authority applicable to its properties and business operations (including, without limitation, all Environmental Laws and all licenses, permits, approvals, orders and directives issued by Governmental Authorities pursuant to such Environmental Laws, and all ERISA laws, regulations and orders), except where the failure to do so, either individually or in the aggregate, is not reasonably likely to result in a Material Adverse Effect.

Section 5.5. Payment of Taxes and Other Obligations. The Borrower will, and will cause each of its Subsidiaries to, pay and discharge at or before maturity, all of its obligations and liabilities (including without limitation all tax liabilities and claims that could result in a statutory Lien) before the same shall become delinquent or in default, except where (i) the validity or amount thereof is being contested in good faith by appropriate proceedings, and (ii) the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP; provided, however, that no Default or Event of Default shall be deemed to exist hereunder at any time where the aggregate outstanding amount of such obligations and liabilities not so paid and discharged does not exceed \$100,000 at such time.

Section 5.6. Books and Records. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities to the extent necessary to prepare the consolidated financial statements of Borrower in conformity with GAAP.

Section 5.7. Visitation, Inspection, Etc. The Borrower will, and will cause each of its Subsidiaries to, permit any representative of the Administrative Agent or any Lender to visit and inspect its properties, and to discuss its affairs, finances with any of its officers, all at such reasonable times during normal business hours and as often as the Administrative Agent or any Lender may reasonably request after reasonable prior notice to the Borrower; provided, however, if an Event of Default has occurred and is continuing, the Borrower will, and will cause each of its

Subsidiaries to, permit any representative of the Administrative Agent or any Lender to visit and inspect its properties, to examine its books and records, and to make copies and take extracts therefrom, and to discuss its affairs, finances and accounts with any of its officers and with its independent certified public accountants, all at such reasonable times during normal business hours and as often as the Administrative Agent or any Lender may reasonably request and with no prior notice.

Section 5.8. Maintenance of Properties; Insurance. The Borrower will, and will cause each of its Subsidiaries to, (i) keep and maintain all property material to the conduct of its business in good working order and condition, subject to ordinary wear and tear, except where the failure to do so, either individually or in the aggregate, is not reasonably likely to result in a Material Adverse Effect, and (ii) maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business, and the properties and business of its Subsidiaries, against loss or damage of the kinds customarily insured against by companies in the same or similar businesses operating in the same or similar locations.

Section 5.9. Use of Proceeds and Letters of Credit. Proceeds of Loans shall be used to finance working capital needs and capital expenditures and for other general corporate purposes of the Borrower and its Subsidiaries (including funding of draws under trade letters of credit issued for the account of the Borrower or its Subsidiaries). No part of the proceeds of any Loan, or any Letter of Credit, will be used, whether directly or indirectly, for any purpose that would result in a violation of any rule or regulation of the Board of Governors of the Federal Reserve System, including Regulations T, U or X.

Section 5.10. Additional Subsidiaries. If any additional U.S. Subsidiary is acquired or formed after the Closing Date, the Borrower will, within ten (10) Business Days after such U.S. Subsidiary is acquired or formed, notify the Administrative Agent and the Lenders thereof and cause such Subsidiary to become a Guarantor by joining the Guaranty Agreement and the Contribution Agreement pursuant to joinder agreements in substantially the form of Annex A to the Guaranty Agreement and Annex A to the Contribution Agreement and will cause such Subsidiary to deliver simultaneously therewith similar documents applicable to such Subsidiary required under Section 3.1 as requested by the Administrative Agent.

(a) If any Foreign Subsidiary is acquired or formed after the Closing Date, the Borrower will, within ten (10) Business Days after such Foreign Subsidiary is acquired or formed, notify the Administrative Agent and the Lenders thereof and, unless otherwise agreed by the Required Lenders, the Borrower shall, or shall cause its U.S. Subsidiary owning such Person, to pledge sixty-five percent (65%) of each class of voting shares or comparable equity interest and one hundred percent (100%) of each class of nonvoting shares or comparable equity interest (or if such pledge of 100% thereof would have an adverse income tax consequence to the Borrower, sixty five percent (65%) of each class of nonvoting shares or comparable equity interest) owned by the Borrower or such U.S. Subsidiary to the Administrative Agent as security for the Obligations pursuant to a pledge agreement in form and substance satisfactory to the Administrative Agent and the Required Lenders, and to deliver the original stock certificates evidencing such shares or comparable equity interest to the Administrative Agent, together with appropriate transfer powers executed in blank and Uniform Commercial Code financing statements. Notwithstanding the foregoing, the Borrower may, at its option within such ten (10) Business Day period, in lieu of providing any such pledge pursuant to this Section 5.10(b), cause any such Foreign Subsidiary to become a Guarantor by joining the Guaranty Agreement and the Contribution Agreement pursuant to joinder agreements in substantially the form of Annex A to the Guaranty Agreement and Annex A to the Contribution Agreement and cause such Foreign Subsidiary to deliver simultaneously therewith similar documents applicable to such Foreign Subsidiary required under Section 3.1 as requested by the Administrative Agent.

ARTICLE VI

FINANCIAL COVENANTS

The Borrower covenants and agrees that so long as any Lender has a Commitment hereunder, or the principal of or interest on any Loan remains unpaid, or any fee or any LC Disbursement remains unpaid, or any Letter of Credit remains outstanding:

Section 6.1. Adjusted Funded Debt to EBITDAR Ratio . The Borrower and its Subsidiaries shall maintain on a consolidated basis, as of the end of each Fiscal Quarter, commencing with the Fiscal Quarter ending July 30, 2004, a ratio of (i) Consolidated Adjusted Funded Debt (as of the end of such Fiscal Quarter) to (ii) Consolidated EBITDAR (calculated for the Fiscal Quarter then ending and the immediately preceding three (3) Fiscal Quarters) of less than 2.00:1.00.

Section 6.2. EBITR to Interest and Rents Ratio . The Borrower and its Subsidiaries shall maintain on a consolidated basis, as of the end of each Fiscal Quarter, commencing with the Fiscal Quarter ending July 30, 2004, a ratio of (i) Consolidated EBITR to (ii) Consolidated Interest Expense *plus* without duplication Consolidated Rent Expense (all such amounts to be calculated for the Fiscal Quarter then ending and the immediately preceding three (3) Fiscal Quarters) of greater than 2.00:1.00.

Section 6.3. Funded Debt to EBITDA Ratio . The Borrower and its Subsidiaries shall maintain on a consolidated basis, as of the end of each Fiscal Quarter, commencing with the Fiscal Quarter ending July 30, 2004, a ratio of (i) Consolidated Funded Debt (as of the end of such Fiscal Quarter) to (ii) Consolidated EBITDA (calculated for the Fiscal Quarter then ending in the immediately preceding three (3) Fiscal Quarters) of less than 1.50:1.00.

Section 6.4. Consolidated Net Worth . The Borrower will not permit its Consolidated Net Worth at any time to be less than \$1,250,000,000, *plus* 50% of Consolidated Net Income on a cumulative basis for all preceding Fiscal Quarters, commencing with the Fiscal Quarter ending July 30, 2004; provided, that if Consolidated Net Income is negative in any Fiscal Quarter the amount added for such Fiscal Quarter shall be zero and such negative Consolidated Net Income shall not reduce the amount of Consolidated Net Income added from any previous Fiscal Quarter. The minimum required amount of Consolidated Net Worth set forth above shall be increased by 100% of the amount by which the Borrower's total shareholders' equity is increased as a result of any issuance or sale of capital stock of the Borrower after April 30, 2004. Promptly upon the consummation of such issuance or sale, the Borrower shall notify the Administrative Agent in writing of the amount of such increase in "total shareholders' equity".

ARTICLE VII

NEGATIVE COVENANTS

The Borrower covenants and agrees that so long as any Lender has a Commitment hereunder, or the principal of or interest on any Loan remains unpaid, or any fee or any LC Disbursement remains unpaid, or any Letter of Credit remains outstanding:

Section 7.1. Indebtedness . The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness created pursuant to the Loan Documents;

(b) Indebtedness of the Borrower owing to any Subsidiary, Indebtedness of any Subsidiary owing to the Borrower, and Indebtedness of any Subsidiary owing to any other Subsidiary; provided, that the aggregate amount of Indebtedness of the Borrower to any Subsidiary that is not a Guarantor (including all such Indebtedness existing on the Restatement Date), shall be subordinated to the Obligations on terms satisfactory to the Administrative Agent and shall not exceed \$5,000,000 at any time outstanding;

(c) Indebtedness existing on the Restatement Date and set forth on Schedule 7.1 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof (immediately prior to giving effect to such extension, renewal or replacement) or shorten the maturity or the weighted average life thereof;

(d) Indebtedness of a Person which becomes a Subsidiary after the date hereof, provided that (i) such Indebtedness existed at the time such Person became a Subsidiary and was not created in anticipation thereof and (ii) immediately after giving effect to the acquisition of such Person by the Borrower no Default or Event of Default shall

have occurred and be continuing;

(e) Indebtedness of the Borrower or any Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations, and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof; provided, that such Indebtedness is incurred prior to or within 120 days after such acquisition or the completion of such construction or improvements, and all extensions, renewals, and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof (immediately prior to giving effect to such extension, renewal or replacement) or shorten the maturity or the weighted average life thereof;

(f) Guarantees by the Borrower of Indebtedness of any Subsidiary otherwise permitted to be incurred or exist under the terms of this Agreement, and Guarantees by any Subsidiary of Indebtedness of the Borrower or any other Subsidiary that is otherwise permitted to be incurred or exist under the terms of this Agreement;

(g) Hedging Obligations permitted by Section 7.11;

(h) Indebtedness of the Borrower or any Subsidiary incurred in connection with sale leaseback transactions permitted by Section 7.9;

(i) Unsecured Indebtedness of any Subsidiaries of the Borrower not otherwise permitted by this Section 7.1, in an aggregate principal amount outstanding at any time not to exceed \$25,000,000; and

(j) Unsecured Indebtedness of the Borrower not otherwise permitted by this Section 7.1, in an aggregate principal amount outstanding at any time not to exceed an amount equal to (x) \$150,000,000 *less* (y) the amount of unsecured Indebtedness of any Subsidiaries of the Borrower as permitted pursuant to clause (i) above.

Section 7.2. Liens. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien on any of its assets or property now owned or hereafter acquired or, except:

(a) Liens created in favor of the Administrative Agent securing the Obligations under this Agreement;

(b) Permitted Encumbrances;

(c) any Liens on any property or asset of the Borrower or any Subsidiary existing on the Restatement Date as described on Schedule 7.2, provided, that such Lien shall not apply to any other property or asset of the Borrower or any Subsidiary;

(d) any Liens granted to secure purchase money Indebtedness permitted to be incurred as provided in Section 7.1(e) and any renewals and extensions thereof as provided by Section 7.1(e), provided that (i) such Lien secures only such purchase money Indebtedness, (ii) such Lien attaches to such asset concurrently or within 60 days after the acquisition, improvement or completion of the construction thereof, and (iii) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets;

(e) Liens on the property or assets of a Person which becomes a Subsidiary after the date hereof securing Indebtedness permitted by subsection 7.1(d), provided that (i) such Liens existed at the time such Person became a Subsidiary and were not created in anticipation thereof, (ii) any such Lien does not extend to cover any property or assets of such Person after the time such Person becomes a Subsidiary and (iii) such Liens do not secure obligations in excess of \$10,000,000 in the aggregate at any time outstanding; and

(f) Liens (not otherwise permitted hereunder) which secure obligations not exceeding (as to the Borrower and all Subsidiaries) \$125,000,000 in aggregate amount at any time, provided, that (i) the aggregate amount of such secured obligations owing to any Persons other than the Borrower and the Guarantors shall not exceed \$25,000,000 at any time, and (ii) such Liens shall be created or granted only with respect to fixed assets and shall in no event attach to or otherwise encumber any inventory, accounts receivable, cash or deposit accounts, investment property or general intangibles of the Borrower or its Subsidiaries.

Section 7.3. Fundamental Changes

(a) The Borrower will not, and will not permit any Subsidiary to, merge into or consolidate into any other Person, or permit any other Person to merge into or consolidate with it, or sell, lease, transfer or otherwise dispose of (in a single transaction or a series of transactions) all or substantially all of its assets (in each case, whether now owned or hereafter acquired) or all or substantially all of the stock of any of its Subsidiaries (in each case, whether now owned or hereafter acquired) or liquidate or dissolve; provided, that if at the time thereof and immediately after giving effect thereto, no Default or Event of Default shall have occurred and be continuing (i) the Borrower or any Subsidiary may merge with a Person if the Borrower (or such Subsidiary if the Borrower is not a party to such merger) is the surviving Person, and any Subsidiary may merge into another Subsidiary, provided, that (x) if either party to such a merger between Subsidiaries is a Guarantor, a Guarantor shall be the surviving Person, and (y) any such merger involving a Person that is not a wholly-owned Subsidiary immediately prior to such merger shall not be permitted hereunder unless also permitted by Section 7.4, (ii) any Subsidiary may sell, transfer, lease or otherwise dispose of all or substantially all of its assets (including by way of liquidation) to the Borrower or to a Guarantor, and (iii) any Subsidiary may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders.

(b) The Borrower will not, and will not permit any of its Subsidiaries to, engage in any business other than businesses of the type conducted by the Borrower and its Subsidiaries on the date hereof and businesses reasonably related thereto. Without limiting the foregoing, the Borrower shall not permit GCIC to engage in any business or activities other than (i) providing insurance coverage and related services to the Borrower and its other Subsidiaries, and (ii) any other business and activities in which GCIC is engaged as of the Restatement Date.

