DOLLAR GENERAL CORP

FORM 8-K
(Current report filing)

Filed 05/26/05 for the Period Ending 05/24/05

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 8-K
(Unscheduled Material Events)

Filed 5/26/2005 For Period Ending 5/24/2005

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 8-K

Current Report
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 24, 2005

Dollar General Corporation

(Exact Name of Registrant as Specified in Charter)

Tennessee	001-11421	61-0502302
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(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

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

(a) Director Fees. On May 24, 2005, the Board of Directors of Dollar General Corporation (the "Company") approved the following schedule of fees for the directors of the Company who are not otherwise officers or employees of the Company or any of its subsidiaries or affiliates (the "Non-Employee Directors"), to be effective for meetings held on or after May 25, 2005:

Annual Cash Retainer (payable in quarterly installments):

All Board Members: $35,000

Additional Cash Retainer (payable in quarterly installments):

Audit Committee Chair:	$20,000
Other Committee Chair:	$10,000
Presiding Director:	$15,000
Board and Committee Meeting Fees:	
Attended in Person:	
Audit Committee	$1,500/meeting
Other Committees	$1,250/meeting
Telephonic:	$625/meeting

Equity Grants:
4,600 Restricted Stock Units/year (under the terms of the Company's 1998 Stock Incentive Plan)

Directors also receive reimbursement for fees and expenses incurred in connection with continuing education seminars and travel expenses related to meeting attendance or Company-requested appearances.

Non-Employee Directors may defer all or a part of any fees normally paid by the Company to them pursuant to a voluntary nonqualified compensation deferral plan. The compensation eligible for deferral includes the annual retainer, meeting and other fees, as well as any per diem compensation for special assignments, earned by a director for service to the Board or one of its committees. The compensation deferred is credited to a liability account, which is then invested at the option of the director in either an account that mirrors the performance of a fund selected by the Compensation Committee or its delegate (the "Mutual Fund Options") or in a phantom stock account which mirrors the performance of our common stock (the "Common Stock Option"). In accordance with a director's election, the deferred compensation will be paid in a lump sum or in monthly installments over a 5, 10 or 15-year period, or a combination of both, at the time designated by the plan upon a director's resignation or termination from the Board. However, a director may request to receive an "unforeseeable emergency hardship" in-service lump sum distribution of amounts credited to his account in accordance with the terms of the deferral plan. All deferred compensation will be immediately due and payable upon a "change in control" (as defined in the compensation deferral plan) of the Company. Effective January 1, 2005, account balances deemed to be invested in the Mutual Fund Options are payable in cash and account balances deemed to be invested in the Common Stock Option are payable in shares of the Company's common stock and cash in lieu of fractional shares. Prior to January 1, 2005, all account balances were payable in cash.

(b) Equity Grants to Non-Employee Directors. On May 24, 2005, each of the Non-Employee Directors of the Company (i.e., David Bere, Dennis Bottorff, Barbara Bowles, James Clayton, Reginald Dickson, E. Gordon Gee, Barbara Knuckles, J. Neal Purcell, James Robbins, and David Wilds) received an automatic grant of 4,600 restricted stock units ("RSUs") pursuant to the terms of the Company's 1998 Stock Incentive Plan. Each RSU represents the right to receive one share of the Company's common stock for each RSU. The RSUs generally vest on the first anniversary of the grant date, if the director is still serving as a director on that date, subject to accelerated vesting provisions as provided in the 1998 Stock Incentive Plan; however, no common stock may be distributed, nor any amount paid, to any director in respect of RSUs until the director has ceased to be a member of the Board. Dividend equivalents on the RSUs are credited to the director's RSU account in accordance with the terms of the 1998 Stock Incentive Plan.

(c) Annual Incentive Plan. On May 24, 2005, the Company's shareholders approved the Dollar General Corporation Annual Incentive Plan. The Annual Incentive Plan is designed to attract and retain executives and to motivate those executives to promote the profitability and growth of the Company by means of performance-based annual cash bonuses.

