

# DOLLAR GENERAL CORP

## **FORM 8-K** (Current report filing)

Filed 08/29/02 for the Period Ending 08/29/02

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 8-K (Unscheduled Material Events)

Filed 8/29/2002 For Period Ending 8/29/2002

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

# 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): August 28, 2002

## 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)

## ITEM 9. REGULATION FD DISCLOSURE

On August 28, 2002, Dollar General Corporation (the "Company") issued a news release with respect to its earnings for the second quarter of fiscal year 2002, ending August 2, 2002. The Company is filing this 8-K pursuant to the Securities and Exchange Commission's Regulation FD. A copy of the news release is attached hereto and is incorporated by reference as Exhibit 99.1.

## 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)

August 28, 2002

By: /s/ Susan S. Lanigan

-----  
Susan S. Lanigan  
Vice President, General Counsel and  
Corporate Secretary

Exhibit Index  
-----

Exhibit No.	Item
99.1	News release of August 28, 2002

Exhibit 99.1

Investor Contact:  
Emma Jo Kauffman  
615-855-5525

Media Contact:  
Andrea Turner  
615-855-5209

## DOLLAR GENERAL REPORTS INCREASED SALES AND EARNINGS FOR THE SECOND QUARTER OF 2002

GOODLETTSVILLE, Tennessee - August 28, 2002 - Dollar General Corporation (NYSE: DG) today reported net income for the second quarter of fiscal 2002 of \$42.4 million, or \$0.13 per diluted share, an increase of 56.3 percent compared to \$27.1 million, or \$0.08 per diluted share, in the second quarter of fiscal 2001. In the second quarter of 2002, the Company recorded approximately \$5.2 million of restatement-related pre-tax income, primarily from insurance proceeds. In the second quarter of 2001, the Company incurred restatement-related expenses of \$8.7 million. Excluding the restatement-related items from both years, net income during the current year second quarter increased 20.0 percent to \$39.1 million, or \$0.12 per diluted share, compared to net income of \$32.6 million, or \$0.10 per diluted share, in the comparable prior year quarter.

Net sales during the second quarter increased 18.6 percent to \$1.45 billion compared to \$1.23 billion in the second quarter of 2001. The increase resulted primarily from 563 net new stores and a same-store sales increase of 9.6 percent. Gross profit during the quarter was \$387.4 million, or 26.7 percent of sales versus \$331.3 million, or 27.0 percent of sales during the comparable period in the prior year. Excluding the restatement-related items noted above, S,G&A expenses for the quarter were \$314.4 million, or 21.6 percent of sales, in the current year, versus \$267.4 million, or 21.8 percent of sales, in the prior year.

Net income for the 26-week year-to-date period was \$88.3 million in fiscal 2002, or \$0.26 per diluted share, compared to \$63.3 million, or \$0.19 per diluted share, in the second quarter of fiscal 2001. Excluding net restatement-related items from both years, year-to-date net income increased 28.1 percent to \$88.4 million, or \$0.26 per diluted share, in fiscal 2002 compared to net income of \$69.0 million, or \$0.21 per diluted share, in the comparable prior year period. Year-to-date net sales increased 17.1 percent, including a same-store sales increase of 8.1 percent.

"Dollar General's strong same-store sales clearly reflect our management team's progress in improved store readiness for our customers," said Cal Turner, Chairman and CEO. "Of special pride to me is our improvement in inventory management and cash flow."

In July and August of 2002, Mr. Turner made voluntary payments to the Company totaling approximately \$6.8 million in cash. Of such amount, approximately \$6.0 million represented the value on April 10, 2002, of stock Mr. Turner acquired on April 7, 1999 and April 20, 2000 upon the exercise of stock options (net of the strike price of such options), which stock Mr. Turner continues to own, and approximately \$800,000 represented the value of performance-based bonuses received by Mr. Turner in April 1999 and April 2000. Mr. Turner voluntarily paid such amounts to the Company because the options vested and the performance bonuses were paid based on performance measures that were attained under the Company's originally reported financial results for the period covered by the Company's restatement. Those measures would not have been attained under the restated results. Mr. Turner said, "I am making these payments voluntarily with the complete conviction that it is the right thing to do."

In addition, Cal Turner, Chairman and CEO, and Jim Hagan, Executive Vice President and CFO, have today signed and submitted to the U.S. Securities and Exchange Commission ("SEC") sworn certifications with regard to the Company's fiscal 2001 annual report, subsequent proxy materials, reports on form 8-K, and the Company's fiscal 2002 first and second quarter reports filed with the SEC.