Section 7.4. Investments, Loans, Etc. The Borrower will not, and will not permit any of its Subsidiaries to, hold or acquire (including pursuant to any merger with any Person that was not a wholly-owned Subsidiary prior to such merger), any capital stock, partner or limited liability company interests or other ownership interests, evidence of Indebtedness or other securities (including any option, warrant, or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person (all of the foregoing being collectively called “*Investments*”), except:

(a) Investments (other than Permitted Investments) existing on the Restatement Date and set forth on Schedule 7.4 (including Investments in Subsidiaries);

(b) Permitted Investments;

(c) Guarantees constituting Indebtedness permitted by Section 7.1;

(d) repurchase of Senior Notes (to the extent permitted by the Indenture and applicable securities laws), so long as, before and after giving effect thereto, the Borrower shall be in compliance with the financial covenants set forth in Article VI and no other Default or Event of Default shall have occurred and be continuing at the time such repurchase is effected;

(e) Investments made by the Borrower in or to any Subsidiary and by any Subsidiary to the Borrower or in or to another Subsidiary; provided, that (i) the aggregate amount of Investments by Loan Parties in or to, and Guarantees by Loan Parties of Indebtedness of, any Subsidiary that is not a Guarantor (including all such Investments and Guarantees existing on the Restatement Date), shall not exceed \$5,000,000 at any time outstanding, and (ii) any Acquisition giving rise to any such Investment shall have been permitted pursuant to Section 7.10;

(f) loans or advances to employees and officers of the Borrower or any Subsidiary made in the ordinary course of business and not in excess of amounts customarily and historically loaned or advanced by the Borrower to such employees and officers; provided, however, that the aggregate amount of all such loans and advances does not exceed \$2,500,000 at any time outstanding;

(g) Hedging Obligations permitted by Section 7.11 ;

(h) Investments received in settlement of debt created in the ordinary course of business; and

(i) extension of trade credit in the ordinary course of business;

(j) Investments in assets held under non-qualified plans and deferred compensation arrangements for certain members of management and other employees as disclosed from time to time in the notes to the Borrower's consolidated financial statements as filed by the Borrower with the Securities and Exchange Commission;

(k) purchases of Capital Lease Debt Obligations permitting the Borrower or its Subsidiaries to offset and reduce their related Capital Lease Obligations; and

(l) Investments in fixed income assets by GCIC consistent with customary practices of portfolio management on the part of so-called "captive" insurance companies of comparable size and scope of activities as GCIC; and

(m) Investments not otherwise permitted by the preceding clauses of this Section 7.4 in an aggregate amount not to exceed \$10,000,000 at any one time outstanding.

Section 7.5. Restricted Payments . The Borrower will not, and will not permit its Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any dividend or distribution on any class of its capital stock, partner or limited liability company interests, or other ownership interests, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, retirement, defeasance or other acquisition of, any shares of capital stock, partner or limited liability company interests, or other ownership interests, or Indebtedness subordinated to the Obligations of the Borrower, or any options, warrants, or other rights to purchase such capital stock, partner or limited liability company interests, or other ownership interests, or such Indebtedness, whether now or hereafter outstanding (each, a "**Restricted Payment**"), except for (i) dividends and distributions payable by the Borrower solely in shares of any class of its common stock, (ii) Restricted Payments made by any Subsidiary to the Borrower or to another Subsidiary, (iii) cash dividends paid on, and cash redemptions of, the common stock of the Borrower so long as, before and after giving effect thereto, the Borrower shall be in compliance with the financial covenants set forth in Article VI and no other Default or Event of Default shall have occurred and be continuing at the time such dividend is paid or redemption is made and (iv) Restricted Payments made in respect of restricted stock and stock options granted or to be granted under the employee compensation plans of the Borrower described in applicable reports or other filings made by the Borrower with the Securities and Exchange Commission or as otherwise disclosed by the Borrower in writing to the Lenders.

Section 7.6. Sale of Assets . The Borrower will not, and will not permit any of its Subsidiaries to, convey, sell, lease, assign, transfer or otherwise dispose of, any of its assets, business or property, whether now owned or hereafter acquired, or, in the case of any Subsidiary, issue or sell any shares of such Subsidiary's common stock to any Person other than the Borrower or any wholly-owned Subsidiary of the Borrower (or to qualify directors if required by applicable law), except:

(a) the sale or other disposition, for fair market value and in the ordinary course of business, of obsolete or worn out property or other property not necessary for operations of the Borrower and its Subsidiaries;

(b) the sale of inventory and Permitted Investments in the ordinary course of business;

(c) the sale or transfer of properties in accordance with Section 7.9; and

(d) the sale or other disposition of other assets (including assets that are the subject of transactions of the type described in clause (ii) of Section 7.9) in an aggregate amount from the Restatement Date to the Revolving Commitment Termination Date not to exceed 10% of the consolidated total assets of the Borrower as of the last day of the most recently ended Fiscal Year of the Borrower; provided that if at the end of any Fiscal Year, 10% of the consolidated total assets of the Borrower for such Fiscal Year is less than 10% of the consolidated total assets of the

Borrower for any preceding Fiscal Year and the Borrower's sales and dispositions of assets made from the Restatement Date to such date exceed 10% of the consolidated total assets of the Borrower for such Fiscal Year but do not exceed 10% of the consolidated total assets of the Borrower for such preceding Fiscal Year, the Borrower shall not be in violation of this Section 7.6(d).

Section 7.7. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (i) in the ordinary course of business at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (ii) transactions between or among the Borrower and its wholly owned Subsidiaries not involving any other Affiliates, (iii) any Restricted Payment permitted by Section 7.5 and (iv) any transaction permitted under Section 7.4(e).

Section 7.8. Restrictive Agreements. The Borrower will not, and will not permit any Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement that prohibits, restricts or imposes any condition upon (i) the ability of the Borrower or any Subsidiary to create, incur or permit any Lien upon any of its assets or properties, whether now owned or hereafter acquired, or (ii) the ability of any Subsidiary to pay dividends or other distributions with respect to its capital stock, partner or limited liability company interests, or other ownership interests, to make or repay loans or advances to the Borrower or any other Subsidiary, to Guarantee Indebtedness of the Borrower or any other Subsidiary, or to transfer any of its property or assets to the Borrower or any Subsidiary of the Borrower; provided, that the foregoing shall not apply to (x) restrictions or conditions imposed by law, this Agreement, or the Indenture, (y) restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions and conditions apply only to the property or assets securing such Indebtedness, and (z) customary provisions in leases and other contracts restricting the assignment thereof.

Section 7.9. Sale and Leaseback Transactions. The Borrower will not, and will not permit any of the Subsidiaries to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any properties, real or personal, used or useful in its business, whether now owned or hereinafter acquired, and thereafter rent or lease such properties or portions thereof that it intends to use for substantially the same purpose or purposes as the properties sold or transferred, except (i) new retail store properties that have been developed as part of the New Store Development Program, and (ii) any other properties where the aggregate market values of such other properties, taken together with the assets sold or otherwise disposed of as otherwise permitted in Section 7.6(d), would not exceed the aggregate amounts permitted by such Section 7.6(d).

Section 7.10. Acquisitions. The Borrower will not, and will not permit any Subsidiary to, make or effect any Acquisitions for a total purchase price in excess of \$50,000,000 in the aggregate during any twelve (12) month period. For purposes hereof, any purchase price shall be determined by the sum of the following items paid, given, transferred or assumed or acquired in consideration of such Acquisition: (i) all cash, (ii) the principal amounts of all promissory notes, other deferred payment obligations given as a portion of the consideration for such Acquisition, and all Indebtedness of the Person or business acquired in such Acquisition that remains in effect as an obligation of the Borrower or any Subsidiary following such Acquisition, (iii) the value of all capital stock, partner or limited liability company interests, and other ownership interests, and (iv) the value of all other property (the value of such stock and property to be as determined in good faith by the Borrower).

Section 7.11. Hedging Transactions. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any Hedging Transaction, other than Hedging Transactions entered into in the ordinary course of business to hedge or mitigate risks to which the Borrower or any Subsidiary is exposed in the management of its liabilities arising in the ordinary course of business. Solely for the avoidance of doubt, the Borrower acknowledges that a Hedging Transaction entered into for speculative purposes or of a speculative nature (which shall be deemed to include any Hedging Transaction under which the Borrower or any of its Subsidiaries is or may become obliged to make any payment (i) in connection with the purchase by any third party of any capital stock, partner or limited liability company interests or other ownership interests, or any Indebtedness, of the Borrower or any Subsidiary, or (ii) as a result of changes in the market value of any such capital stock, partner or limited liability company interests or

other ownership interests, or Indebtedness) is not a Hedging Obligations entered into in the ordinary course of business to hedge or mitigate such risks.

Section 7.12. Actions Relating to Indenture and Senior Notes. The Borrower will not (i) amend, supplement, or otherwise modify the Indenture or the Senior Notes in any manner so as to increase the interest rate payable thereon, shorten the maturity or the average life thereof, or impose or modify any restrictions on the Borrower of a type or in a manner, taken as a whole with other changes effected by such amendment, more restrictive on, or otherwise less favorable to, the Borrower, or (ii) repurchase, redeem, or otherwise acquire any of the Senior Notes prior to the maturity thereof except as permitted by Section 7.4(d).

Section 7.13. Accounting Changes. The Borrower will not, and will not permit any Subsidiary to, make any significant change in accounting treatment or reporting practices, except as required or permitted by GAAP, or change the Fiscal Year of the Borrower or of any Subsidiary, except to change the fiscal year of a Subsidiary to conform its Fiscal Year to that of the Borrower.

ARTICLE VIII

EVENTS OF DEFAULT

Section 8.1. Events of Default. If any of the following events (each an “Event of Default”) shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or of any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment or otherwise; or

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount payable under clause (a) of this Section 8.1) payable under this Agreement or any other Loan Document, within five (5) Business Days after the same shall have become due and payable; or

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or any Subsidiary in or in connection with this Agreement or any other Loan Document (including the Schedules attached hereto) and any amendments or modifications hereof or waivers hereunder, or in any certificate, report, financial statement or other document submitted to the Administrative Agent or the Lenders by any Loan Party or any representative of any Loan Party pursuant to or in connection with this Agreement or any other Loan Document, shall prove to be incorrect in any material respect when made or deemed made or submitted; or

(d) the Borrower shall fail to observe or perform any covenant or agreement contained in Sections 5.1, 5.2, or 5.3 (with respect to any Loan Party’s existence), or in Article VI or Article VII; or

(e) any Loan Party shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those referred to in clauses (a), (b) and (d) above) or any other Loan Document, and such failure shall remain unremedied for 30 days after the earlier of (i) any officer of the Borrower becomes aware of such failure, or (ii) notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(f) the Borrower or any Subsidiary (whether as primary obligor or as guarantor or otherwise shall fail to pay any principal of or premium or interest on any Material Indebtedness that is outstanding, when and as the same shall become due and payable (whether at scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument evidencing or governing such Indebtedness; or any other event shall occur or condition shall exist under any agreement or instrument relating to such Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or permit the acceleration of, the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption),

purchased or defeased, or any offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case prior to the stated maturity thereof; or

(g) the Borrower or any Subsidiary shall (i) commence a voluntary case or other proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a custodian, trustee, receiver, liquidator or other similar official of it or any substantial part of its property, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (i) of this subsection (g), (iii) apply for or consent to the appointment of a custodian, trustee, receiver, liquidator or other similar official for the Borrower or any such Subsidiary or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take any action for the purpose of effecting any of the foregoing; or

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Subsidiary or its debts, or any substantial part of its property, under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect, or (ii) the appointment of a custodian, trustee, receiver, liquidator or other similar official for the Borrower or any Subsidiary or for a substantial part of its property, and in any such case, such proceeding or petition shall remain undismissed for a period of 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(i) the Borrower or any Subsidiary shall become unable to pay, shall admit in writing its inability to pay, or shall fail generally to pay, its debts as they become due; or

(j) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with other ERISA Events that have occurred, is reasonably likely to result in liability to the Borrower and the Subsidiaries in an aggregate amount exceeding \$25,000,000; or

(k) any judgment or order for the payment of money in excess of \$25,000,000 in the aggregate shall be rendered against the Borrower or any Subsidiary, and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order, or (ii) there shall be a period of more than 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(l) any non-monetary judgment or order shall be rendered against the Borrower or any Subsidiary that is reasonably likely to have a Material Adverse Effect, and there shall be a period of more than 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(m) a Change in Control shall occur or exist; or

(n) any provision of the Guaranty Agreement shall for any reason cease to be valid and binding on, or enforceable against, any Guarantor, or any Guarantor shall so state in writing, or any Guarantor shall seek to terminate its obligations under the Guaranty Agreement; or

(o) an "Event of Default" shall occur under any other Loan Document;

then, and in every such event (other than an event with respect to the Borrower described in subsections (g) or (h) of this Section) and at any time thereafter during the continuance of such event, the Administrative Agent may, and upon the written request of the Required Lenders shall, by notice to the Borrower, take any or all of the following actions, at the same or different times : (i) terminate the Commitments, whereupon the Commitment of each Lender shall terminate immediately; (ii) declare the principal of and any accrued interest on the Loans, and all other Obligations (except Hedging Obligations) owing hereunder, to be, whereupon the same shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; (iii)

exercise all remedies contained in any other Loan Document; and (iv) exercise any other remedies available at law or in equity; and that, if an Event of Default specified in either subsections (g) or (h) of this Section shall occur with respect to the Borrower, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon, and all fees and other Obligations (except Hedging Obligations) shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower. Notwithstanding anything in this Agreement or the other Loan Documents to the contrary, all payments received as proceeds hereunder or under any other Loan Document, or any part thereof, as well as any and all amounts realized in connection with the enforcement of any right or remedy under or with respect to any Loan Document, shall be applied by the Administrative Agent as follows: first, to the payment of all necessary expenses incident to the execution of any remedies under any Loan Document, including reasonable attorneys' fees as provided herein and in the other Loan Documents, appraisal fees, title search fees and foreclosure notice costs; second, to all fees and reimbursable expenses of the Administrative Agent then due and payable pursuant to any of the Loan Documents; third, to all fees and reimbursable expenses of the Lenders and the Issuing Bank then due and payable pursuant to any of the Loan Documents, made pro rata to the Lenders and the Issuing Bank based on their respective Pro Rata Share of such fees and expenses; fourth, to interest then due and payable on the Loans, made pro rata to the Lenders based on their respective Pro Rata Shares of the Loans; fifth, to principal then due and payable on the Loans, unreimbursed LC Disbursements and amounts due in respect of cash collateral required to be maintained for undrawn amounts under any Letters of Credit issued and outstanding, made pro rata to the Lenders, the Administrative Agent and the Issuing Bank based on their respective Pro Rata Shares of the Loans, unreimbursed LC Disbursements and such cash collateral amounts; and sixth, to the payment of any amounts then due and payable with respect to any Hedging Obligations and any other amounts then included in the Obligations as provided herein, and the remainder, if any, shall be paid to the Borrower or such other persons as may be entitled thereto by law, after deducting therefrom the cost of ascertaining their identity.

ARTICLE IX

THE ADMINISTRATIVE AGENT

Section 9.1. Appointment of Administrative Agent; Status of Issuing Bank.

