DOLLAR GENERAL CORP

FORM 10-Q
(Quarterly Report)

Filed 12/11/00 for the Period Ending 10/27/00

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

DOLLAR GENERAL CORP

FORM 10-Q
(Quarterly Report)

Filed 12/11/2000 For Period Ending 10/27/2000

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

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

For the quarterly period ended July 28, 2000

Commission file number 1-11421

DOLLAR GENERAL CORPORATION

(Exact name of registrant as specified in its charter)

TENNESSEE	61-0502302
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

100 Mission Ridge
Goodlettsville, Tennessee 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 [X] No [ ]

The number of shares of common stock outstanding at December 8, 2000, was 330,609,400.

Dollar General Corporation

Form 10-Q

For the Quarter Ended October 27, 2000

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In thousands)

	Oct. 27, 2000 (Unaudited)	Jan. 28, 2000 *	Oct. 29, 1999 (Unaudited
ASSETS			
Current assets:			
Cash and cash equivalents	$ 13,080	$ 58,789	$ 23,840
Merchandise inventories	1,173,328	985,715	1,105,503
Deferred income taxes	7,743	5,995	5,373
Other current assets	62,956	45,036	79,012
Total current assets	1,257,107	1,095,535	1,213,728
Property and equipment, at cost	801,837	597,537	560,219
Less: accumulated depreciation	306,894	251,064	235,360
	494,943	346,473	324,859
Other assets	15,959	8,933	10,538
Total assets	$ 1,768,009	$ 1,450,941	$ 1,549,125
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	$ 3,622	$ 1,233	$ 1,243
Short-term borrowings	61,369	-	180,099
Accounts payable	309,508	334,554	347,563
Accrued expenses	122,451	121,375	115,263
Income taxes	3,946	15,135	29,290
Total current liabilities	500,896	472,297	673,458
Long-term debt	210,907	1,200	1,526
Deferred income taxes	50,817	51,523	12,079
Shareholders' equity:			
Preferred stock	-	-	-
Common stock	165,281	132,346	132,653
Additional paid-in capital	263,233	255,581	250,321
Retained earnings	576,875	537,994	479,088
Total shareholders' equity	1,005,389	925,921	862,062
Total liabilities and shareholders' equity	$ 1,768,009	$ 1,450,941	$ 1,549,125

* Derived from the January 28, 2000 audited financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands except share and per share amounts)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	Oct. 27, 2000	Oct. 29, 1999	Oct. 27, 2000	Oct. 29, 1999
Net sales	$1,094,360	$ 950,419	$3,108,857	$2,710,222
Cost of goods sold	772,996	672,562	2,232,811	1,956,836
Gross profit	321,364	277,857	876,046	753,386
Selling, general and administrative expense	236,524	195,753	654,387	546,211
Operating profit	84,840	82,104	221,659	207,175
Interest expense	4,855	2,326	10,459	5,102
Income before taxes on income	79,985	79,778	211,200	202,073
Provision for taxes on income	28,995	28,919	76,560	73,251
Net income	$ 50,990	$ 50,859	$ 134,640	$ 128,822
Diluted earnings per share	$ 0.15	$ 0.15	$ 0.40	$ 0.38
Weighted average diluted shares	333,556	337,989	333,652	337,140
Basic earnings per share	$ 0.15	$ 0.15	$ 0.41	$ 0.43

The accompanying notes are an integral part of these consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

(Unaudited)