The Compensation Committee of the Company's Board of Directors determines who is eligible to participate in the Annual Incentive Plan. Any of the Company's executive officers or the executive officers of any of its subsidiaries may be selected by the Compensation Committee to participate in the plan. The Company currently has 9 executive officers, all of whom are eligible to participate in the plan in 2005.

The plan authorizes the payment of cash bonuses based on the Company's actual performance measured against established business and/or financial performance measures. Within 90 days of the start of each fiscal year, the Compensation Committee of the Company's Board of Directors determines the executives who will be participants in the plan and approves the performance measure or measures upon which performance goals will be based, the performance goal or goals applicable to each chosen performance measure, the relative weight of each performance measure if more than one is selected, and each participant's target bonus percentage. No participant can receive a bonus under the plan in excess of $2.5 million in any fiscal year. The Compensation Committee can base performance goals on one or more of the following performance measures:

- Net earnings or net income (before or after taxes)
- Net sales or revenue growth
- Return measures (including, but not limited to, return on assets, capital, invested capital, equity, sales or revenue)
- Earnings per share
- Productivity ratios
- Expense targets
- Operating efficiency
- Working capital targets
- Volume
- Market share
- Regulatory ratings
- Net worth
- Safety
- Earnings before or after taxes, interest, depreciation, and/or amortization
- Gross or net operating profit
- Cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital)
- Gross or operating margins
- Share price (including, but not limited to, growth measures and total shareholder return)
- Margins
- Customer satisfaction
- Economic value added
- Capital expenditures
- Costs
- Asset quality

No bonus can be paid under the plan unless and until the Compensation Committee certifies in writing that the previously established performance goal or goals have been satisfied. The Compensation Committee may reduce or eliminate any bonus in its discretion despite achievement of the performance goal or goals, but the Committee may not increase the amount of bonus payable to a "covered employee" (i.e., the Company's Chief Executive Officer and other four most highly-compensated executive officers). The plan allows a participant to elect in writing to defer the payment of his or her award in accordance with the terms of the Company's CDP/SERP Plan as it exists from time to time. The plan does not limit the Company's ability to make payments or awards to employees (including executive officers) under any other plan or arrangement.

In recent years, the Compensation Committee has selected net income as the sole performance measure upon which to base the performance goals in connection with the annual bonus program. The Compensation Committee has again selected net income as the sole performance measure for 2005. Net income for this purpose shall be computed in accordance with generally accepted accounting principles, but shall exclude the impact of any items related to the Company's restatement of audited financial results for 1998 and 1999 and unaudited results for 2000 along with any unplanned items of a non-recurring or extraordinary nature. In addition, the Compensation Committee has determined that no executive officer is eligible to receive a bonus under the plan in 2005 unless that officer receives a satisfactory or better performance rating when evaluated against his or her individual performance goals. The bonus to be paid under the Annual Incentive Plan to each executive officer named in the Company's 2005 Proxy Statement if the Company reaches the threshold, target or maximum net income levels established by the Compensation Committee is equal to the applicable percentage, as set forth in the chart below, of such officer's salary. If the net income level falls between the threshold and target net income levels or between the target and maximum net income levels, then each such officer shall receive a payment on a graduated scale commensurate with net income levels.

Name	Threshold	Target	Maximum
Mr. Perdue	50%	80%	160%
Mr. Tehle, Ms. Guion, Ms. Lanigan, Mr. O'Briant	25%	65%	100%

Payments made under the plan will be taxable to the recipients when paid. If a participant properly elects to defer a portion of the bonus award to the Company's CDP/SERP Plan, or any successor plan, the participant will generally be entitled to defer the recognition of income. The Company intends for payments under the plan to qualify as "performance-based" compensation under Section 162(m) of the Internal Revenue Code. As a result, the Company will generally be entitled to a Federal income tax deduction corresponding to the amount of income recognized by the participant. Effective generally January 1, 2005, plans that are not tax-qualified under which compensation may be deferred must comply with Section 409A of the Internal Revenue Code (as added by The American Jobs Creation Act of 2004). Section 409A provides specific rules for deferral elections, distributions and funding mechanisms under non-qualified deferred compensation plans. Failure to comply would result in significant penalties and interest for the individual but would not impact our tax deduction for deferred compensation.