(a) Each of the Lenders and the Issuing Bank irrevocably appoints SunTrust Bank as the Administrative Agent and authorizes it to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent under this Agreement and the other Loan Documents, together with all such actions and powers that are reasonably incidental thereto. The Administrative Agent may perform any of its duties hereunder or under the other Loan Documents by or through any one or more sub-agents or attorneys-in-fact appointed by the Administrative Agent. The Administrative Agent and any such sub-agent or attorney-in-fact may perform any and all of its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions set forth in this Article shall apply to any such sub-agent or attorney-in-fact and the Related Parties of the Administrative Agent, any such sub-agent and any such attorney-in-fact and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

(b) The Issuing Bank shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith until such time and except for so long as the Administrative Agent may agree at the request of the Required Lenders to act for the Issuing Bank with respect thereto; provided, that the Issuing Bank shall have all the benefits and immunities (i) provided to the Administrative Agent in this Article IX with respect to any acts taken or omissions suffered by the Issuing Bank in connection with Letters of Credit issued by it or proposed to be issued by it and the applications and agreements pertaining to the Letters of Credit as fully as though the term "Administrative Agent" as used in this Article IX included the Issuing Bank with respect to such acts or omissions, and (ii) as additionally provided in this Agreement with respect to the Issuing Bank.

Section 9.2. Nature of Duties of Administrative Agent. The Administrative Agent shall not have any duties or obligations except those expressly set forth in this Agreement and the other Loan Documents. Without limiting the generality of the foregoing, (i) the Administrative Agent shall not be subject to any fiduciary or other

implied duties, regardless of whether a Default or an Event of Default has occurred and is continuing, (ii) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except those discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2), and (iii) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it, its sub-agents or attorneys-in-fact with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.2) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent shall not be deemed to have knowledge of any Default or Event of Default unless and until written notice thereof (which notice shall expressly state that it is a notice of Default or Event of Default arising under this Agreement), is given to the Administrative Agent by the Borrower or any Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (A) any statement, warranty or representation made in or in connection with any Loan Document, (B) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (C) the performance or observance of any of the covenants, agreements, or other terms and conditions set forth in any Loan Document, (D) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (E) the satisfaction of any condition set forth in Article III or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

Section 9.3. Lack of Reliance on the Administrative Agent. Each of the Lenders, the Swingline Lender and the Issuing Bank acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each of the Lenders, the Swingline Lender and the Issuing Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, continue to make its own decisions in taking or not taking of any action under or based on this Agreement, any related agreement or any document furnished hereunder or thereunder. Each Lender represents to each other party hereto that it is a bank, savings and loan association or other similar savings or thrift institution, insurance company, investment fund or company, or other financial institution or lending company that makes or acquires commercial loans in the ordinary course of its business and that it is participating hereunder as a Lender for its own account (but subject to its rights to direct the disposition of its assets, including, without limitation, assignments and sales of participation interest in the Loans and its Commitment as contemplated hereunder), and for such commercial purposes, and that it has the knowledge and experience to be and is capable of evaluating the merits and risks of being a Lender hereunder.

Section 9.4. Certain Rights of the Administrative Agent. If the Administrative Agent shall request instructions from the Required Lenders with respect to any action or actions (including the failure to act) in connection with this Agreement, the Administrative Agent shall be entitled to refrain from such act or taking such act, unless and until it shall have received instructions from such Lenders; and the Administrative Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder in accordance with the instructions of the Required Lenders where required by the terms of this Agreement.

Section 9.5. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed, sent or made by the proper Person. The Administrative Agent may also rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of such counsel,

accountants or experts.

Section 9.6. The Administrative Agent in its Individual Capacity. The Person serving as the Administrative Agent shall have the same rights and powers under this Agreement and any other Loan Document in its capacity as a Lender as any other Lender and may exercise or refrain from exercising the same as though it were not the Administrative Agent; and the terms “Lenders”, “Required Lenders”, “holders of Notes”, or any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its capacity as one of such Lenders or holders. The Person acting as the Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if it were not the Administrative Agent hereunder.

Section 9.7. Successor Administrative Agent.

(a) The Administrative Agent may resign at any time by giving notice thereof to the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent, subject to the approval by the Borrower provided that no Default or Event of Default shall exist at such time. If no successor Administrative Agent shall have been so appointed, and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Administrative Agent, which shall be a commercial bank organized under the laws of the United States of America or any state thereof or a bank which maintains an office in the United States, having a combined capital and surplus of at least \$500,000,000.

(b) Upon the acceptance of its appointment as the Administrative Agent hereunder by a successor, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. If within 45 days after written notice is given of the retiring Administrative Agent’s resignation under this Section 9.7 no successor Administrative Agent shall have been appointed and shall have accepted such appointment, then on such 45th day (i) the retiring Administrative Agent’s resignation shall become effective, (ii) the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under the Loan Documents, and (iii) the Required Lenders shall thereafter perform all duties of the retiring Administrative Agent under the Loan Documents until such time as the Required Lenders appoint a successor Administrative Agent as provided above. After any retiring Administrative Agent’s resignation hereunder, the provisions of this Article IX shall continue in effect for the benefit of such retiring Administrative Agent and its representatives and agents in respect of any actions taken or not taken by any of them while it was serving as the Administrative Agent.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications to any party herein to be effective shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

To the Borrower: DOLLAR GENERAL CORPORATION
100 Mission Ridge
Goodlettsville, Tennessee 37072
Attention: Wade Smith
Telecopy Number: (615) 855-4973

To the Administrative Agent or Swingline Lender: SunTrust Bank
303 Peachtree Street, N.E.

Atlanta, Georgia 30308
Attention: Doris Folsom, Agency Services
Telecopy Number: (404) 724-3879

With copies to: SunTrust Bank
201 Fourth Avenue North
3rd Floor
Nashville, Tennessee 37219
Attention: Scott Corley
Telecopy Number: (615) 748-5269

To the Issuing Bank: SunTrust Bank
25 Park Place
Atlanta, Georgia 30303
Attention: Jon Conley
Telecopy Number: (404) 588-8129

To any other Lender: the address set forth in the Administrative

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All such notices and other communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the mail or if delivered, upon delivery; provided, that notices delivered to the Administrative Agent, or the Issuing Bank or the Swingline Lender shall not be effective until actually received by such Person at its address specified in this Section 10.1.

(b) Any agreement of the Administrative Agent and the Lenders herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Borrower. The Administrative Agent and the Lenders shall be entitled to rely in good faith on the authority of any Person purporting to be a Person authorized by the Borrower to give such notice and the Administrative Agent and Lenders shall not have any liability to the Borrower or other Person on account of any action taken or not taken by the Administrative Agent or the Lenders in good faith reliance upon such telephonic or facsimile notice. The obligation of the Borrower to repay the Loans, LC Disbursements, and all other Obligations hereunder shall not be affected in any way or to any extent by any failure of the Administrative Agent and the Lenders to receive written confirmation of any telephonic or facsimile notice.

Section 10.2. Waiver; Amendments.

(a) No failure or delay by the Administrative Agent, the Issuing Bank or any Lender in exercising any right or power hereunder or any other Loan Document, and no course of dealing between the Borrower and the Administrative Agent or any Lender, shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power hereunder or thereunder. The rights and remedies of the Administrative Agent, the Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies provided by law. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by subsection (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or the issuance of a Letter of Credit shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Administrative Agent, any Lender or the Issuing Bank may have had notice or knowledge of such Default or Event of Default at the time.

(b) No amendment or waiver of any provision of this Agreement or the other Loan Documents, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower and the Required Lenders or the Borrower and the Administrative Agent with the consent of the Required Lenders and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, that no amendment or waiver shall: (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or obligation to pay any LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the date fixed for any scheduled payment of any principal of, or interest on, any Loan or LC Disbursement or interest thereon or any fees hereunder or reduce the amount of, waive or excuse any such scheduled payment, or postpone the scheduled date for the termination or reduction of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.21 (b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the consent of each Lender, or (vi) release any Guarantor or limit the liability of any such Guarantor under the Guaranty Agreement, without the written consent of each Lender; provided further, that no such amendment or waiver shall amend, modify or otherwise affect the rights, duties or obligations of the Administrative Agent, the Swingline Lender or the Issuing Bank without the prior written consent of such Person.

Section 10.3. Expenses; Indemnification .

(a) The Borrower shall pay (i) all reasonable, out-of-pocket costs and expenses of the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of a single firm of primary counsel, and of the Administrative Agent and its Affiliates, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents and any amendments, modifications or waivers thereof (whether or not the transactions contemplated in this Agreement or any other Loan Document shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder, and (iii) all reasonable out-of-pocket costs and expenses (including, without limitation, the reasonable fees, charges and disbursements of outside counsel and the allocated cost of inside counsel) incurred by the Administrative Agent, the Issuing Bank or after the occurrence and during the continuance of any Event of Default, any Lender in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made or any Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Borrower shall indemnify the Administrative Agent, the Issuing Bank and each Lender, and each Related Party of any of the foregoing (each, an “*Indemnitee*”) against, and hold each of them harmless from, any and all costs, losses, liabilities, claims, damages and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, which may be incurred by or asserted against any Indemnitee by any Person including the Loan Parties arising out of, in connection with or as a result of (i) the execution or delivery of this Agreement, any other Loan Document, or any other agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of any of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or any actual or proposed use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned by the Borrower or any Subsidiary or any Environmental Liability related in any way to the Borrower or any Subsidiary, and (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided, that the Borrower shall not be obligated to indemnify any Indemnitee for any of the foregoing (i) arising out of such Indemnitee’s gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final and

nonappealable judgment, and (ii) as a result of any claim for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(c) The Borrower shall pay, and hold the Administrative Agent, the Issuing Bank, and each of the Lenders harmless from and against, any and all present and future stamp, documentary, and other similar taxes with respect to this Agreement and any other Loan Documents, any collateral described therein, or any payments due thereunder, and save the Administrative Agent, the Issuing Bank, and each Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission to pay such taxes.

(d) To the extent that the Borrower fails to pay any amount required to be paid to the Administrative Agent, the Issuing Bank or the Swingline Lender under subsections (a), (b) or (c) hereof, each Lender severally agrees to pay to the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be, such Lender's Pro Rata Share (determined as of the time that the unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided, that the unreimbursed expense or indemnified payment, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Issuing Bank or the Swingline Lender in its capacity as such.

(e) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to actual or direct damages) arising out of, in connection with or as a result of, this Agreement or any agreement or instrument contemplated hereby, the transactions contemplated therein, any Loan or any Letter of Credit or the use of proceeds thereof.

(f) All amounts due under this Section shall be payable promptly after written demand therefor.

Section 10.4. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that (i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall be an amount which, is not less than \$1,000,000 and in an integral multiple of \$1,000,000, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consent (such consent of the Borrower not to be unreasonably withheld or delayed), (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned, and (iii) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of \$1,000, and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire. Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Acceptance, the Eligible Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have

the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.18, 2.20, 2.21 and 10.3. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in Atlanta, Georgia a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Any Lender may, without the consent of, or prior notice to, the Borrower, the Administrative Agent, the Issuing Bank or the Swingline Lender sell participations to one or more banks or other entities (a “Participant”) in all or a portion of such Lender’s rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Issuing Bank, the Swingline Lender and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver with respect to the following to the extent affecting such Participant: (i) increase the Commitment of such Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of such Lender if affected thereby, (iii) postpone the date fixed for any payment of any principal of, or interest on, any Loan or LC Disbursement or interest thereon or any fees hereunder or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date for the termination or reduction of any Commitment, without the written consent of such Lender if affected thereby, (iv) change Section 2.21(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders which are required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, or (vi) release any Guarantor or limit the liability of any such Guarantor under the Guaranty Agreement without the written consent of such Lender except to the extent such release is expressly provided under the terms of the Guaranty Agreement. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.16, 2.17, and 2.18 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.7 as though it were a Lender, provided such Participant agrees to be subject to Section 10.7 as though it were a Lender.

(e) A Participant shall not be entitled to receive any greater payment under Section 2.18 or Section 2.20 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Non-U.S. Lender if it were a Lender shall not be entitled to the benefits of Section 2.20 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.20(e) as though it were a Lender.

(f) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Notwithstanding anything to the contrary set forth herein, no assignment by any Lender to an Approved Fund shall relieve the assigning Lender of any of its obligations to fund Loans or make payments in respect of any Letters of Credit under this Agreement if, for any reason, such Approved Fund fails to fund any such Loans or make any such payments, and the assigning Lender (and not the Approved Fund) shall have the sole right and responsibility to deliver all consents, waivers, amendments, and other actions required or requested under the terms of this Agreement with respect to its Approved Fund.

Section 10.5. Governing Law; Jurisdiction; Consent to Service of Process .

(a) This Agreement and the other Loan Documents shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof) of the State of Georgia .

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the United States District Court of the Northern District of Georgia, and of any state court of the State of Georgia located in Fulton County and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such Georgia state court or, to the extent permitted by applicable law, such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in subsection (b) of this Section and brought in any court referred to in subsection (b) of this Section. Each of the parties hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 10.1 . Nothing in this Agreement or in any other Loan Document will affect the right of any party hereto to serve process in any other manner permitted by law.

Section 10.6. WAIVER OF JURY TRIAL . EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT 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 FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 10.7. Right of Setoff . In addition to any rights now or hereafter granted under applicable law

and not by way of limitation of any such rights, each Lender and the Issuing Bank shall have the right, at any time or from time to time upon the occurrence and during the continuance of an Event of Default, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, to set off and apply against all deposits (general or special, time or demand, provisional or final) of the Borrower at any time held or other obligations at any time owing by such Lender and the Issuing Bank to or for the credit or the account of the Borrower against any and all Obligations held by such Lender or the Issuing Bank, as the case may be, irrespective of whether such Lender or the Issuing Bank shall have made demand hereunder and although such Obligations may be unmatured. Each Lender and the Issuing Bank agree promptly to notify the Administrative Agent and the Borrower after any such set-off and any application made by such Lender and the Issuing Bank, as the case may be; provided, that the failure to give such notice shall not affect the validity of such set-off and application.

Section 10.8. Counterparts; Integration. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This Agreement, the other Loan Documents, and any separate letter agreement(s) among the Borrower, SunTrust Bank and SunTrust Capital Markets, Inc. constitute the entire agreement among the parties hereto and thereto regarding the subject matters hereof and thereof and supersede all prior agreements and understandings, oral or written, regarding such subject matters.

Section 10.9. Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.18, 2.19, 2.20, 10.3 and 10.11 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof. All representations and warranties made herein, in the certificates, reports, notices, and other documents delivered pursuant to this Agreement shall survive the execution and delivery of this Agreement and the other Loan Documents, and the making of the Loans and the issuance of the Letters of Credit.