	Nine Months Ended Oct. 27, 2000	Nine Months Ended Oct. 29, 1999
Operating activities:		
Net income	$ 134,640	$ 128,822
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	58,571	46,759
Deferred income taxes	(2,454)	(20,874)
Tax benefit of stock options exercised	14,715	27,862
Change in operating assets and liabilities:		
Merchandise inventories	(187,613)	(293,781)
Other current assets	(17,920)	(36,634)
Accounts payable	(25,046)	89,804
Accrued expenses	1,076	(57,562)
Income taxes	(11,189)	5,465
Other	(4,824)	(30)
Net cash used in operating activities	(40,044)	(110,169)
Investing activities:		
Purchase of property and equipment	(209,414)	(112,441)
Proceeds from sale of property and equipment	171	63,182
Net cash used in investing activities	(209,243)	(49,259)
Financing activities:		
Issuance of short-term borrowings	315,000	237,914
Repayments of short-term borrowings	(253,631)	(57,815)
Issuance of long-term debt	214,947	3,104
Repayments of long-term debt	(2,851)	(1,846)
Payment of cash dividends	(31,664)	(25,619)
Proceeds from exercise of stock options	27,325	32,235
Repurchase of common stock	(65,548)	(26,999)
Net cash provided by financing activities	203,578	160,974
Net (decrease) increase in cash and cash equivalents	(45,709)	1,546
Cash and cash equivalents, beginning of period	58,789	22,294
Cash and cash equivalents, end of period	$ 13,080	$ 23,840

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands except share and per share amounts)

(Unaudited)

1. Basis of Presentation

The accompanying consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all of the disclosures normally required by generally accepted accounting principles or those normally made in the Company's Annual Report on Form 10-K. Accordingly, the reader of the quarterly report on Form 10-Q should refer to the Company's Annual Report on Form 10-K for the year ended January 28, 2000, for additional information.

The accompanying 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 results of operations for the three-month and nine-month periods ended October 27, 2000, and October 29, 1999, have been made.

Interim cost of goods sold is determined using ongoing estimates of inventory shrinkage, inflation, and markdowns. Because of the seasonal nature of the Company's business, the results for interim periods are not necessarily indicative of the results to be expected for the entire year.

Certain reclassifications have been made to the 1999 financial statements to conform to the 2000 presentation.

2. Shareholders' Equity

Changes in shareholders' equity for the nine months ended October 27, 2000 and October 29, 1999, were as follows.

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Total
Balances, January 29, 1999	$ 858	$ 105,121	$ 418,039	$ 402,270	$ (200,527)	$ 725,761
Net income				128,822		128,822
5-for-4 stock split, May 24, 1999		26,573	(26,573)			-
Cash dividend, $.06 per common share, as declared				(24,441)		(24,441)
Cash dividend, $1.37 per preferred share				(1,178)		(1,178)
Issuance of common stock under employee stock incentive plans		1,573	30,662			32,235
Conversion of preferred stock to common stock	(858)		(199,669)		200,527	-
Tax benefit of stock options exercised			27,862			27,862
Stock repurchase		(614)		(26,385)		(26,999)
Balances, October 29, 1999	$ -	$ 132,653	$ 250,321	$ 479,088	$ -	$ 862,062

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Total
	$ -	$ 132,346	$ 255,581	$ 537,994	$ -	$ 925,921
Net income				134,640		134,640
5-for-4 stock split, May 22, 2000		32,857	(32,857)			-
Cash dividend, $.06 per common share, as declared				(31,664)		(31,664)
Issuance of common stock under employee stock incentive plans		1,531	25,794			27,325
Tax benefit of stock options exercised			14,715			14,715
Stock repurchase (3,633,625 shares)		(1,453)		(64,095)		(65,548)
	$ -	$ 165,281	$ 263,233	$ 576,875	$ -	$ 1,005,389

3. Earnings Per Share

Shares have been adjusted for all stock splits including the five-for-four common stock split distributed on May 22, 2000.

Nine months ended October 27, 2000	Income	Shares	Per-Share Amount
Net income	$134,640		
Basic earnings per share: Income available to common shareholders	$134,640	329,372	$ 0.41
Stock options outstanding		4,280	
Diluted earnings per share: Income available to common shareholders plus assumed conversions	$134,640	333,652	$ 0.40

Nine months ended October 29, 1999	Income	Shares	Per-Share Amount
Net income	$ 128,822		
Less: preferred stock dividends	1,178		
Basic earnings per share: Income available to common shareholders	$ 127,644	296,575	$ 0.43
Stock options outstanding		6,477	
Convertible preferred stock	1,178	34,088	
Diluted earnings per share: Income available to common shareholders plus assumed conversions	$ 128,822	337,140	$ 0.38