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On May 26, 2005, Dollar General Corporation (the "Company") issued a news release regarding results of operations and financial condition for the first quarter ended April 29, 2005. The news release is attached hereto as Exhibit 99 and incorporated by reference as if fully set forth herein.

ITEM 7.01. REGULATION FD DISCLOSURE

The information set forth in Item 2.02 above is incorporated herein by reference. The press release also sets forth information regarding the planned conference call and webcast to discuss first quarter earnings, the outlook for the fiscal 2005 second quarter and full year, and other matters.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of businesses acquired. N/A
(b) Pro Forma Financial Information. N/A
(c) Exhibits. See Exhibit Index immediately following the signature page hereto.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 26, 2005	*DOLLAR GENERAL CORPORATION*
	By: /s/ Susan S. Lanigan
	Susan S. Lanigan *Executive Vice President and* *General Counsel*

EXHIBIT INDEX

Exhibit No.	Description
99	News release dated May 26, 2005.

Exhibit 99

Dollar General Reports First Quarter 2005 Earnings; Comments on Outlook

GOODLETTSVILLE, Tenn.--(BUSINESS WIRE)--May 26, 2005--Dollar General Corporation (NYSE:DG) today reported diluted earnings per share ("EPS") of $0.20 for the quarter ended April 29, 2005, compared with EPS of $0.20 for the prior year quarter ended April 30, 2004. Net income for the first quarter of 2005 was $64.9 million, 4.3 percent below net income of $67.8 million for the first quarter of fiscal 2004.
Net sales during the first quarter of 2005 increased 13.2 percent to $1.98 billion from $1.75 billion in the first quarter of 2004. The increase is primarily a result of net new stores and a same-store sales increase of 4.9 percent.
Gross profit during the current year period was $563.3 million, or 28.5 percent of sales, versus $512.3 million, or 29.3 percent of sales, during the comparable period in the prior year. The decrease in the gross profit rate is primarily attributable to lower sales, as a percent of total sales, in the Company's seasonal, home products and basic clothing categories, which have higher than average markups. Higher transportation costs also contributed to the decline in the gross profit rate. These factors were partially offset by the Company's higher average markups on beginning inventories.
Selling, general and administrative expenses ("SG&A") during the current year period were $456.4 million, or 23.1 percent of sales, versus $397.7 million, or 22.8 percent of sales, during the comparable period in the prior year. The increase in SG&A as a percent to sales is primarily the result of increases in store occupancy costs, including rent and utility expenses, repairs and maintenance, and fees associated with increased customer usage of debit cards. These increases were partially offset by decreases from the 2004 quarter in consulting fees relating to the Company's EZstore project and fees associated with Sarbanes-Oxley compliance efforts which did not recur in the 2005 quarter.
During the current year period, the Company repurchased approximately 1.2 million shares of its common stock for $25.1 million. These repurchases increase to 1.7 million the total number of shares repurchased under the Company's current ten million-share authorization, which expires November 30, 2005.

2005 Outlook

The Company expects EPS of $0.20-$0.23 for its second quarter ending July 29, 2005. For the fiscal year ending February 3, 2006, the Company believes that its previously reported EPS outlook of $1.15-$1.20 (after eliminating the effect of expensing stock options included in the Company's previous outlook), while still achievable, will be more difficult to attain considering the lower than anticipated earnings during its first quarter, as well as continuing concerns regarding the potential negative impact of the economy on discretionary spending of the Company's customers.

Conference Call

The Company will host a conference call on Thursday, May 26, 2005, at 10 a.m. EDT to discuss the quarter's results. The security code for the conference call is "Dollar General." If you wish to participate, please call (334) 260-2280 at least 10 minutes before the conference call is scheduled to begin. The call will also be broadcast live online at www.dollargeneral.com and can be accessed by clicking on the homepage "Spotlight Item." A replay of the conference call will be available until 5 p.m. EDT on Thursday, June 9, online or by calling (334) 323-7226. The replay pass code is 11237744.