Section 10.10. Severability. Any provision of this Agreement or any other Loan Document held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof or thereof; and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.11. Confidentiality. Each of the Administrative Agent, the Issuing Bank and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates', directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential pursuant to the terms hereof), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to a written agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of the Borrower, or (h) to the extent such Information (x) is publicly available at the time of disclosure or become publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, the Issuing Bank or any Lender on a

nonconfidential basis other than from any Person known by the Administrative Agent, Issuing Bank, or Lender, as the case may be, to have made such information available in violation of a duty of confidentiality owed to the Borrower or any Subsidiary. For the purposes of this Section, “ Information ” means all information received from the Borrower or any Subsidiary relating to the Borrower or any Subsidiary or its business; provided that, in the case of information received from the Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has observed customary practices and procedures of commercial banks in respect of confidential information of their customers and otherwise exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 10.12. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which may be treated as interest on such Loan under applicable law (collectively, the “ *Charges* ”), shall exceed the maximum lawful rate of interest (the “ *Maximum Rate* ”) which may be contracted for, charged, taken, received or reserved by a Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate to the date of repayment, shall have been received by such Lender.

Section 10.13. Amendment and Restatement. This Agreement constitutes an amendment and restatement of the Existing Credit Agreement and is not, and is not intended by the parties to be, a novation of the Existing Credit Agreement. All rights and obligations of the parties shall continue in effect, except as otherwise expressly set forth herein. Without limiting the foregoing, no Default or Event of Default existing under the Existing Credit Agreement as of the Restatement Date shall be deemed waived or cured by this amendment and restatement thereof. On the Restatement Date, any and all Loans outstanding under the Existing Credit Agreement, together with all accrued and unpaid interest, fees, and other expenses and amounts payable by the Borrower under the Existing Credit Agreement shall be paid in full to the “Lenders” under the Existing Credit Agreement, the Issuing Bank, and the Administrative Agent, and the Revolving Commitments of those “Lenders” under the Existing Credit Agreement that are not continuing as Lenders under this Agreement shall automatically terminate and cease to be of any force or effect without further action on the part of any party. The Revolving Commitments of the Lenders under this Agreement after giving effect to this amendment and restatement are set forth on the respective signature pages for such Lenders hereinafter set forth. On and after the Restatement Date, all Loans and other extensions of credit shall be made by the Lenders under this Agreement in accordance with their respective Pro Rata Shares of the Revolving Commitments as in effect from time to time. All references in the other Loan Documents to the Credit Agreement shall be deemed to refer to and mean this Amended and Restated Revolving Credit Agreement, as the same may be further amended, supplemented, and restated from time to time.

(remainder of page left intentionally blank)

IN WITNESS WHEREOF , the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

DOLLAR GENERAL CORPORATION

By: /s/ Wade Smith
Name: Wade Smith
Title: Treasurer

SUNTRUST BANK
as Administrative Agent, as Issuing Bank,
as Swingline Lender, and as a Lender

By: /s/ Scott Corley
Name: Scott Corley
Title: Managing Partner

Commitment: \$40,000,000

Letter of Credit
Subcommitment: \$75,000,000

Swingline
Subcommitment: \$10,000,000

BANK OF AMERICA, N.A.,
as Co-Syndication Agent and as a Lender

By: /s/ Timothy H. Spanos
Name: Timothy H. Spanos
Title: Managing Director

Commitment: \$26,000,000

AMSOUTH BANK,
as Co-Documentation Agent and as a Lender

By: /s/ Monty Trimble
Name: Monty Trimble
Title: Senior Vice President

Commitment: \$26,000,000

KEYBANK NATIONAL ASSOCIATION,
as Co-Syndication Agent and as a Lender

By: /s/ David J. Wechter
Name: David J. Wechter
Title: Vice President

Commitment: \$26,000,000

**U.S. BANK NATIONAL ASSOCIATION,
as Co-Documentation Agent and as a Lender**

By: /s/ Ward C. Wilson

Name: Ward C. Wilson

Title: Senior Vice President

Commitment: \$26,000,000

HUNTINGTON BANK, as a Lender

By: /s/ Steven P. Clemens

Name: Steven P. Clemens

Title: Vice President

Commitment: \$17,000,000

FIFTH THIRD BANK, N.A. (Tennessee)

By: /s/ David J. Hicks

Name: David J. Hicks

Title: Vice President, Managing Director

Commitment: \$17,000,000

UNION PLANTERS BANK, N.A., as a Lender

By: /s/ Carol S. Geraghty

Name: Carol S. Geraghty

Title: Vice President

Commitment: \$21,000,000

NATIONAL CITY BANK, as a Lender

By: /s/ Michael J. Durbin

Name: Michael J. Durbin

Title: Senior Vice President

Commitment: \$17,000,000

**BRANCH BANKING AND TRUST COMPANY, as a
Lender**

By: /s/ R. Andrew Beam

Name: R. Andrew Beam

Title: Senior Vice President

Commitment: \$17,000,000

**LASALLE BANK NATIONAL ASSOCIATION, as a
Lender**

By: /s/ Kyle Fenwick

Name: Kyle Fenwick

Title: VP

Commitment: \$17,000,000

SCHEDULE 1.1-A

APPLICABLE MARGINS AND APPLICABLE PERCENTAGES

Level	<u>Ratio of Consolidated Funded Debt to Consolidated EBITDA</u>	<u>Applicable Margin</u>		<u>Applicable Percentage¹</u>
I	≥ 1.25 to 1.00	<u>LIBOR</u> 1.750%	<u>Base Rate</u> 0.250%	0.375%
II	< 1.25 to 1.00, but ≥ 1.00 to 1.00	1.500%	0.000%	0.250%
III	< 1.00 to 1.00, but ≥ 0.75 to 1.00	1.250%	0.000%	0.200%
IV	< 0.75 to 1.00, but ≥ 0.50 to 1.00	1.000%	0.000%	0.175%
V	< 0.50 to 1.00, but ≥ 0.25 to 1.00	0.875%	0.000%	0.150%
VI	< 0.25 to 1.00	0.750%	0.000%	0.125%

EXHIBIT A-1

REVOLVING CREDIT NOTE

[\$_____]

Atlanta, Georgia

June __, 2004

FOR VALUE RECEIVED, the undersigned, DOLLAR GENERAL CORPORATION, a Tennessee corporation (the “ *Borrower* ”), hereby promises to pay to the order of [NAME OF LENDER] (the “ *Lender* ”), for the account of its Applicable Lending Office, at the office of SunTrust Bank, as Administrative Agent (the “ *Administrative Agent* ”), at 303 Peachtree St., N.E., Atlanta, Georgia 30303, on the Commitment Termination Date, the principal sum of [amount of such Lender’s Commitment] or, if less, the aggregate unpaid principal amount of all Loans made by the Lender to the Borrower pursuant to the Credit Agreement described below, in lawful money of the United States of America in immediately available funds, and to pay interest from the date hereof on the principal amount thereof from time to time outstanding, in like funds, at said office, at the rate or rates per annum and payable on such dates as provided in the Credit Agreement. In addition, the Borrower further promises to pay all costs of collection, including the reasonable attorneys’ fees of the Lender, if any amounts evidenced by this Note are collected by or through an attorney-at-law or in bankruptcy or other judicial proceedings.

The Borrower promises to pay interest, on demand, on any overdue principal and, to the extent permitted by law, overdue interest from their due dates at a rate or rates provided in the Credit Agreement.

All borrowings evidenced by this Note and all payments and prepayments of the principal hereof and the date thereof shall be endorsed by the holder hereof on the schedule attached hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof, or otherwise recorded by such holder in its internal records; provided, that the failure of the holder hereof to make such a notation or any error in such notation shall not affect the obligations of the Borrower to make the payments of principal and interest in accordance with the terms of this Note and the Credit Agreement.

This Note is one of the Notes referred to in, and is entitled to the benefits of, the Amended and Restated Revolving Credit Agreement dated as of June __, 2004, among the Borrower, the Lender and certain other lenders parties thereto, the Administrative Agent, KEYBANK, NATIONAL ASSOCIATION and BANK OF AMERICA, N.A., as Co-Syndication Agents, and U.S. BANK, NATIONAL ASSOCIATION and AMSOUTH BANK, as Co-Documentation Agents (as the same may be further amended, supplemented or otherwise modified from time to time, the “ *Credit Agreement* ” ; the capitalized terms that are defined in the Credit Agreement being used in this Note with the respective meanings assigned to such capitalized terms in the Credit Agreement). The Credit Agreement contains, among other things, provisions for the acceleration of the maturity hereof upon the happening of certain events, for prepayment of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain provisions of the Credit Agreement, all upon the terms and conditions therein specified.

THIS NOTE HAS BEEN EXECUTED AND DELIVERED BY THE BORROWER IN ATLANTA, GEORGIA, AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF GEORGIA AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

DOLLAR GENERAL CORPORATION

Name:

Title:

LOANS AND PAYMENTS

<u>Date</u>	<u>Amount and Type of Loan</u>	<u>Payments of Principal</u>	<u>Unpaid Principal Balance of Note</u>	<u>Name of Person Making Notation</u>

EXHIBIT A-2

SWINGLINE NOTE

\$10,000,000.00

Atlanta, Georgia

June __, 2004

FOR VALUE RECEIVED, the undersigned, DOLLAR GENERAL CORPORATION, a Tennessee corporation (the “ *Borrower* ”), hereby promises to pay to the order of SUNTRUST BANK (the “ *Lender* ”), for the account of its Applicable Lending Office, at the office of SunTrust Bank, as Administrative Agent (the “ *Administrative Agent* ”), at 303 Peachtree St., N.E., Atlanta, Georgia 30303, on the Swingline Commitment Termination Date, the principal

EXHIBIT B

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Amended and Restated Revolving Credit Agreement dated as of June ____, 2004 (as further amended and in effect on the date hereof, the “Credit Agreement”), among DOLLAR GENERAL CORPORATION, a Tennessee corporation, the Lenders from time to time party thereto and SunTrust Bank, as Administrative Agent for the Lenders. Terms defined in the Credit Agreement are used herein with the same meanings.

The Assignor hereby sells and assigns, without recourse, to the Assignee designated below, and the Assignee hereby purchases and assumes, without recourse, from the Assignor, effective as of the Assignment Date set forth below, the interests set forth below (the “Assigned Interest”) in the Assignor’s rights and obligations under the Credit Agreement, including, without limitation, the interests set forth below in the Revolving Commitment of the Assignor on the Assignment Date and Revolving Loans owing to the Assignor which are outstanding on the Assignment Date, together with the participations in the LC Exposure and the Swingline Exposure of the Assignor on the Assignment Date, but excluding accrued interest and fees to and excluding the Assignment Date. The Assignee hereby acknowledges receipt of a copy of the Credit Agreement. From and after the Assignment Date (i) the Assignee shall be a party to and be bound by the provisions of the Credit Agreement and, to the extent of the Assigned Interest, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent of the Assigned Interest, relinquish its rights and be released from its obligations under the Credit Agreement.

This Assignment and Acceptance is being delivered to the Administrative Agent together with (i) if the Assignee is a Non-U.S. Lender, any documentation required to be delivered by the Assignee pursuant to Section 2.20 (e) of the Credit Agreement, duly completed and executed by the Assignee, and (ii) if the Assignee is not already a Lender under the Credit Agreement, an Administrative Questionnaire in the form supplied by the Administrative Agent, duly completed by the Assignee. The Assignee shall pay the fee payable to the Administrative Agent pursuant to Section 10.4(b) of the Credit Agreement.

This Assignment and Acceptance is made subject to the Standard Terms and Conditions for Assignment and Assumption attached hereto as Annex 1, such Standard Terms and Conditions being incorporated herein by reference with the same effect as if fully set forth herein. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of Georgia.

Date of Assignment:

Legal Name of Assignor:

Legal Name of Assignee:

Assignee's Address for Notices:

Effective Date of Assignment:
("Assignment Date"):

Facility_____	Principal Amount Assigned	Percentage Assigned of Revolving Commitment (set forth, to at least 8 decimals, as a percentage of the aggregate Revolving Commitments of <u>all</u> Lenders thereunder)_____
Revolving Loans	\$_____	_____%

The terms set forth above are hereby agreed to:

[Name of Assignor], as Assignor

By: _____
Name:
Title:

[Name of Assignee], as Assignee

By: _____
Name:
Title:

The undersigned hereby consents to the within assignment:

[Borrower]

SunTrust Bank, as Administrative Agent

By _____
Name:
Title:

By _____
Name:
Title:

SunTrust Bank, as Issuing Bank

By _____
Name:
Title:

ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby, and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.1 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Non-U.S. Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. *Choose in the alternative* [**Alternative A** : From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.] [**Alternative B** : From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.]

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by and construed in accordance with the law of the State of Georgia.

EXHIBIT C

AMENDED AND RESTATED GUARANTY AGREEMENT

THIS AMENDED AND RESTATED GUARANTY AGREEMENT (this "Guarantee") made and delivered as of June ___, 2004, by each of the Subsidiaries of Dollar General Corporation, a Tennessee corporation ("Borrower"), identified on the signature pages of this Guarantee (each a "Guarantor" and collectively the "Guarantors") in favor of (i) each of the Lenders from time to time parties to the Credit Agreement described below (each a "Lender" and collectively the "Lenders"), and (ii) SUNTRUST BANK, in its capacities as Administrative Agent and Issuing Bank under the terms of the Credit Agreement and the other Loan Documents referred to in the Credit Agreement (in such capacities, the "Administrative Agent" and the "Issuing Bank" respectively; the Lenders, the Administrative Agent and Issuing Bank collectively referred to herein as the "Guaranteed Parties").