As of August 2, 2002, Dollar General operated 5,891 neighborhood stores in 27 states with distribution centers in Florida, Kentucky, Mississippi, Missouri, Ohio, Oklahoma and Virginia.

This press release contains historical and forward-looking information. The words "believe," "anticipate," "project," "plan," "expect," "estimate," "objective," "forecast," "goal," "intend," "will likely result," or "will continue" and similar expressions identify forward-looking statements. The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. 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:

the Company's ability to maintain adequate liquidity through its cash resources and credit facilities; the Company's ability to comply with the terms of the Company's credit facilities (or obtain waivers for non-compliance); general transportation and distribution delays or interruptions; inventory risks due to shifts in market demand; changes in product mix; interruptions in suppliers' businesses; fuel price and interest rate fluctuations; a deterioration in general economic conditions caused by acts of war or terrorism; temporary changes in demand due to weather patterns; delays associated with building, opening and operating new stores; and the impact of the SEC inquiry related to the restatement of the Company's financial statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. 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 release or to reflect the occurrence of unanticipated events.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES  
Selected Additional Information

Sales by Category (in thousands)  
(Unaudited)

	Quarter Ended			26 Weeks Ended		
	August 2, 2002	August 3, 2001	% Change	August 2, 2002	August 3, 2001	% Change
Highly consumable	\$ 892,507	\$ 737,778	21.0%	\$ 1,743,744	\$ 1,459,070	19.5%
Hardware and seasonal	226,328	185,082	22.3%	431,091	353,885	21.8%
Basic clothing	146,620	131,200	11.8%	288,921	261,832	10.3%
Home products	188,272	171,194	10.0%	379,383	352,971	7.5%
Total sales	\$1,453,727	\$ 1,225,254	18.6%	\$ 2,843,139	\$ 2,427,758	17.1%

New Store Activity for the 26 Weeks Ended  
(Unaudited)

	26 Weeks Ended August 2, 2002	26 Weeks Ended August 3, 2001
Beginning store count	5,540	5,000
New store openings	372	354
Store closings	21	26
Net new stores	351	328
Ending store count	5,891	5,328
Total selling square footage	39,760	36,032

Customer Transaction Data  
(Unaudited)

	Quarter Ended		26 Weeks Ended	
	August 2, 2002	August 3, 2001	August 2, 2002	August 3, 2001
Same-store customer transactions	7.6%	4.5%	6.5%	4.8%
Average customer transaction	\$8.33	\$8.17	\$8.33	\$8.19

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES  
Condensed Consolidated Balance Sheets  
(In thousands)

	August 2, 2002 (Unaudited)	February 1, 2002
	-----	-----
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents.....	\$ 39,517	\$ 261,525
Merchandise inventories.....	1,058,200	1,131,023
Deferred income taxes.....	25,552	105,091
Income taxes receivable.....	55,573	6,820
Other current assets.....	65,263	51,588
	-----	-----
Total current assets.....	1,244,105	1,556,047
	-----	-----
Property and equipment, at cost.....	1,547,346	1,473,693
Less accumulated depreciation and amortization.....	548,073	484,778
	-----	-----
Net property and equipment.....	999,273	988,915
	-----	-----
Other assets.....	21,851	7,423
	-----	-----
Total assets.....	\$ 2,265,229	\$ 2,552,385
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term obligations.....	\$ 15,132	\$ 395,675
Accounts payable.....	346,786	322,463
Accrued expenses and other.....	219,220	253,413
Litigation settlement payable.....	-	162,000
	-----	-----
Total current liabilities.....	581,138	1,133,551
	-----	-----
Long-term obligations.....	506,707	339,470
Deferred income taxes.....	46,030	37,646
	-----	-----
Shareholders' equity:		
Preferred stock.....	-	-
Common stock.....	166,670	166,359
Additional paid-in capital.....	312,589	301,848
Retained earnings.....	656,894	579,265
Accumulated other comprehensive loss.....	(2,012)	(3,228)
	-----	-----
Total shareholders' equity.....	1,134,141	1,044,244
	-----	-----
Less other shareholders' equity.....	2,787	2,526
	-----	-----
Total shareholders' equity.....	1,131,354	1,041,718
	-----	-----
Total liabilities and shareholders' equity.....	\$ 2,265,229	\$ 2,552,385
	=====	=====



DOLLAR GENERAL CORPORATION AND SUBSIDIARIES  
Condensed Consolidated Statements of Income (Unaudited)  
(Amounts in thousands except per share amounts)