Non-GAAP Disclosures

Return on invested capital ("ROIC"), included in the accompanying schedules to this release, may be considered a non-GAAP financial measure. Management believes that return on invested capital is useful because it provides investors with additional useful information for evaluating the efficiency of the Company's capital deployed in its operations. In addition, the Company has provided a calculation of ROIC and return on assets, computed using net income, excluding a restatement-related penalty, a non-GAAP measure, which management believes more clearly reflects the ongoing operations of the Company. This information should not be considered a substitute for any measures derived in accordance with GAAP. The Company has included its calculations of these non-GAAP measures and reconciliations to the most comparable GAAP financial measures in the accompanying schedules.

Forward-Looking Information

This press release contains forward-looking information, such as the information in the section entitled "2005 Outlook." The words "believe," "anticipate," "project," "plan," "schedule," "expect," "estimate," "objective," "forecast," "goal," "intend," "will likely result," or "will continue" and similar expressions generally identify forward-looking statements. These matters involve risks, uncertainties and other factors that may cause the actual performance of the Company to differ materially from that expressed or implied by these forward-looking statements. All forward-looking information should be evaluated in the context of these risks, uncertainties and other factors. 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 by, or implied in, the forward-looking statements. Factors that may result in actual results differing from such forward-looking information include, but are not limited to:

-- fuel price and interest rate fluctuations; -- a deterioration in general economic conditions whether caused by acts of war, terrorism or other factors; -- changes in demand due to unexpected or unusual weather patterns, economic conditions or other factors; -- transportation and distribution delays or interruptions both domestically and internationally; -- labor shortages in the trucking industry; -- the Company's ability to negotiate effectively the cost and purchase of merchandise;
-- prolonged or repeated price increases of certain raw materials that could affect vendors' product costs; -- 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; -- a continued rise in health insurance costs or workers' compensation costs;
-- seasonality of the Company's business such as a sales shortfall during the Christmas selling season; -- unanticipated changes in the federal or state minimum wage or living wage requirements;
-- changes in federal or state regulations governing the sale of the Company's products, particularly "over-the-counter" medications or health products;
-- excessive costs and delays associated with building, opening and operating new stores;
-- excessive costs and delays associated with building or opening distribution centers;
-- results of legal proceedings and claims; and -- other risk factors described in the Company's Form 10-K for the fiscal year ended January 28, 2005, filed with the SEC on April 12, 2005, and most recent Form 10-Q, as well as elsewhere in this press release.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. Except as may be required by law, the Company disclaims any obligation to publicly update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this release 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 SEC.

About Dollar General

Dollar General is a Fortune 500(R) discount retailer with 7,551 neighborhood stores as of April 29, 2005. Dollar General stores offer convenience and value to customers by offering consumable basic items that are frequently used and replenished, such as food, snacks, health and beauty aids and cleaning supplies, as well as a selection of basic apparel, housewares and seasonal items at everyday low prices. The Company store support center is located in Goodlettsville, Tennessee. Dollar General's Web site can be reached at www.dollargeneral.com.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(Dollars in thousands)

Subject to reclassification	April 29, 2005	April 30, 2004	January 28, 2005
	(Unaudited)	(Unaudited) (Restated) (a)	
ASSETS			
Current assets:			
Cash and cash equivalents	$ 236,523	$ 206,699	$ 232,830
Short-term investments	-	71,651	42,925
Merchandise inventories	1,465,981	1,277,185	1,376,537
Deferred income taxes	21,525	21,852	24,908
Prepaid expenses and other current assets	59,166	52,271	53,702
Total current assets	1,783,195	1,629,658	1,730,902
Property and equipment, at cost	1,990,986	1,775,496	1,940,335
Less: accumulated depreciation and amortization	898,989	789,441	859,497
Net property and equipment	1,091,997	986,055	1,080,838
Other assets, net	29,346	26,464	29,264
Total assets	$2,904,538	$2,642,177	$2,841,004
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term obligations	$ 10,737	$ 16,880	$ 12,860
Accounts payable	459,742	510,187	409,327
Accrued expenses and other	322,742	293,568	333,889
Income taxes payable	54,557	38,322	69,616
Total current liabilities	847,778	858,957	825,692
Long-term obligations	256,452	261,621	258,462
Deferred income taxes	72,342	56,137	72,385
Shareholders' equity:			
Preferred stock	-	-	-