WITNESSETH:

WHEREAS, Borrower, the Lenders, the Administrative Agent, KEYBANK, NATIONAL ASSOCIATION and BANK OF AMERICA, N.A., as Co-Syndication Agents, and U.S. BANK, NATIONAL ASSOCIATION and AMSOUTH BANK, as Co-Documentation Agents, are parties to a certain Amended and Restated Revolving Credit Agreement dated as of June ___, 2004 (as the same may be further amended, restated, and supplemented from time to time, the "Credit Agreement"; capitalized terms used in this Guarantee that are defined in the Credit Agreement being used herein with the respective meanings given to such capitalized terms in the Credit Agreement);

WHEREAS, the Credit Agreement, upon the effectiveness thereof, shall constitute an amendment and restatement of the Existing Credit Agreement that has been requested by Borrower to extend the maturity thereof and to amend certain other provisions thereof;

WHEREAS, the obligations of Borrower under the Existing Credit Agreement have been guaranteed by each of the Guarantors pursuant to a certain Guaranty Agreement dated as of June 21, 2002 (as the same may have been amended, supplemented and restated and is now in effect, the "Existing Guarantee");

WHEREAS, it is a condition to the amendment and restatement of the Existing Credit Agreement as requested by the Borrower that each Guarantor, as a Subsidiary of Borrower, enter into this Guarantee in order to restate, reaffirm and continue in effect its unconditional guarantee of the payment of the Loans and all other Obligations of Borrower as provided in the Loan Documents (the Loans and such other Obligations being herein collectively referred to as the "Guaranteed Obligations"; the term "Guaranteed Obligations" to include, without limitation (i) all principal and interest due with respect to all Loans outstanding under the terms of the Credit Agreement, and all reimbursement obligations in respect of Letters of Credit issued by the Issuing Bank under the Credit Agreement, in all cases including, without limitation, interest accruing or that would have accrued after the filing of a petition in bankruptcy or other insolvency proceeding (whether or not such claim for interest is allowed or allowable in such proceeding), and all obligations and liabilities of Borrower arising pursuant to any interest rate protection or swap agreements entered into with one or more of the Lenders, (ii) all fees, expenses, amounts payable by Borrower for reimbursement or indemnification under the terms of the Credit Agreement and any other Loan Document, and all amounts advanced by any of the Guaranteed Parties to protect or preserve the value of any security for the Loans and other Guaranteed Obligations, and (iii) all renewals, extensions, modifications, and refinancings (in whole or in part) of any of the amounts referred to in clauses (i) and (ii) above);

WHEREAS, the amendment and restatement of the Existing Credit Agreement, and the making of the Loans and other extensions of credit thereunder, will result in direct and substantial benefits to each Guarantor;

NOW, THEREFORE, in order to induce the Guaranteed Parties to amend and restate the Existing Credit Agreement and to make the Loans and otherwise to extend and continue to extend credit to Borrower hereafter, and in consideration of \$10.00 and other good and valuable consideration received by Guarantor, each Guarantor hereby declares and agrees:

1. Each Guarantor hereby unconditionally and irrevocably guarantees to the Guaranteed Parties, and any transferee of any of the Guaranteed Obligations, jointly and severally, the full and prompt payment of all Guaranteed Obligations and all costs, charges and expenses (including reasonable attorneys' fees) incurred or sustained by the Guaranteed Parties in enforcing the obligations of such Guarantor hereunder. If any portion of the Guaranteed Obligations is not paid when due, each Guarantor hereby agrees to and will immediately pay same, without resort by the Guaranteed Parties to any other person or party. The obligation of each Guarantor to the Guaranteed Parties hereunder is primary, absolute and unconditional, except as may be specifically set forth herein. Any and all payments by each Guarantor hereunder shall be made free and clear of, and without deduction for, any set-off, counterclaim, recoupment, or withholding so that, in each case, each Guaranteed Party will receive, after giving effect to any Taxes (other than taxes applicable to the Guaranteed Party of the types described in the definition of "Excluded Taxes" as set forth in the Credit Agreement), the full amount that it would otherwise be entitled to receive with respect to the Guaranteed Obligations (but without duplication of amounts for Taxes already included in the Guaranteed Obligations). Each Guarantor acknowledges and agrees that this is a guarantee of payment when due, and not of collection.

2. This Guarantee is continuing in nature and shall be effective with respect to the full amount outstanding under all Guaranteed Obligations, now existing or hereafter made or extended, and notwithstanding (i) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or like proceeding relating to any Guarantor or Borrower, or any action taken with respect to this Guarantee by any trustee or receiver, or by any court, in any such proceeding, (ii) any lack of validity or enforceability of the Credit Agreement or the other Loan Documents, or (iii) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Guarantor. Each Guarantor acknowledges and agrees that the number and amounts of outstanding Guaranteed Obligations may fluctuate from time to time hereafter, and that Borrower may make payments to the Guaranteed Parties from time to time hereafter. Each Guarantor expressly agrees that this Guarantee shall continue in full force and effect notwithstanding such fluctuations and payments, and whether or not any Guaranteed Obligations are outstanding at any particular time, until such time as all Guaranteed Obligations have been paid in full and any commitment of the Guaranteed Parties under the Credit Agreement has been terminated.

3. Each Guarantor hereby waives notice of the Guaranteed Parties' acceptance of this Guarantee and the creation, extension or renewal of any Loans or other Guaranteed Obligations. Each Guarantor hereby consents and agrees that, at any time or times, without notice to or further approval from Guarantor, and without in any way affecting the obligations of such Guarantor hereunder, the Guaranteed Parties may, with or without consideration (i) release, compromise with, or agree not to sue, in whole or in part, Borrower or any other obligor, guarantor, endorser or surety on any Loans or any other Guaranteed Obligations, (ii) renew, extend, accelerate, or increase or decrease the principal amount of any Loans or other Guaranteed Obligations, either in whole or in part, (iii) amend, waive, or otherwise modify any of the terms of any Loans or other Guaranteed Obligations or of any mortgage, deed of trust, security agreement, or other undertaking of Borrower or any other obligor, endorser, guarantor or surety in connection with any Loans or other Guaranteed Obligations, and (iv) apply any payment received from Borrower or from any other obligor, guarantor, endorser or surety on the Loans or other Guaranteed Obligations to any of the liabilities of Borrower or of such other obligor, guarantor, endorser, or surety which the Guaranteed Parties may choose.

4. Each Guarantor hereby consents and agrees that the Guaranteed Parties may at any time or times, either with or without consideration, surrender, release or receive any property or other collateral of any kind or nature whatsoever held by it or for its account securing any Loans or other Guaranteed Obligations, or substitute any collateral so held by the Guaranteed Parties for other collateral of like or different kind, without notice to or further consent from such Guarantor, and such surrender, receipt, release or substitution shall not in any way affect the obligations of such

Guarantor hereunder. The Guaranteed Parties shall have full authority to adjust, compromise, and receive less than the amount due upon any such collateral, and may enter into any accord and satisfaction agreement with respect to the same as the Guaranteed Parties may deem advisable without affecting the obligations of such Guarantor hereunder. The Guaranteed Parties shall be under no duty to undertake to collect upon such collateral or any part thereof, and no Guarantor's obligations hereunder shall be affected by the Guaranteed Parties' alleged negligence or mistake in judgment in handling, disposing of, obtaining, or failing to collect upon or perfect a security interest in, any such collateral.

5. Each Guarantor hereby waives presentment, demand, protest, and notice of dishonor of any of the liabilities guaranteed hereby. The Guaranteed Parties shall have no duty or obligation (i) to proceed or exhaust any remedy against Borrower, any other obligor, guarantor, endorser, or surety on any Loans or other Guaranteed Obligations, or any other security held by the Guaranteed Parties for any Loans or other Guaranteed Obligations, or (ii) to give any notice whatsoever to Borrower, any Guarantor, or any other obligor, guarantor, endorser, or surety on any Loans or other Guaranteed Obligations, in any case before bringing suit, exercising rights to any such security or instituting proceedings of any kind against any Guarantor, Borrower, or any of them, and each Guarantor hereby waives any requirement for such actions by the Guaranteed Parties. Upon default by Borrower and the Guaranteed Parties' demand to any Guarantor hereunder, such Guarantor shall be held and bound to the Guaranteed Parties directly as principal debtor in respect of the payment of the amounts hereby guaranteed, such liability of such Guarantor being joint and several with Borrower, each other Guarantor, and all other obligors, guarantors, endorsers and sureties on the Loans or other Guaranteed Obligations.

6. Each Guarantor hereby waives to the fullest extent possible as against Borrower and its assets, any and all rights, whether at law, in equity, by agreement or otherwise, to subrogation, indemnity, reimbursement, contribution, payment or any other claim, cause of action, right or remedy that would otherwise arise out of any payment by such Guarantor hereunder, notwithstanding the manner or nature of such payment including but not limited to (a) direct payment by such Guarantor, (b) set-off by the Administrative Agent or any Lender against any liability or deposit owed by such entity to such Guarantor, (c) recovery by the Administrative Agent or any Lender against such Guarantor or any property of such Guarantor, as the result of any judgment, judgment lien, or legal process, (d) the application of the proceeds of any disposition of all or any part of the collateral to the repayment or all or any part of the Guaranteed Obligations, or (e) the conveyance of all or any part of any Collateral to the Administrative Agent or the Lenders in satisfaction of all or any part of the Guaranteed Obligations, until the indefeasible payment in full of the Guaranteed Obligations. The waivers set forth above are intended by each Guarantor, the Administrative Agent, and the Lenders to be for the benefit of Borrower and such waivers shall be enforceable by Borrower as an absolute defense to any action by such Guarantor against Borrower or its assets which action arises out of any payment by any Guarantor hereunder.

7. As an independent covenant, each Guarantor hereby expressly covenants and agrees for the benefit of the Guaranteed Parties that all obligations and liabilities of Borrower and any other Subsidiaries of Borrower to any Guarantor of whatsoever description, including without limitation, all intercompany receivables of such Guarantor from Borrower and any such other Subsidiaries (collectively, the "Junior Claims") shall be subordinate and junior in right of payment to all obligations of Borrower and any such other Subsidiaries to the Guaranteed Parties under the terms of the Credit Agreement, this Guarantee, and the other Loan Documents (collectively, the "Senior Claims"). If an Event of Default shall occur, then, unless and until such Event of Default shall have been cured, waived, or shall have otherwise ceased to exist, no direct or indirect payment (in cash, property, securities, by set-off or otherwise) shall be made by Borrower and any such other Subsidiaries to any Guarantor on account of or in any manner in respect of any Junior Claim except such payments and distributions the proceeds of which shall be applied to the payment of Senior Claims.

In the event of a Proceeding (as hereinafter defined), all Senior Claims shall first be paid in full before any direct or indirect payment or distribution (in cash, property, securities, by set-off or otherwise) shall be made to any Guarantor on account of or in any manner in respect of any Junior Claim except such payments and distributions the proceeds of which shall be applied to the payment of Senior Claims. For purposes of the immediately preceding sentence, "Proceeding" means Borrower or any Guarantor shall commence a voluntary case concerning itself

under the United States Bankruptcy Code or any other applicable bankruptcy laws; or any involuntary case is commenced against Borrower or any Guarantor; or a custodian (as defined in the Bankruptcy Code or any other applicable bankruptcy laws) is appointed for, or takes charge of, all or any substantial part of the property of Borrower or any Guarantor, or Borrower or any Guarantor commences any other proceedings under any reorganization, arrangement, adjustment of debt, relief of debtor, dissolution, insolvency or liquidation or similar law of any jurisdiction, whether commenced against Borrower or any Guarantor, or Borrower or any Guarantor is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or Borrower or any Guarantor suffers any appointment of any custodian or the like for it or any substantial part of its property; or Borrower or any Guarantor makes a general assignment for the benefit of creditors; or Borrower or any Guarantor shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or Borrower or any Guarantor shall call a meeting of its creditors with a view to arranging a composition or adjustment of its debts; or Borrower or any Guarantor shall by any act or failure to act indicate its consent to, approval of or acquiescence in any of the foregoing; or any organizational action shall be taken by Borrower or any Guarantor for the purpose of effecting any of the foregoing.

In the event any direct or indirect payment or distribution is made to a Guarantor in contravention of this Section 7, such payment or distribution shall be deemed received in trust for the benefit of the Guaranteed Parties and shall be immediately paid over to the Administrative Agent for application against the Guaranteed Obligations in accordance with the terms of the Credit Agreement

Each Guarantor agrees to execute such additional documents as the Administrative Agent may reasonably request to evidence the subordination provided for in this Section 7.

8. (a) Upon the occurrence of an Event of Default specified in Section 8.1(g) or (h) of the Credit Agreement with respect to the Borrower, all Guaranteed Obligations shall automatically become immediately due and payable by the Guarantors, without notice or other action on the part of the Guaranteed Parties, and regardless of whether payment of the Guaranteed Obligations by Borrower has then been accelerated. In addition, if any event of the types described in Section 8.1(g) or (h) of the Credit Agreement should occur with respect to any Guarantor, and the Guaranteed Obligations of the Borrower have or thereafter become due and payable, then the Guaranteed Obligations shall automatically become immediately due and payable by such Guarantor, without further notice or other action on the part of the Guaranteed Parties.

(b) Upon the insolvency or bankruptcy of Borrower, the Guaranteed Parties' rights hereunder shall not be affected or impaired by their omission to prove all or any portion of its claim, and the Guaranteed Parties may in its discretion value or refrain from valuing any security held by it without in any way releasing, reducing or otherwise affecting any Guarantor's obligations hereunder. Each Guarantor agrees that this Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of the liabilities hereby guaranteed are rescinded or must otherwise be returned or restored by the Guaranteed Parties upon the insolvency or bankruptcy of Borrower or any other obligor, guarantor, endorser or surety on any Loans or other Guaranteed Obligations, all as though such payment had not been made.

9. This Guarantee is in addition to, and is not intended to supersede or be a substitute for any other guarantee, suretyship agreement, or instrument which the Guaranteed Parties may hold in connection with any Loans or other Guaranteed Obligations and each Guarantor's obligations hereunder shall be deemed to be joint and several with the obligations of each other Guarantor.

10. This Guarantee contains the entire agreement between the parties relating to the subject matter hereof, and no provision hereof may be waived or modified except by a writing executed by each Guarantor and the Guaranteed Parties. There is no understanding that any person other than the Guarantors shall execute this or any similar Guarantee. No Guarantor's execution of this Guarantee was based upon any facts or materials provided by the Guaranteed Parties, nor was any Guarantor induced to execute this Guarantee by any representation, statement or information made or furnished by the Guaranteed Parties. Each Guarantor further acknowledges and agrees that such Guarantor assumes sole responsibility for independently obtaining any information or reports deemed necessary by

such Guarantor in reaching any decision to execute this Guarantee.

11. The failure or forbearance of the Guaranteed Parties on any occasion to exercise any rights or remedies hereunder or otherwise granted to it by law or another agreement shall not affect the obligations of any Guarantor hereunder and shall not constitute a waiver of such right or remedy or preclude the later or further exercise thereof. Time is of the essence of this Guarantee and each Guarantor's obligations hereunder.

12. Any notice or demand which the Guaranteed Party's may be required to give to any Guarantor may be sent or made, at any Guaranteed Parties' option, to or on such Guarantor in the same manner and with the same effect as provided with respect to notices pursuant to Section 10.1 of the Credit Agreement, when delivered, mailed or sent by telecopy to the address or telecopier number indicated for such Guarantor below.