Three months ended October 27, 2000	Income	Shares	Per-Share Amount
Net income	$ 50,990		
Basic earnings per share:			
Income available to common shareholders	$ 50,990	330,099	$ 0.15
Stock options outstanding		3,457	
Diluted earnings per share:			
Income available to common shareholders plus assumed conversions	$ 50,990	333,556	$ 0.15

Three months ended October 27, 2000	Income	Shares	Per-Share Amount
Net income	$ 50,990		
Basic earnings per share:			
Income available to common shareholders	$ 50,990	330,099	$ 0.15
Stock options outstanding			3,457
Diluted earnings per share:			
Income available to common shareholders plus assumed conversions	$ 50,990	333,556	$ 0.15

Three months ended October 29, 1999	Income	Shares	Per-Share Amount
Net income	$ 50,859		
Basic earnings per share:			
Income available to common shareholders	$ 50,859	331,833	$ 0.15
Stock options outstanding		6,156	
Diluted earnings per share:			
Income available to common shareholders plus assumed conversions	$ 50,859	337,989	$ 0.15

4. Segment Reporting

The Company manages its business on the basis of one reportable segment. As of October 27, 2000 and October 29, 1999, all of the Company's operations were located within the United States. The following data is presented in accordance with Statement of Financial Accounting Standards No. 131 "Disclosures about Segments of an Enterprise and Related Information."

	Three Months Ended		Nine Months Ended	
	Oct. 27, 2000	Oct. 29, 1999	Oct. 27, 2000	Oct. 29, 1999
Sales by Category:				
Highly Consumable	$ 638,372	$513,139	$1,767,009	$1,430,504
Hardware and Seasonal	148,415	138,007	429,230	416,149
Basic Clothing	133,818	121,908	375,048	330,111
Home Products	173,755	177,365	537,570	533,458
	$1,094,360	$950,419	$3,108,857	$2,710,222

5. Long-Term Debt and Guarantor Subsidiaries

On June 21, 2000, the Company sold $200 million of 8 5/8% Notes due June 15, 2010 (the "Old Notes"), in a private offering under Rule 144A of the Securities Act of 1933. The proceeds were used to repay outstanding short-term debt and for general corporate purposes. Subsequent to the offering, the Company and its guarantor subsidiaries filed a registration statement on Form S-4 which enabled the Company to exchange its 8 5/8% Exchange Notes due June 15, 2010 (the "New Notes" and, together with the Old Notes, the "Notes"), for all outstanding Old Notes.

All of the Company's subsidiaries (the "Guarantors") have fully and unconditionally guaranteed on a joint and several basis the Company's obligations under the Notes. Each of the Guarantors is a wholly-owned subsidiary of the Company. The Guarantors comprise all of the direct and indirect subsidiaries of the Company. The Company has not presented separate financial statements and other disclosures concerning each Guarantor because management has determined that they are not material to investors.

Summarized combined financial information (in accordance with Rule 1-02(bb) of Regulation S-X) for the Guarantors is set forth below:

	October 27, 2000	Jan. 28, 2000	October 29, 1999
Current assets	$1,156,026	$1,085,925	$1,028,843
Current liabilities	366,430	443,496	315,362
Noncurrent assets	427,683	320,142	295,252
Noncurrent liabilities	57,385	52,619	19,463

	Three Months Ended		Nine Months Ended	
	October 27, 2000	October 29, 1999	October 27, 2000	October 29, 1999
Net sales	$1,017,418	$ 915,210	$2,014,497	$1,759,803
Gross profit	281,973	249,582	554,682	475,529
Net income	79,054	106,342	158,152	190,707

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

This discussion and analysis contains both historical and forward-looking information. The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Although Dollar General Corporation (the "Company") believes the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that the forward-looking statements will prove to be accurate. Forward-looking statements may be significantly impacted by certain risks and uncertainties, including, but not limited to: general transportation and distribution delays or interruptions; interruptions in suppliers' operations; inventory risks due to shifts in market demand; changes in product mix; costs and delays associated with building, opening and operating new distribution centers; and other risk factors referenced in the Annual Report on Form 10-K for the year ended January 28, 2000 and the Company's other periodic reports and filings with the Securities and Exchange Commission. The Company undertakes no obligation to publicly release any revisions to any forward-looking statements to reflect events or circumstances occurring after the date of this report.