Common stock	164,071	164,354	164,086
Additional paid-in capital	441,119	386,158	421,600
Retained earnings	1,129,626	920,783	1,102,457
Accumulated other comprehensive loss	(928)	(1,108)	(973)
	1,733,888	1,470,187	1,687,170
Other shareholders' equity	(5,922)	(4,725)	(2,705)
Total shareholders' equity	1,727,966	1,465,462	1,684,465
Total liabilities and shareholders' equity	$2,904,538	$2,642,177	$2,841,004

(a) The balance sheet as of April 30, 2004 has been restated using the accounting practices for leases described in the Company's press release dated March 3, 2005.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
Consolidated Statements of Income
(Dollars in thousands, except per share amounts)

(Unaudited)

	For the Quarter (13 Weeks) Ended			
	April 29, 2005	% of Net Sales	April 30, 2004	% of Net Sales
Net sales	$1,977,829	100.00%	$1,747,959	100.00%
Cost of goods sold	1,414,480	71.52	1,235,709	70.69
Gross profit	563,349	28.48	512,250	29.31
Selling, general and administrative	456,428	23.08	397,700	22.75
Operating profit	106,921	5.41	114,550	6.55
Interest income	(2,616)	(0.13)	(2,002)	(0.11)
Interest expense	5,968	0.30	8,444	0.48
Income before taxes on income	103,569	5.24	108,108	6.18
Provisions for taxes on income	38,669	1.96	40,259	2.30
Net income	$ 64,900	3.28%	$ 67,849	3.88%
Diluted earnings per share	$ 0.20		$ 0.20	
Weighted average diluted shares (000s)	331,218		337,257	
Basic earnings per share	$ 0.20		$ 0.20	
Weighted average basic shares (000s)	328,208		334,109	
Dividends per share	$ 0.040		$ 0.040	

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Dollars in thousands)

(Unaudited)

	For the Quarter (13 Weeks) Ended	
	April 29, 2005	April 30, 2004

Cash flows from operating activities:		
Net income	$ 64,900	$ 67,849
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	44,006	39,636
Deferred income taxes	3,340	12,559
Tax benefit from stock option exercises	2,967	2,172
Change in operating assets and liabilities:		
Merchandise inventories	(89,444)	(120,044)
Other current assets	(5,464)	(2,235)
Accounts payable	60,526	100,549
Accrued expenses and other	(10,824)	(9,175)
Income taxes	(15,086)	(7,422)
Other	(170)	(15,512)
Net cash provided by operating activities	54,751	68,377
Cash flows from investing activities:		
Purchases of property and equipment	(65,061)	(60,703)
Purchases of short term investments	(21,250)	(129,150)
Sales of short term investments	64,175	126,225
Proceeds from sale of property and equipment	122	29
Net cash used in investing activities	(22,014)	(63,599)
Cash flows from financing activities:		
Repayments of long-term obligations	(4,722)	(4,063)
Payment of cash dividends	(13,145)	(13,319)
Proceeds from exercise of stock options	13,494	6,546
Repurchases of common stock	(25,062)	(133,589)
Other financing activities	391	447
Net cash used in financing activities	(29,044)	(143,978)
Net increase (decrease) in cash and cash equivalents	3,693	(139,200)
Cash and cash equivalents, beginning of period	232,830	345,899
Cash and cash equivalents, end of period	$ 236,523	$ 206,699
Supplemental schedule of noncash investing and financing activities:		
Repurchases of common stock included in accounts payable	$ -	$ 18,996
Purchases of property and equipment awaiting processing for payment, included in accounts payable	$ 2,810	$ 16,494
Purchases of property and equipment under capital lease obligations	$ 578	$ 550