13. This Guarantee shall bind and inure to the benefit of the respective successors and assigns of each Guarantor and the Guaranteed Parties.

14. If any provision of this Guarantee or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Guarantee or the application of such provision to the other persons or circumstances, other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Guarantee shall be valid and enforceable to the full extent permitted by law.

15. In addition to and not in limitation of all rights of set-off that the Guaranteed Parties may have under applicable law, the Guaranteed Parties shall, upon the occurrence of any Event of Default and whether or not the Guaranteed Parties have made any demand or the Guaranteed Obligations are matured, have the right to appropriate and apply to the payment of the Guaranteed Obligations all deposits of any Guarantor (general or special, time or demand, provisional or final) then or thereafter held by, and other indebtedness or property then or thereafter owing to any Guarantor by, any of the Guaranteed Parties whether or not related to this Guarantee or any transaction hereunder.

16. (a) It is the intent of each Guarantor and the Guaranteed Parties that each Guarantor's maximum obligations hereunder shall be:

(i) in a case or proceeding commenced by or against such Guarantor under the Bankruptcy Code on or within one year from the date on which any of the Guaranteed Obligations are incurred, the maximum amount which would not otherwise cause the Guaranteed Obligations (or any other obligations of such Guarantor to the Guaranteed Parties) to be avoidable or unenforceable against such Guarantor under (A) Section 548 of the Bankruptcy Code or (B) any state fraudulent transfer or fraudulent conveyance act or statute applied in such case or proceeding by virtue of Section 544 of the Bankruptcy Code; or

(ii) in a case or proceeding commenced by or against such Guarantor under the Bankruptcy Code subsequent to one year from the date on which any of the Guaranteed Obligations are incurred, the maximum amount which would not otherwise cause the Guaranteed Obligations (or any other obligations of the Guarantor to the Guaranteed Parties) to be avoidable or unenforceable against such Guarantor under any state fraudulent transfer or fraudulent conveyance act or statute applied in any such case or proceeding by virtue of Section 544 of the Bankruptcy Code; or

(iii) in a case or proceeding commenced by or against such Guarantor under any law, statute or regulation other than the Bankruptcy Code (including, without limitation, any other bankruptcy, reorganization, arrangement, moratorium, readjustment of debt, dissolution, liquidation or similar debtor relief laws), the maximum amount which would not otherwise cause the Guaranteed Obligations (or any other obligations of such Guarantor to the Guaranteed Parties) to be avoidable or unenforceable against such Guarantor under such law, statute or regulation including, without limitation, any state fraudulent transfer or fraudulent conveyance act or statute applied in any such case or proceeding.

(The substantive laws under which the possible avoidance or unenforceability of the Guaranteed Obligations (or any

other obligations of such Guarantor to the Guaranteed Parties) shall be determined in any such case or proceeding shall hereinafter be referred to as the "Avoidance Provisions").

(b) To the end set forth in Section 16(a), but only to the extent that the Guaranteed Obligations would otherwise be subject to avoidance under the Avoidance Provisions if such Guarantor is not deemed to have received valuable consideration, fair value or reasonably equivalent value for the Guaranteed Obligations, or if the Guaranteed Obligations would render the Guarantor insolvent, or leave the Guarantor with an unreasonably small capital to conduct its business, or cause the Guarantor to have incurred debts (or to have intended to have incurred debts) beyond its ability to pay such debts as they mature, in each case as of the time any of the Guaranteed Obligations are deemed to have been incurred under the Avoidance Provisions and after giving effect to contribution as among Guarantors, the maximum Guaranteed Obligations for which such Guarantor shall be liable hereunder shall be reduced to that amount which, after giving effect thereto, would not cause the Guaranteed Obligations (or any other obligations of such Guarantor to the Guaranteed Parties), as so reduced, to be subject to avoidance under the Avoidance Provisions. This Section 16(b) is intended solely to preserve the rights of the Guaranteed Parties hereunder to the maximum extent that would not cause the Guaranteed Obligations of any Guarantor to be subject to avoidance under the Avoidance Provisions, and neither such Guarantor nor any other Person shall have any right or claim under this Section 16 as against the Guaranteed Parties that would not otherwise be available to such Person under the Avoidance Provisions.

(c) None of the provisions of this Section 16 are intended in any manner to alter the obligations of any holder of subordinated Indebtedness or the rights of the holders of "senior indebtedness" as provided by the terms of the subordinated Indebtedness. Accordingly, it is the intent of each of the Guarantors that, in the event that any payment or distribution is made with respect to the subordinated Indebtedness prior to the payment in full of the Guaranteed Obligations by virtue of the provisions of this Section 16, in any case or proceeding of the kinds described in clauses (i)-(iii) of Section 16(a), the holders of the subordinated Indebtedness shall be obligated to pay or deliver such payment or distribution to or for the benefit of the Guaranteed Parties. Furthermore, in respect of the Avoidance Provisions, it is the intent of each Guarantor that the subrogation rights of the holders of subordinated Indebtedness with respect to the obligations of the Guarantor under this Guaranty, be subject in all respects to the provisions of Section 16(b).

17. (a) THIS GUARANTEE AND THE RIGHTS AND OBLIGATIONS OF EACH GUARANTOR HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW (WITHOUT GIVING EFFECT TO THE CONFLICT OF LAW PRINCIPLES THEREOF) OF THE STATE OF GEORGIA.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTEE OR ANY DOCUMENT RELATED HERETO MAY BE BROUGHT IN THE COURTS OF THE STATE OF GEORGIA OR OF THE UNITED STATES OF AMERICA FOR THE NORTHERN DISTRICT OF GEORGIA, AND, BY EXECUTION AND DELIVERY OF THIS GUARANTEE, EACH GUARANTOR HEREBY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH GUARANTOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS. EACH GUARANTOR HEREBY IRREVOCABLY DESIGNATES [CORPORATION SERVICE COMPANY] AS ITS DESIGNEE, APPOINTEE AND AGENT OF SUCH GUARANTOR TO RECEIVE, FOR AND ON BEHALF OF SUCH GUARANTOR, SERVICE OF PROCESS IN SUCH JURISDICTION IN ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTEE OR ANY DOCUMENT RELATED HERETO AND SUCH SERVICE SHALL BE DEEMED COMPLETED THIRTY (30) DAYS AFTER MAILING THEREOF TO SAID AGENT. IT IS UNDERSTOOD THAT A COPY OF SUCH PROCESS SERVED ON SUCH AGENT WILL BE PROMPTLY FORWARDED BY SUCH AGENT AND BY THE SERVER OF PROCESS BY MAIL TO THE RESPECTIVE GUARANTOR AT ITS ADDRESS SET FORTH HEREIN, BUT THE FAILURE OF SUCH GUARANTOR TO RECEIVE SUCH COPY SHALL NOT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, AFFECT IN ANY WAY THE SERVICE OF SUCH PROCESS. NOTHING HEREIN SHALL

AFFECT THE RIGHT OF THE GUARANTEED PARTIES TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST ANY GUARANTOR IN ANY OTHER JURISDICTION.

(c) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH GUARANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS GUARANTEE OR ANY OTHER LOAN DOCUMENT OR ANY MATTER ARISING IN CONNECTION HEREUNDER OR THEREUNDER.

18. Upon execution and delivery by any Subsidiary of Borrower of an instrument in the form of Annex I, such Subsidiary of Borrower shall become a Guarantor hereunder with the same force and effect as if originally named a Guarantor herein (each an "Additional Guarantor"). The execution and delivery of any such instrument shall not require the consent of any Guarantor hereunder. The rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any Additional Guarantor as a party to this Guarantee.

19. This Guarantee may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument.

20. This Guarantee constitutes an amendment and restatement of the Existing Guarantee and is not, and is not intended by the parties to be, a novation of the Existing Guarantee. All rights and obligations of the parties under the Existing Guarantee as of the date hereof shall continue in full force and effect, except as may be expressly set forth herein. All references in the other Loan Documents to the Existing Guarantee shall be deemed to refer to and mean this Amended and Restated Guaranty Agreement, as the same may be further amended, supplemented and restated from time to time.

IN WITNESS WHEREOF, each Guarantor has caused this Guarantee to be executed by its duly authorized officer as of the date first above written.

GUARANTORS:

DOLLAR GENERAL FINANCIAL, INC.
(a Tennessee corporation)

By: _____
Name:
Title:

DADE LEASE MANAGEMENT, INC.
(a Delaware corporation)

By: _____
Name:
Title:

DOLGENCORP, INC.
(a Kentucky corporation)

By: _____
Name:

Title:

DOLGENCORP OF NEW YORK, INC.
(a Kentucky corporation)

By: _____

Name:

Title:

DOLGENCORP OF TEXAS, INC.
(a Kentucky corporation)

By: _____

Name:

Title:

DG LOGISTICS, LLC
(a Tennessee limited liability [company])

By: _____

Name:

Title:

DOLLAR GENERAL STORES, LTD.
(a Kentucky [corporation])

By: _____

Name:

Title:

DOLLAR GENERAL PARTNERS
(a Kentucky [general] partnership)

By: _____

Name:

Title:

THE GREATER CUMBERLAND INSURANCE
COMPANY (a Vermont corporation)

By: _____

Name:

Title:

NATIONS TITLE COMPANY, INC.
(a Tennessee corporation)

By: _____
Name:
Title:

**DOLLAR GENERAL INTELLECTUAL
PROPERTY, L.P. (a Vermont limited [liability]
Partnership)**

By: _____
Name:
Title:

DOLLAR GENERAL INVESTMENTS, INC.
(a Delaware corporation)

By: _____
Name:
Title:

DGC PROPERTIES LLC
(a Delaware limited liability company)

By: _____
Name:
Title:

DGC PROPERTIES OF KENTUCKY LLC
(a Delaware limited liability company)

By: _____
Name:
Title:

THE PROVISIONS OF SECTION 7 ABOVE HEREBY ACKNOWLEDGED AND AGREED TO:

DOLLAR GENERAL CORPORATION

By: _____
Name:
Title:

ANNEX I

SUPPLEMENT TO AMENDED AND RESTATED GUARANTY AGREEMENT

THIS SUPPLEMENT TO AMENDED AND RESTATED GUARANTY AGREEMENT (this "Supplement") made and delivered as of _____, by _____, a _____ (the "Additional Guarantor") in favor of (i) each of the Lenders from time to time parties to the Credit Agreement described below (each a "Lender" and collectively the "Lenders"), and (ii) SUNTRUST BANK, in its capacities as Administrative Agent and Issuing Bank under the terms of the Credit Agreement and the other Loan Documents referred to in the Credit Agreement (in such capacities, the "Administrative Agent" and "Issuing Bank" respectively; the Lenders, the Administrative Agent and Issuing Bank collectively referred to herein as the "Guaranteed Parties").

- A. Reference is made to the Amended and Restated Revolving Credit Agreement dated as of June __, 2004 (as the same may have been or may hereafter be further amended, supplemented, and restated from time to time, the "Credit Agreement"), among Dollar General Corporation, a Tennessee corporation ("Borrower"), SunTrust Bank, as Administrative Agent, each other bank and lending institution from time to time that has become a Lender thereunder (collectively, "Lenders"), KeyBank, National Association, and Bank of America., as Co-Syndication Agents, and U.S. Bank, National Association and AmSouth Bank, as Co-Documentation Agents.
- B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement and the Guaranty Agreement (as defined in the Credit Agreement).
- C. Certain Subsidiaries of Borrower have entered into the Guaranty Agreement in order to induce the Lenders to make Loans and other extensions of credit to Borrower under the Credit Agreement. Pursuant to Section 5.10 of the Credit Agreement, certain Subsidiaries of Borrower are required to enter into the Guaranty Agreement and become a Guarantor thereunder. The undersigned (the "Additional Guarantor") is executing this Supplement in accordance with the requirements of the Credit Agreement and Guaranty Agreement to become a Guarantor under the Guaranty Agreement in order to induce the Lenders to make Loans and other extensions of credit to Borrower and as consideration for Loans and other extensions of credit previously made.

Accordingly, the Administrative Agent and the Additional Guarantor agree as follows:

SECTION 1.

(a) By its signature below, the Additional Guarantor becomes a Guarantor under the Guaranty Agreement with the same force and effect as if originally named as a Guarantor therein, and the Additional Guarantor hereby (a) agrees to all the terms and provisions of the Guaranty Agreement applicable to it as a Guarantor thereunder, and (b) represents and warrants that the representations and warranties made with respect to each Guarantor thereunder and under the Credit Agreement are true and correct in respect of the Additional Guarantor on and as of the date hereof. Each reference to a "Guarantor" in the Guaranty Agreement shall be deemed to include the Additional Guarantor. The Guaranty Agreement is hereby incorporated herein by reference.

(b) Without limiting the foregoing, the Additional Guarantor hereby jointly and severally (with respect to the obligations of the Guarantors under the Guaranty Agreement) irrevocably and unconditionally guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all principal of, and interest on, each Loan made to Borrower pursuant to the Credit Agreement, the full and punctual payment when due of all fees, expenses, indemnity and reimbursement payments, and other Obligations payable by Borrower under the Credit Agreement and the other Loan Documents (including, without limitation, interest accruing or that would have accrued after the filing of a petition in bankruptcy or other insolvency proceeding, whether or not any claim for interest is

allowed or allowable in such proceeding), and all obligations of Borrower arising pursuant to any interest rate protection or swap agreements entered into with one or more of the Lenders. Upon failure by Borrower to pay punctually when due any such amount, the Additional Guarantor agrees that it shall forthwith on demand pay the amount not so paid at the place and in the manner specified in the Credit Agreement or the relevant Loan Documents, as the case may be. The Additional Guarantor acknowledges and agrees that this is a guarantee of payment when due, and not of collection, and that the obligations of the Additional Guarantor hereunder may be enforced up to the full amount hereof without proceeding against Borrower, any security held by or on behalf of the Lenders, or against any other Guarantor or any other party that may have liability on all or any portion of the Guaranteed Obligations.

SECTION 2. The Additional Guarantor represents and warrants to the Administrative Agent and the Lenders 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, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, or moratorium or other similar laws relating to the enforcement of creditors' rights generally and by general equitable principles.

SECTION 3. This Supplement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single agreement. This Supplement shall become effective when the Administrative Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the Additional Guarantor and the Administrative Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Guaranty Agreement shall remain in full force and effect.

SECTION 5. This Supplement shall be governed by, and construed in accordance with, the laws of the State of Georgia, without giving effect to the principles of conflict of laws thereof.