The following text contains references to years 2000, 1999, 1998, and 1997 which represent fiscal years ending or ended February 2, 2001, January 28, 2000, January 29, 1999, and January 30, 1998, respectively. This discussion and analysis should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and their notes thereto.

RESULTS OF OPERATIONS

The nature of the Company's business is seasonal. Historically, sales in the fourth quarter have been significantly higher than sales achieved in each of the first three quarters of the fiscal year. Thus, 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, comparing any period with a period other than the same period of the previous year may reflect the seasonal nature of the Company's business.

The Company defines same stores as those opened before the beginning of the previous fiscal year which have remained open throughout the current period.

NINE MONTHS ENDED OCTOBER 27, 2000, AND OCTOBER 29, 1999

NET SALES. Net sales for the first nine months of 2000 increased $398.7 million, or 14.7%, to $3.1 billion from $2.7 billion for the comparable period in 1999. Same-store sales increased 0.7% for the first nine months of 2000.

In the second quarter the Company undertook a major relay of its stores while adding 600 new items to and deleting 800 items from the merchandise assortment. The new prototype features wider aisles, additional selling space for seasonal merchandise, and better customer flow through high traffic departments. The Company also continued its installation of new technology and ordering processes in all stores. In conjunction with implementing this new ordering process, the Company experienced softer than expected sales in some core categories as a result of low in-stocks. While this aggressive implementation was disruptive to year-to-date results, management believes these efforts position the stores for increased productivity and profitability in the future.

GROSS PROFIT. Gross profit for the first nine months of 2000 was $876.0 million, or 28.2% of net sales, compared with $753.4 million, or 27.8% of net sales, in the same period last year. This increase was driven by higher purchase markup and lower shrink, which offsets higher distribution expenses in the period. Year-to-date, transportation expense is slightly lower as a percentage of sales, despite higher fuel costs. This improvement is a result of better fleet utilization, continued benefits from our transportation management system, and lower average stem miles.

SELLING, GENERAL AND ADMINISTRATIVE (SG&A) EXPENSE. SG&A expense for the first nine months of 2000 totaled $654.4 million, or 21.0% of net sales, compared with $546.2 million, or 20.2% of net sales during the comparable period last year. Although expenses were below plan for the period, lower than expected sales eliminated SG&A expense leverage. [repeat some of explanation in 3 month section?]

INTEREST EXPENSE. Interest expense increased to $10.5 million, or 0.34% of sales, compared with $5.1 million, or 0.19%, in the comparable nine-month period last year. This increase is primarily a result of higher average borrowings and an increase in weighted average interest rates compared with the same nine-month period last year. Average borrowings were higher than last year due to capital expenditures for new stores and distribution centers, inventory for new stores and the timing of share repurchases.

PROVISIONS FOR TAXES ON INCOME. The effective income tax rate was 36.25% for the nine-month periods ended October 27, 2000, and October 29,1999.

THREE MONTHS ENDED OCTOBER 27, 2000, AND OCTOBER 29, 1999

NET SALES. Net sales for the quarter increased $143.9 million, or 15.1%, to $1,094.4 million from $950.4 million for the comparable period in 1999. Same store sales for the third quarter increased 0.8%. Sales in the third quarter were driven by a 24.4% increase in sales of highly consumable merchandise, a 9.8% increase in sales of basic clothing merchandise, and a 7.5% increase in sales of hardware and seasonal merchandise. Although the Company experienced softer than expected sales in some core categories as a result of low in-stocks, the Company had better than expected sales in other departments including food, toys, Halloween, and summer seasonal merchandise.

GROSS PROFIT. Gross profit for the quarter was $321.4 million, or 29.4% of net sales, compared with $277.9 million, or 29.2% of net sales, in the same period last year. This increase was primarily the result of higher purchase markup, lower shrink, and lower transportation expense as a percentage of sales. However, these improvements were slightly offset by higher markdowns in the period.