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
Selected Additional Information
(Unaudited)

	Sales by Category (in thousands)		
	13 Weeks Ended		
	April 29, 2005	April 30, 2004	% Change
Highly consumable	$1,321,306	$1,114,394	18.6 %
Seasonal	275,295	260,438	5.7 %
Home products	211,752	214,773	(1.4)%
Basic clothing	169,476	158,354	7.0 %
Total sales	$1,977,829	$1,747,959	13.2%

New Store Activity

	13 Weeks Ended	
	April 29, 2005	April 30, 2004
Beginning store count	7,320	6,700
New store openings	255	244
Store closings	24	14
Net new stores	231	230
Ending store count	7,551	6,930
Total selling square footage (000's)	51,739	47,004

	Customer Transaction Data	
	13 Weeks Ended	
	April 29, 2005	April 30, 2004
Same-store customer transactions	+1.3%	+3.6%
Average customer purchase (total stores)	$ 8.79	$ 8.41

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

Non-GAAP Disclosures

Return on Invested Capital (b)

(Unaudited)

(Restated) (a)	For the Four Quarters Ended	
($ in thousands)	April 29, 2005	April 30, 2004
Net income	$ 341,241	$ 306,519
Add:		
Interest expense, net	19,129	28,534
Rent expense	264,423	226,645
Tax effect of interest and rent	(101,063)	(95,907)
Interest and rent, net of tax	182,489	159,272
Return, net of tax	$ 523,730	$ 465,791
Restatement-related item - penalty expense	-	10,000
Return excluding restatement-related item	$ 523,730	$ 475,791
Average Invested Capital:		
Average long-term obligations (c)	$ 285,575	$ 295,625
Shareholders' equity (d)	1,589,803	1,439,889
Average rent x 8 (e)	1,964,272	1,684,904
Invested capital	$3,839,650	$3,420,418
Return on invested capital	13.6%	13.6%
Return on invested capital, excluding restatement- related item	13.6%	13.9%

(a) Net income used in the above calculations has been restated using the accounting practices for leases described in the Company's press release dated March 3, 2005.

(b) The Company believes that the most directly comparable ratio calculated solely using GAAP measures is the ratio of net income to the sum of average long-term obligations, including current portion, and average shareholders' equity. This ratio was 18.2% and 17.7% for the rolling four quarters ended April 29, 2005 and April 30, 2004, respectively.

(c) Average long-term obligations is equal to the average long-term obligations, including current portion, measured at the end of each of the last five fiscal quarters.
(d) Average shareholders' equity is equal to the average shareholders' equity measured at the end of each of the last five fiscal quarters.
(e) Average rent expense is computed using a rolling two-year period. Average rent expense is multiplied by a factor of eight to capitalize operating leases in the determination of pretax invested capital. This is a conventional methodology utilized by credit rating agencies and investment bankers.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
Non-GAAP Disclosures
Return on Assets
(Unaudited)

(Restated) (a)

($ in thousands)	For the Four Quarters Ended April 29, 2005	For the Four Quarters Ended April 30, 2004
Net income	$ 341,241	$ 306,519
Restatement-related item, net of tax	-	10,000
Net income, excluding restatement-related item	$ 341,241	$ 316,519
Average assets (b)	$2,761,511	$2,497,047
Return on assets	12.4%	12.3%
Return on assets, excluding restatement-related item	12.4%	12.7%

(a) Net income used in the above calculations has been restated using the accounting practices for leases described in the Company's press release dated March 3, 2005.
(b) Average assets is equal to the average total assets measured at the end of each of the last five fiscal quarters.

CONTACT: Dollar General Corporation
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Emma Jo Kauffman, 615-855-5525

or
Media Contact:

Tawn Earnest, 615-855-5209