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Guaranty Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision hereof in a particular jurisdiction shall not in and of itself affect the validity of 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 communications and notices hereunder shall be in writing and given as provided in the Guaranty Agreement. All communications and notices hereunder to the Additional Guarantor shall be given to it at the address of Borrower as set forth in the Credit Agreement.

IN WITNESS WHEREOF, the Additional Guarantor and the Administrative Agent have duly executed this Supplement to the Guaranty Agreement as of the day and year first above written.

[Name of Additional Guarantor]

By: _____
Name:
Title:

**SUNTRUST BANK,
As Administrative Agent**

By: _____

Name:

Title:

EXHIBIT D

AMENDED AND RESTATED CONTRIBUTION AGREEMENT

THIS AMENDED AND RESTATED CONTRIBUTION AGREEMENT (this "Agreement") is entered into as of June __, 2002, by and among DOLLAR GENERAL CORPORATION, a Tennessee corporation (the "Principal"), each of the Subsidiaries of the Principal identified on the signature pages of this Agreement (each a "Guarantor" and collectively the "Guarantors"), and SUNTRUST BANK, a Georgia banking corporation, as Administrative Agent for the Lenders (as defined in the Credit Agreement referred to below).

WITNESSETH:

WHEREAS, the Principal, the Lenders, the Administrative Agent, KEYBANK, NATIONAL ASSOCIATION and BANK OF AMERICA, N.A., as Co-Syndication Agents, and U.S. BANK, NATIONAL ASSOCIATION and AMSOUTH BANK, as Co-Documentation Agents, are parties to a certain Amended and Restated Revolving Credit Agreement dated as of June __, 2004 (as the same may be further amended, modified, and restated from time to time, the "Credit Agreement"; capitalized terms used herein that are defined in such Credit Agreement are used herein with the respective meanings provided for such terms in the Credit Agreement);

WHEREAS, pursuant to the requirements of the Credit Agreement, the Guarantors have executed and delivered an Amended and Restated Guaranty Agreement dated as of June __, 2004, in favor of the Administrative Agent, the Issuing Bank, and the Lenders (as the same may hereafter from time to time be amended, modified, and restated, the "Guaranty Agreement");

WHEREAS, it is a further requirement and condition of the Credit Agreement that the Guarantors execute and deliver an agreement in the form hereof in order to restate, reaffirm and continue in effect their respective rights and obligations under the Contribution Agreement dated as of June 21, 2002 executed by them (as the same may have been amended, supplemented, and restated and is now in effect, the "Existing Contribution Agreement") in connection with the Guaranty Agreement dated as of June 21, 2002, that is being amended and restated by the Guaranty Agreement described above;

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter contained, and to induce the Guarantors to enter into the Guaranty Agreement, each Guarantor and the Administrative Agent agree as follows:

SECTION 1. *Indemnity and Subrogation*. In addition to all such rights of indemnity and subrogation as the Guarantors may have under applicable law (but subject to Section 3), the Principal agrees that in the event a payment shall be made on behalf of the Principal by any Guarantor under the Guaranty Agreement, the Principal shall indemnify such Guarantor for the full amount of such payment and such Guarantor shall be subrogated to the rights of the person to whom such payment shall have been made to the extent of such payment.

SECTION 2. *Contribution and Subrogation*. Each Guarantor (a "Contributing Guarantor") agrees (subject to Section 3) that, in the event a payment shall be made by any other Guarantor under the Guaranty Agreement and such other Guarantor (the "Claiming Guarantor") shall not have been fully indemnified by the Principal as provided in Section 1, each Contributing Guarantor shall indemnify each Claiming Guarantor in an amount equal to the amount of such payment, in each case multiplied by a fraction of which the numerator shall be the net worth of such Contributing Guarantor on the date hereof and the denominator shall be the aggregate net worth of all Guarantors on the date hereof (or, in the case of any Guarantor becoming a party hereto pursuant to Section 12, the date

of the Supplement hereto executed and delivered by such Guarantor). Any Contributing Guarantor making any payment to a Claiming Guarantor pursuant to this Section 2 shall be subrogated to the rights of such Claiming Guarantor under Section 1 to the extent of such payment. As used herein, the term “ *net worth* ” shall mean, as at any date of determination, the consolidated members’ capital, partners’ capital, or stockholders’ equity of each Guarantor, as the case may be, as determined on a consolidated basis in accordance with GAAP.

SECTION 3. Subordination. Notwithstanding any provision of this Agreement to the contrary, all rights of the Principal and the Guarantors under Sections 1 and 2 and all other rights of indemnity, contribution, subrogation or reimbursement under applicable law or otherwise shall be fully subordinated to the indefeasible payment in full in cash of the Obligations owing by the Principal. No failure on the part of the Principal or any Guarantor to make the payments required by Sections 1 and 2 (or any other payments required under applicable law or otherwise) shall in any respect limit the obligations and liabilities of the Principal or any Guarantor with respect to its obligations hereunder, and the Principal and each Guarantor shall remain liable for the full amount of the obligations of the Principal and such Guarantor hereunder.

SECTION 4. Termination. This Agreement shall survive and be in full force and effect so long as any Obligation owing by the Principal is outstanding and has not been indefeasibly paid in full in cash, and so long as the Commitments in favor of the Principal under the Credit Agreement have not been terminated. This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any such Obligation is rescinded or must otherwise be restored by any Lender or any Guarantor upon the bankruptcy or reorganization of the Principal or any Guarantor or otherwise.

SECTION 5. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE SUBSTANTIVE LAWS OF THE STATE OF GEORGIA.

SECTION 6. No Waiver; Amendment. (a) No failure on the part of the Administrative Agent, the Principal, or any Guarantor to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy by the Administrative Agent, the Principal or any Guarantor preclude any other or further exercise thereof or the exercise of any other right power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law. None of the Administrative Agent, the Principal or the Guarantors shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such parties.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into among the Principal, the Guarantors and the Administrative Agent.

SECTION 7. Notices. All communications and notices hereunder shall be in writing and given as provided in the Guaranty Agreement and addressed as specified therein.

SECTION 8. Binding Agreement; Assignments. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the parties that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns. Neither the Principal nor any Guarantor may assign or transfer any of its rights or obligations hereunder (and any such attempted assignment or transfer shall be void) without the prior written consent of the Administrative Agent.

SECTION 9. Survival of Agreement; Severability. (a) All covenants and agreements made by the Principal and each Guarantor herein and in the certificates or other instruments prepared or delivered in connection with this Agreement or the other Credit Documents shall be considered to have been relied upon by the Administrative Agent, the Lenders, the Principal, and each Guarantor, and all covenants and agreement made herein shall survive the making of the Loans and the issuance of the Letters of Credit, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loans, or any Letter of Credit, or any other fee or

amount payable by the Principal under the Credit Agreement or this Agreement or under any of the other Loan Documents, is outstanding and unpaid, or as long as any Commitments in favor of the Principal under the Credit Agreement have not been terminated.

(b) In case any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, no party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties 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 10. *Counterparts*. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement shall be effective with respect to the Principal or Guarantor when a counterpart bearing the signature of the Principal or such Guarantor shall have been delivered to the Administrative Agent. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

SECTION 11. *Effect of Contribution Agreement*. This Agreement is intended only to define the relative rights of the Principal and the Guarantors, and nothing set forth in this Agreement is intended to or shall impair the obligations of the Guarantors, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of the Guaranty Agreement. The parties hereto acknowledge that the rights of indemnification, subrogation, and contribution hereunder shall constitute assets in favor of each Guarantor to which such right of indemnification, subrogation, or indemnification is owing.

SECTION 12. *Additional Guarantors*. Pursuant to Section 5.10 of the Credit Agreement, certain Subsidiaries of the Principal are required to enter into the Guaranty Agreement as a Guarantor. Upon execution and delivery, after the date hereof, by the Administrative Agent and such a Subsidiary of an instrument in the form of Annex I hereto, such Subsidiary shall become a Guarantor hereunder with the same force and effect as if originally named as a Guarantor hereunder. The execution and delivery of any instrument adding an additional Guarantor as a party to this Agreement shall not require the consent of any 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 Agreement.

SECTION 13. *Amendment and Restatement*. This Agreement constitutes an amendment and restatement of the Existing Contribution Agreement and is not, and is not intended by the parties to be, a novation of the Existing Contribution Agreement. All rights and obligations of the parties under the Existing Contribution Agreement as of the date hereof shall continue in full force and effect, except as may be expressly set forth herein. All references in the other Loan Documents to the Existing Contribution Agreement shall be deemed to refer to and mean this Amended and Restated Contribution Agreement, as the same may be further amended, supplemented and restated from time to time.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized offices as of the date first appearing above.

PRINCIPAL:

DOLLAR GENERAL CORPORATION
(a Tennessee corporation)

By:

Name:

Title:

GUARANTORS:

DOLLAR GENERAL FINANCIAL, INC.
(a Tennessee corporation)

By: _____
Name:
Title:

DADE LEASE MANAGEMENT, INC.
(a Delaware corporation)

By: _____
Name:
Title:

DOLGENCORP, INC.
(a Kentucky corporation)

By: _____
Name:
Title:

DOLGENCORP OF NEW YORK, INC.
(a Kentucky corporation)

By: _____
Name:
Title:

DOLGENCORP OF TEXAS, INC.
(a Kentucky corporation)

By: _____
Name:
Title:

DG LOGISTICS, LLC
(a Tennessee limited liability [company])

By: _____
Name:
Title:

DOLLAR GENERAL STORES, LTD.
(a Kentucky [corporation])

By: _____
Name:
Title:

DOLLAR GENERAL PARTNERS
(a Kentucky [general] partnership)

By: _____
Name:
Title:

THE GREATER CUMBERLAND INSURANCE
COMPANY (a Vermont corporation)

By: _____
Name:
Title:

NATIONS TITLE COMPANY, INC.
(a Tennessee corporation)

By: _____
Name:
Title:

DOLLAR GENERAL INTELLECTUAL
PROPERTY, L.P. (a Vermont limited [liability]
Partnership)

By: _____
Name:
Title:

DOLLAR GENERAL INVESTMENTS, INC.
(a Delaware corporation)

By: _____
Name:
Title:

DGC PROPERTIES LLC

(a Delaware limited liability company)

By: _____

Name:

Title:

DGC PROPERTIES OF KENTUCKY LLC

(a Delaware limited liability company)

By: _____

Name:

Title:

SUNTRUST BANK

as Administrative Agent

By: _____

Name:

Title:

ANNEX I

SUPPLEMENT TO AMENDED AND RESTATED CONTRIBUTION AGREEMENT

THIS SUPPLEMENT TO AMENDED AND RESTATED CONTRIBUTION AGREEMENT (this “Supplement”) dated as of _____, made by and between _____, a _____ (the “New Guarantor”), and the Administrative Agent described in the Credit Agreement referred to below.

A. Reference is made to (a) the Amended and Restated Revolving Credit Agreement dated as of June ____, 2004 (as further amended, supplemented and restated from time to time, the “Credit Agreement”), among Dollar General Corporation (the “Principal”), SunTrust Bank, as Administrative Agent, the banks and other lending institutions from time to time that are parties thereto (the “Lenders”), KeyBank, National Association, and Bank of America., as Co-Syndication Agents, and U.S. Bank, National Association and AmSouth Bank, as Co-Documentation Agents, (b) the Amended and Restated Guaranty Agreement dated as of June ____, 2004, among the Guarantors that are parties thereto in favor of the Administrative Agent, the Issuing Bank, and the Lenders (as further amended, supplemented and restated from time to time, the “Guaranty Agreement”), and (c) the Amended and Restated Contribution Agreement dated as of June ____, 2004, among the Principal, the Guarantors, and the Administrative Agent (as further amended, supplemented and restated from time to time, the “Contribution Agreement”).

B. Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned to such terms in the Contribution Agreement or the Credit Agreement, as the case may be.

C. The Principal and the Guarantors have entered into the Contribution Agreement in order to induce the Lenders to make Loans and make other extensions of credit to the Principal. Pursuant to Section 5.10 of the Credit

Agreement, certain Subsidiaries of the Principal are required to enter into the Guaranty Agreement as a Guarantor. Section 12 of the Contribution Agreement provides that additional Subsidiaries of the Principal may become Guarantors under the Contribution Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary of the Principal (the "New Guarantor") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Guarantor under the Contribution Agreement in order to induce the Lenders to make additional Loans and make other additional extensions of credit to the Principal and as consideration for Loans and other extensions of credit previously made and issued.

Accordingly, the Administrative Agent and the New Guarantor agree as follows:

SECTION 1. In accordance with Section 12 of the Contribution Agreement, the New Guarantor by its signature below becomes a Guarantor under the Contribution Agreement with the same force and effect as if originally named therein as a Guarantor, and the New Guarantor hereby agrees to all the terms and provisions of the Contribution Agreement applicable to it as a Guarantor thereunder. Each reference to a "Guarantor" in the Contribution Agreement shall be deemed to include the New Guarantor. The Contribution Agreement is hereby incorporated herein by reference.

SECTION 2. The New Guarantor represents and warrants to the Administrative Agent and the Lenders 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 in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Administrative Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Guarantor and the Administrative Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Contribution Agreement shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF GEORGIA.

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, neither party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein and in the Contribution Agreement shall not in any way be affected or impaired. 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 communications and notices hereunder shall be in writing and given as provided in Section 7 of the Contribution Agreement. All communications and notices hereunder to the New Guarantor shall be given to it at the address of the Principal as provided in the Credit Agreement.

IN WITNESS WHEREOF, the New Guarantor and the Administrative Agent have duly executed this Supplement to Contribution Agreement as of the day and year first above written.

[Name of New Guarantor]

By: _____
Name:

Title:

SUNTRUST BANK,
as Administrative Agent

By: _____
Name:
Title:

EXHIBIT 2.3

NOTICE OF BORROWING

[Date]

SunTrust Bank,
as Administrative Agent
for the Lenders referred to below
303 Peachtree Street, N.E.
Atlanta, GA 30308

Attention:

Reference is made to the Amended and Restated Revolving Credit Agreement dated as of June __, 2004 (as further amended and in effect on the date hereof, the "Credit Agreement"), among the undersigned, as Borrower, the Lenders named therein, SunTrust Bank, as Administrative Agent, KeyBank, National Association, and Bank of America., as Co-Syndication Agents, and U.S. Bank, National Association and AmSouth Bank, as Co-Documentation Agents. Terms defined in the Credit Agreement are used herein with the same meanings. This notice constitutes a Notice of Borrowing, and the Borrower hereby requests a Borrowing under the Credit Agreement, and in that connection the Borrower specifies the following information with respect to the Borrowing requested hereby:

- (A) Aggregate principal amount of Borrowing 1/:
- (B) Date of Borrowing (which is a Business Day):
- (C) Interest Rate basis 2/:
- (D) Interest Period 3/:
- (E) Location and number of Borrower's account to which proceeds of Borrowing are to be disbursed:

1/ Not less than \$5,000,000 or a larger multiple of \$1,000,000 if a Eurodollar Borrowing, and not be less than \$1,000,000 or a larger multiple of \$100,000 if a Base Rate Borrowing.