SELLING, GENERAL AND ADMINISTRATIVE (SG&A) EXPENSE. SG&A expense for the quarter totaled $236.5 million, or 21.6% of net sales, compared with $195.8 million, or 20.6% of net sales during the comparable period last year. SG&A expense as a percentage of sales increased primarily as a result of higher health insurance expense, rent expense, and payroll expense.

INTEREST EXPENSE. Interest expense increased to $4.9 million, or 0.44% of sales, from $2.3 million, or 0.24% of sales, in the comparable period last year. This increase was a result of higher average borrowings and an increase in weighted average interest rates compared to the same three-month period last year. Average borrowings were higher than last year due to capital expenditures for new stores and distribution centers, inventory for new stores and the timing of share repurchases.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows used in operating activities - Net cash used in operating activities totaled $40.0 million during the first nine months of 2000, compared with $110.2 million cash used in operating activities in the comparable period last year. This decrease in the use of cash was primarily driven by a decrease in cash used to purchase merchandise inventories compared to the first nine months last year. Inventory management is improving due to contributions from technology and distribution investments.

Cash flows used in investing activities - Net cash used in investing activities totaled $209.2 million during the first nine months of 2000, compared with $49.3 million in the comparable period last year. The increase in cash used in investing activities was primarily the result of investments in distribution center projects and investments in 643 new store openings this year compared with 501 new store openings in the first nine months of last year. In addition, cash used in investing activities was offset in the first nine months of last year by $63.2 million of proceeds recognized in 1999 primarily from the sale/leasebacks of the South Boston, Virginia distribution center expansion and the Ardmore, Oklahoma distribution center.

Cash flows from financing activities - Total debt (including current maturities and short-term borrowings) at October 27, 2000 was $275.9 million compared with $182.9 million at October 29, 1999. Because of the significant impact of seasonal buying (e.g., Spring and December holiday purchases), the Company's working capital requirements vary significantly during the year. These working capital requirements were financed by short-term borrowings under the Company's $175.0 million revolving credit/term loan facility and short-term bank lines of credit totaling $140.0 million at October 27, 2000. The Company had short-term borrowings of $61.4 million outstanding as of October 27, 2000 and $180.1 million as of October 29, 1999. Management believes seasonal working capital expenditure requirements will continue to be met through cash flow provided by operations supplemented by the revolving credit/term loan facility and short-term bank lines of credit. [explain total debt increase?]

On June 21, 2000, the Company placed $200 million (principal amount) of 8 5/8% unsecured notes due June 15, 2010, through a private debt placement with registration rights. The notes pay interest semi-annually on June 15 and December 15 of each year. The holders of the notes may elect to have their notes repaid on June 15, 2005, at 100% of the principal amount plus accrued and unpaid interest. Proceeds from the notes are being used to repay outstanding short-term debt and for general corporate purposes.

FORWARD-LOOKING EXPECTATIONS

Please refer to the first paragraph under "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" for information concerning forward-looking statements.

Revenues - For the fourth quarter and full year, management expects revenues to increase 16-19% and 15-16%, respectively.

Same Store Sales - Management expects same store sales to increase 2-5% in the fourth quarter and 1-2% for the full year.

Gross Profit - For the full year, management expects gross profit as a percentage of net sales to be 20-25 basis points higher than last year, reflecting lower transportation expense as a percentage of sales and higher purchase markup. Despite a difficult shrink comparison, management expects gross profit as a percentage of net sales to be comparable with the fourth quarter last year. Last year, the fourth quarter benefited 100 basis points because of better than expected annual inventory shrink results. For the fourth quarter, management expects a higher markup and higher sales of seasonal merchandise to offset higher shrink as a percentage of sales.

Selling, General and Administrative (SG&A) Expense - Management expects SG&A expense as a percentage of net sales to increase 90-110 basis points for the full year and increase 120-170 basis points for the fourth quarter, reflecting both the impact of lower same store sales and the potential increase of two unique, one-time expenses. First, during the transition to a new health insurance provider this year, management discovered that certain health insurance billings and reimbursements were not current. Bringing those billings and reimbursements current will likely result in a significant increase in health insurance costs this year. Second, the Company is experiencing an increase in workers' compensation expense associated with prior year claims. Reflecting higher annual costs, these two unresolved issues could add 40-50 basis points to SG&A expense as a percentage of sales in the fourth quarter.