	13 Weeks Ended			
	August 2, 2002	% of Net Sales	August 3, 2001	% of Net Sales
Net sales .....	\$ 1,453,727	100.0%	\$ 1,225,254	100.0%
Cost of goods sold .....	1,066,300	73.3	893,971	73.0
	-----	-----	-----	-----
Gross profit .....	387,427	26.7	331,283	27.0
Selling, general and administrative expenses	313,667	21.6	276,069	22.5
Insurance proceeds .....	(4,500)	(0.3)	--	--
	-----	-----	-----	-----
Operating profit .....	78,260	5.4	55,214	4.5
Interest expense .....	11,337	0.8	11,957	1.0
	-----	-----	-----	-----
Income before income taxes .....	66,923	4.6	43,257	3.5
Provision for income taxes .....	24,561	1.7	16,157	1.3
	-----	-----	-----	-----
Net income .....	\$ 42,362	2.9%	\$ 27,100	2.2%
	=====	=====	=====	=====
Earnings per share:				
Basic .....	\$ 0.13		\$ 0.08	
	=====		=====	
Diluted .....	\$ 0.13		\$ 0.08	
	=====		=====	
Weighted average shares:				
Basic .....	333,067		332,330	
	=====		=====	
Diluted .....	335,737		335,402	
	=====		=====	
Dividends per share .....	\$ .032		\$ .032	
	=====		=====	

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES  
Condensed Consolidated Statements of Income (Unaudited)  
(Amounts in thousands except per share amounts)

	26 Weeks Ended			
	August 2, 2002	% of Net Sales	August 3, 2001	% of Net Sales
Net sales.....	\$ 2,843,139	100.0%	\$ 2,427,758	100.0%
Cost of goods sold.....	2,075,420	73.0	1,775,050	73.1
Gross profit.....	767,719	27.0	652,708	26.9
Selling, general and administrative expense.....	610,971	21.5	528,059	21.8
Insurance proceeds.....	(4,500)	(0.2)	--	--
Operating profit.....	161,248	5.7	124,649	5.1
Interest expense.....	21,769	0.8	23,557	0.9
Income before income taxes.....	139,479	4.9	101,092	4.2
Provision for taxes on income.....	51,189	1.8	37,759	1.6
Net income.....	\$ 88,290	3.1%	\$ 63,333	2.6%
Earnings per share:				
Basic.....	\$ 0.27		\$ 0.19	
Diluted.....	\$ 0.26		\$ 0.19	
Weighted average shares:				
Basic.....	332,866		331,959	
Diluted.....	335,286		335,293	
Dividends per share.....	\$ .064		\$ .064	

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES  
Condensed Consolidated Statements of Cash Flows (Unaudited)  
(In thousands)

	26 Weeks Ended	
	August 2, 2002	August 3, 2001
Cash flows from operating activities:		
Net income	\$ 88,290	\$ 63,333
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	66,019	60,980
Deferred income taxes	87,296	(7,135)
Tax benefit from stock option exercises	2,120	4,656
Litigation settlement	(162,000)	--
Change in operating assets and liabilities:		
Merchandise inventories	72,823	(84,621)
Other current assets	(13,675)	2,269
Accounts payable	24,323	(2,478)
Accrued expenses and other	(11,206)	(59)
Income taxes	(59,464)	(21,995)
Other	(13,914)	(5,131)
Net cash provided by operating activities	80,612	9,819
Cash flows from investing activities:		
Purchase of property and equipment	(70,445)	(73,942)
Proceeds from sale of property and equipment	127	144
Net cash used in investing activities	(70,318)	(73,798)
Cash flows from financing activities:		
Net borrowings under revolving credit facilities	170,000	--
Repayments of long-term obligations	(389,561)	(6,023)
Payments of cash dividends	(21,307)	(21,268)
Proceeds from exercise of stock options	4,509	10,623
Other financing activities	4,057	(33)
Net cash used in financing activities	(232,302)	(16,701)
Net decrease in cash and cash equivalents	(222,008)	(80,680)
Cash and cash equivalents, beginning of period	261,525	162,310
Cash and cash equivalents, end of period	\$ 39,517	\$ 81,630
Supplemental schedule of noncash investing and financing activities -		
Purchase of property and equipment under capital lease obligations	\$ 6,233	\$ 17,393

###

**End of Filing**

Powered By **EDGAR**  
Online

© 2005 | EDGAR Online, Inc.