2/ Eurodollar Borrowing or Base Rate Borrowing.

3/ Which must comply with the definition of "Interest Period" and end not later than the Commitment Termination Date.

The Borrower hereby represents and warrants that the conditions specified in paragraphs (a), (b) and (c) of Section 3.2 of the Credit Agreement are satisfied as of the date hereof.

Very truly yours,

DOLLAR GENERAL CORPORATION

Name:

Title:

EXHIBIT 2.5

NOTICE OF SWINGLINE BORROWING

[Date]

SunTrust Bank,
as Administrative Agent
for the Lenders referred to below
303 Peachtree Street, N.E.
Atlanta, GA 30308

Attention:

Reference is made to the Amended and Restated Revolving Credit Agreement dated as of June __, 2004 (as further amended and in effect on the date hereof, the "Credit Agreement"), among the undersigned, as Borrower, the Lenders named therein, SunTrust Bank, as Administrative Agent, KeyBank, National Association, and Bank of America., as Co-Syndication Agents, and U.S. Bank, National Association and AmSouth Bank, as Co-Documentation Agents. Terms defined in the Credit Agreement are used herein with the same meanings. This notice constitutes a Notice of Swingline Borrowing, and the Borrower hereby requests a Swingline Borrowing under the Credit Agreement, and in that connection the Borrower specifies the following information with respect to the Swingline Borrowing requested hereby:

- (A) Aggregate principal amount of Swingline Borrowing 1/:
- (B) Date of Swingline Borrowing (which is a Business Day):
- (C) Interest Rate basis 2/:
- (D) Location and number of Borrower's account to which proceeds of Swingline Borrowing are to be disbursed:

1/ Not less than \$100,000 or a larger multiple of \$50,000.

2/ Base Rate Borrowing or other agreed upon interest rate.

The Borrower hereby represents and warrants that the conditions specified in paragraphs (a), (b) and (c) of Section 3.2 of the Credit Agreement are satisfied as of the date hereof.

Very truly yours,

DOLLAR GENERAL CORPORATION

Name:

Title:

EXHIBIT 2.9

NOTICE OF CONTINUATION/CONVERSION

[Date]

SunTrust Bank,
as Administrative Agent
for the Lenders referred to below
303 Peachtree Street, N.E.
Atlanta, GA 30308

Attention:

Reference is made to the Amended and Restated Revolving Credit Agreement dated as of June __, 2004 (as further amended and in effect on the date hereof, the "Credit Agreement"), among the undersigned, as Borrower, the Lenders named therein, SunTrust Bank, as Administrative Agent, KeyBank, National Association, and Bank of America., as Co-Syndication Agents, and U.S. Bank, National Association and AmSouth Bank, as Co-Documentation Agents. Terms defined in the Credit Agreement are used herein with the same meanings. This notice constitutes a Notice of Continuation/Conversion and the Borrower hereby requests the conversion or continuation of a Borrowing under the Credit Agreement, and in that connection the Borrower specifies the following information with respect to the Borrowing to be converted or continued as requested hereby:

- (A) Borrowing to which this request applies: _____ (amount)
_____, 200__ (Interest Period End Date)
- (B) Principal amount(s) of Borrowing to be converted/continued ¹ :
- (1) \$ _____
(2) \$ _____
(3) \$ _____
- (C) Effective date of election (must be a Business Day):

¹ Not less than \$5,000,000 or a larger multiple of \$1,000,000 if a Eurodollar Borrowing, and not be less than \$1,000,000 or a larger multiple of \$100,000 if a Base Rate Borrowing.

- (D) Interest rates basis for each resulting Borrowing ² :
- (1)
(2)
(3)

(E) Interest period for each resulting Borrowing³:

- (1)
- (2)
- (3)

² Eurodollar Borrowing or Base Rate Borrowing.

³ Which must comply with the definition of "Interest Period" and end not later than the Commitment Termination Date.

Very truly yours,

DOLLAR GENERAL CORPORATION

Name:

Title:

EXHIBIT 2.23

NOTICE OF REQUESTED LETTER OF CREDIT ISSUANCE

[Date]

SunTrust Bank, as
Administrative Agent
for the Lenders referred to below
303 Peachtree Street, N.E.
Atlanta, GA 30308

Attention:

Reference is made to the Amended and Restated Revolving Credit Agreement dated as of June __, 2004 (as further amended and in effect on the date hereof, the "Credit Agreement"), among the undersigned, as Borrower, the Lenders named therein, SunTrust Bank, as Administrative Agent and Issuing Bank, KeyBank, National Association, and Bank of America., as Co-Syndication Agents, and U.S. Bank, National Association and AmSouth Bank, as Co-Documentation Agents. Terms defined in the Credit Agreement are used herein with the same meanings. This notice constitutes an LC Notice, and the Borrower hereby requests issuance of a Letter of Credit as provided in the Credit Agreement, and in that connection the Borrower specifies the following information with respect to the Letter of Credit requested hereby:

- (A) Requested date of issuance: _____, 200__
- (B) Expiration date of Letter of Credit¹: _____, 200__
- (C) Amount of Letter of Credit²: \$_____
- (D) Name and address of beneficiary:

¹ Not later than the earlier of (x) one year from date of issuance or renewal or extension, as the case may be, and (y) five (5) Business Days prior to the Revolving Commitment Termination Date.

² Not less than \$1,000,000

(E) Requested form of Letter of Credit is attached to this Notice.

The Borrower hereby represents and warrants that the conditions specified in paragraphs (a), (b), and (c) of Section 3.2 of the Credit Agreement are satisfied as of the date hereof.

Very truly yours,

DOLLAR GENERAL CORPORATION

By: _____

Name:

Title:

SCHEDULE 1.1-E

LETTERS OF CREDIT

NO.	EXISTING LETTERS OF CREDIT	AMOUNT \$ IN THOUSANDS
1	Irrevocable letter of credit issued by SunTrust Bank dated December 6, 2001 (Letter of Credit No. NSH/F400698) to Travelers Casualty and Surety Company of America and certain beneficiaries, together with all extensions, renewals, modifications and replacements thereof.	\$6,500

SCHEDULE 4.5

LITIGATION

EXISTING LITIGATION

-
- 1 Complaint filed in the US District Court for the Northern District of Alabama to commence a collective action against the Company on behalf of current and former salaried store managers.
 - 2 SEC investigation relating to the restatement of audited financial statements for

fiscal years 1999 and 1998, and certain unaudited financial information for fiscal year 2000.

SCHEDULE 4.10

ERISA MATTERS

EXISTING ERISA MATTERS

Dollar General Corporation Retiree Medical Plan - Medical and Rx coverage for officers of the corporation. The eligibility requirement is age 45 or 5 years of service. Coverage terminates when retiree becomes Medicare eligible or upon the death of employee.

SCHEDULE 4.16

SUBSIDIARIES

NO.	ENTITY	JURISDICTION OF INCORPORATION/ ORGANIZATION	OWNERSHIP OF CAPITAL STOCK/PARTNERS/MEMBERS	TYPE
1	Dolgencorp, Inc.	Kentucky	Dollar General Corporation	Corporation
2	Dolgencorp of Texas, Inc.	Kentucky	Dolgencorp, Inc.	Corporation
3	Dade Lease Management, Inc.	Delaware	Dollar General Corporation	Corporation
4	The Greater Cumberland Insurance Company	Vermont	Dollar General Financial, Inc.	Corporation
5	Dollar General Financial, Inc.	Tennessee	Dollar General Corporation	Corporation
6	Dollar General Intellectual Property, L.P.	Vermont	Dade Lease Management, Inc. - General Partner The Greater Cumberland Insurance Company - Limited Partner	Limited partnership
7	Dollar General Partners	Kentucky	Dolgencorp, Inc. - General Partner Dade Lease Management, Inc. - General Partner Dollar General Financial, Inc. - General Partner	General partnership
8	Dolgencorp of New York, Inc.	Kentucky	Dolgencorp, Inc.	Corporation
9	DG Logistics, LLC	Tennessee	Dolgencorp, Inc.	Limited liability company
10	Dollar General Stores, Ltd.	Kentucky	Dolgencorp, Inc. - General Partner Dade Lease Management, Inc. - Limited Partner	Limited partnership
11	Nations Title Company, Inc.	Tennessee	Dollar General Financial, Inc.	Corporation
12	DGC Properties LLC	Delaware	Dolgencorp, Inc.	Limited liability company
13	DGC Properties of Kentucky LLC	Delaware	Dollar General Partners	Limited liability company
14	Dollar General Investment, Inc.	Delaware	Dollar General Corporation	Corporation
15	Lonestar Administrative Servies	Tennessee	Dollar General Corporation	Corporation
16	Dollar General Global Sourcing Limited	Hong Kong	Dollar General Corporation & DGC Holdings, LLC-stockholders	Corporation
17	DGC Holdings, LLC	Delaware	Dollar General Corporation	Limited liability company

SCHEDULE 7.1

EXISTING INDEBTEDNESS

NO.	EXISTING INDEBTEDNESS AS OF May 28, 2004	AMOUNT \$ IN THOUSANDS
1	Indenture dated as of June 21, 2000 between Dollar General Corporation as Issuer, the Guarantors and First Union National Bank as Trustee, governing the Borrower's	\$200,000

	8 5/8% Notes due June 15, 2010	
2	Lease and Agreement dated as of April 30, 1997 between Sun-Dollar, L.P. as Landlord and Dollar General Corporation as Tenant (South Boston, VA distribution center); (Capital Lease Obligation)	\$51,971
3	Lease dated as of January 19, 1999 between DG Ardmore, LLC as Landlord and Dollar General Corporation as Tenant (Ardmore, OK distribution center) (Capital Lease Obligation)	\$40,643
4	Lease Agreement dated as of June 1, 2000 between FU/DG Fulton, LLC as Lessor and Dollar General Corporation as Lessee (Fulton, MO distribution center) (Capital Lease Obligation)	\$10,498
5	Lease Agreement dated as of June 1, 2000 between FU/DG Indianola, LLC as Lessor and Dollar General Corporation as Lessee (Indianola, MS distribution center) (Capital Lease Obligation)	\$7,286
6	Equipment Lease dated as of July 28, 1999 between First Union Commercial Corporation as Lessor and Dollar General Corporation as Lessee (Synthetic Lease Obligation for airplane)	\$8,216
7	Term Lease Master Agreement dated as of November 14, 1994 between IBM Credit Corporation as Lessor and Dollar General Corp as Lessee (Capital Lease Obligation)	\$11,507
8	Motor Vehicle Fleet Open-End Finance Lease Agreement dated as of April 3, 2002 between D.L. Peterson Trust as Lessor and Dolgencorp, Inc. as Lessee (Capital Lease Obligation)	\$4,474
9	Standby letter of credit, Bank of America as Issuer, Dollar General Corporation as Applicant and National Union Fire Insurance as Beneficiary - (face amount)	\$1,959
10	Standby letter of credit, Bank of America as Issuer, Dollar General Corporation as Applicant and Ace American Insurance Group as Beneficiary - (face amount)	\$73
11	Standby letter of credit line, Farmers National Bank as lender and Dollar General Corporation as borrower (\$250 line of credit; \$87 face amount)	\$87
12	Standby letter of credit, SunTrust Bank as Issuer and Dollar General Corporation and Dolgencorp, Inc as Applicant and Georgia Self-Insurers Guaranty Trust Fund as Beneficiary - (face amount)	\$365

SCHEDULE 7.2

LIENS

NO.	EXISTING LIENS (\$ IN THOUSANDS) as of May 28, 2004
1 - 8	Leases described in items 1 through 8 of Schedule 7.1 and extensions, renewals, modifications and replacements thereof
9	Cash collateral held by Texas Workers' Compensation Commission in the amount of \$16,000 and extensions, renewals, modifications and replacements thereof.
10	Security interests granted in goods that are the subjects of drafts drawn under the trade letters of credit issued pursuant to the Continuing Reimbursement for Letters of Credit between U.S. Bank National Association, Dolgencorp, Inc., and Dollar General Corporation, and extensions, renewals, modifications and replacements thereof
11	Security interests granted in goods that are the subjects of drafts drawn under the Authorization and Agreement for Treasury Services between Bank of America

- Corporation and Dollar General Corporation, and extensions, renewals, modifications and replacements thereof
- 12 Security interests granted in goods that are the subjects of drafts drawn under the trade letters of credit issued pursuant to the Master Letter of Credit Agreement between LaSalle Bank National Association, Dolgencorp, Inc. and Dollar General Corporation, and extensions, renewals, modifications and replacements thereof
- 13 The Greater Cumberland Insurance Company cash collateral in the amount of \$250 as of May 28, 2004, and extensions, renewals, modifications and replacements thereof
- 14 Cash deposits as of May 28, 2004 held by various utility companies securing utility payments of retail locations and extensions, renewals, modifications and replacements thereof

SCHEDULE 7.4

INVESTMENTS

NO.	EXISTING INVESTMENTS as of May 28, 2004	AMOUNT \$ IN THOUSANDS
1	Purchase of Secured Promissory Notes, dated April 30, 1997 and July 31, 1998 between Sun-Dollar L.P. and Principal Mutual Life Insurance Company, from Principal Life Insurance Company on May 29, 2003	\$48,664

Footnotes

CERTIFICATIONS

I, David A. Perdue, certify that:

- I have reviewed this quarterly report on Form 10-Q of Dollar General Corporation;
- Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 26, 2004

/s/ David A. Perdue

David A. Perdue

Chief Executive Officer

I, David M. Tehle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dollar General Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 26, 2004

/s/ David M. Tehle

David M. Tehle
Chief Financial Officer

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

Each of the undersigned hereby certifies that to his knowledge the Quarterly Report on Form 10-Q for the fiscal quarter ended July 30, 2004 of Dollar General Corporation (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David A. Perdue

Name: David A. Perdue
Title: Chief Executive Officer
Date: August 26, 2004

/s/ David M. Tehle

Name: David M. Tehle
Title: Chief Financial Officer
Date: August 26, 2004

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