Interest Expense - Management expects interest expense as a percentage of net sales for the fourth quarter and full year to be 10-15 basis points higher, reflecting both higher borrowing balances and higher interest rates.

Provision for Taxes on Income - Management expects the tax rate to be approximately 36.25% for the fourth quarter and the full year.

ACCOUNTING PRONOUNCEMENTS

The Company does not expect a material impact from the adoption of Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities" as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of Effective Date of FASB Statement No. 133" and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an amendment of FASB Statement No. 133." Adoption of this Statement, as amended, is required for the Company's fiscal year ending February 1, 2002.

The Company will adopt SEC Staff Accounting Bulleting No. 101, "Revenue Recognition in Financial Statements," during the quarter ended February 2, 2001. Management does not expect this Bulletin to have a material impact on the Company's financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For reasons other than trading purposes, the Company has entered into commitments under certain instruments which expose the Company to market risk for changes in interest rates primarily related to the Company's revolving and seasonal lines of credit and certain lease obligations. Under these obligations, the Company has cash flow exposure as a result of its variable interest rates.

The Company seeks to manage this interest rate risk through the use of interest rate swaps. In 1999, the Company entered into interest rate swap agreements totaling $200 million which are scheduled to be in place until February 2001 at which time the counterparties have the option to extend the agreements through 2002. These swap agreements exchange the Company's floating interest rate exposure for a fixed interest rate. The Company will pay a weighted average fixed rate of 5.14% on the $200 million notional amount. The fair value of the interest rate swap agreements was $1.3 million at October 27, 2000. These swap agreements replaced four interest rate swap agreements totaling $200 million and exchanging floating rate exposure to a fixed interest rate. At October 29, 1999, the fair value of these interest rate swap agreements was $2.0 million.

PART II - OTHER INFORMATION

Item 1. Not applicable.

Item 2. Not applicable.

Item 3. Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders.

There were no items submitted to a vote of security holders during the quarter ended October 27, 2000.

Item 5. Not applicable.

10.1 Item 6. A. Exhibits:

27 Financial Data Schedule (for SEC use only)

B. Reports on Form 8-K:

On October 18, 2000, The Company filed a Current Report on Form 8-K pursuant to Item 9 thereof regarding certain forward-looking expectations.

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.

DOLLAR GENERAL CORPORATION
(Registrant)

December 11, 2000	*By: /s/ Brian M. Burr* *-----------------* *Brian M. Burr* *Executive Vice President and* *Chief Financial Officer*

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS	9 MOS
FISCAL YEAR END	JAN 02 2001	JAN 28 2000
PERIOD END	OCT 27 2000	OCT 29 1999
CASH	13,080	23,840
SECURITIES	0	0
RECEIVABLES	0	0
ALLOWANCES	0	0
INVENTORY	1,173,328	1,105,503
CURRENT ASSETS	1,257,107	1,213,728
PP&E	801,837	560,219
DEPRECIATION	306,894	235,360
TOTAL ASSETS	1,768,009	1,549,125
CURRENT LIABILITIES	500,896	673,458
BONDS	0	0
PREFERRED MANDATORY	165,281	132,653
PREFERRED	0	0
COMMON	0	0
OTHER SE	840,108	729,409
TOTAL LIABILITY AND EQUITY	1,768,009	1,549,125
SALES	3,108,857	2,710,222
TOTAL REVENUES	3,108,857	2,710,222
CGS	2,232,811	1,956,836
TOTAL COSTS	654,387	546,211
OTHER EXPENSES	0	0
LOSS PROVISION	0	0
INTEREST EXPENSE	10,459	5,102
INCOME PRETAX	211,200	202,073
INCOME TAX	76,560	73,251
INCOME CONTINUING	134,640	128,822
DISCONTINUED	0	0
EXTRAORDINARY	0	0
CHANGES	0	0
NET INCOME	134,640	128,822
EPS BASIC	0.41	0.43
EPS DILUTED	0.40	0.38

End of Filing