

DOLLAR GENERAL CORP

FORM 10-K/A (Amended Annual Report)

Filed 04/27/94 for the Period Ending 01/31/94

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

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FORM 10-K/A (Amended Annual Report)

Filed 4/27/1994 For Period Ending 1/31/1994

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 10-K

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

For the fiscal year ended January 31, 1994

Commission file number 0-4769

DOLLAR GENERAL CORPORATION

(Exact name of Registrant as Specified in its Charter)

KENTUCKY	61-0502302
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

104 Woodmont Boulevard
Suite 500
Nashville, Tennessee 37205
(Address of principal executive offices, zip code)

Registrant's telephone number, including area code: (615) 783-2000

Securities registered pursuant to Section 12(b) of the Act: None

**Securities registered pursuant to Section 12(g) of the Act: Common
Stock, par value \$0.50**

Indicate by check mark whether the Registrant (1) has filed all reports required 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

Indicate by check mark if the disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

Aggregate market value of the Common Stock of the Registrant held by non-affiliates of the Registrant as of April 14, 1994 is \$1,068,246,580 based upon the last reported sale price on such date by the Nasdaq Stock Market. The market value calculation assumes that all shares beneficially held by members of the Board of Directors of the Registrant are shares owned by "affiliates," a status that each of the directors individually disclaims.

The number of shares of common stock outstanding as April 14, 1994, was 54,496,967.

Documents Incorporated by Reference

Document	Where Incorporated
Registrant's Proxy Statement Relating to the Annual Meeting of Stockholders to be Held on June 6, 1994.	Part III

PART I

Item 1. Business

General

The following text contains references to years 1994, 1993 and 1992 which represent fiscal years ended January 31, 1994, January 31, 1993 and January 31, 1992, respectively.

Dollar General Corporation (the "Company") was organized in 1939 as J. L. Turner and Son, Inc. under the laws of the Commonwealth of Kentucky. In 1968, the Company changed its name to Dollar General Corporation. Today, the Company seeks profitable growth by providing value in hard- and soft-goods merchandise to low-, middle- and fixed-income families. The Company sells this general merchandise at retail through a chain of 1,800 small Company-owned stores in 24 states. The Company-owned stores, located predominantly in small towns in the midwestern and southeastern United States, operate under the name "Dollar General Stores."

The Company's mission is "SERVING OTHERS! Serving Our Customers...with greatest everyday value. Serving Our Shareholders...with superior return on investment. Serving Our Employees...as partners in total development." In order to carry out its mission, the Company has developed a strategy which includes the following principal elements:

LOW-, MIDDLE- AND FIXED-INCOME CUSTOMERS. The Company seeks to serve the basic product needs of low-, middle- and fixed-income consumers.

EVERYDAY LOW PRICES. The Company's buying strategy enables the Company to offer quality merchandise at everyday low prices. The Company emphasizes even-dollar price points and believes its prices are generally below those of its competitors. The majority of products in Dollar General Stores are priced at \$10 or less, with the most expensive item generally priced at \$35.

FOCUSED ASSORTMENT OF MERCHANDISE. The Company is committed to offering a focused assortment of quality, basic merchandise in a number of core categories. The Company offers hardgoods, including health and beauty aids, cleaning supplies, housewares, stationery and seasonal goods. The Company also markets the basics in softgoods, including apparel for the whole family, shoes and domestics. The Company strives at all times to be "in stock" in basic merchandise in its core categories.

LOW OPERATING COSTS. The Company maintains strict overhead cost controls and locates stores in neighborhoods where store rental and operating costs are low.

The Company's business is seasonal in nature. Due to the holiday season, the fourth quarter usually reflects significantly higher net sales and net income than other quarters. The first quarter is usually the least profitable due largely to the traditionally slow after-Christmas sales period.

Merchandise

The merchandise mix of the Company has shifted over the past three years, with hardgoods sales showing a 5% incremental increase of total sales. The increase in hardgoods' sales has occurred in part because of a determined commitment to keep hardgoods in stock, an increased emphasis on private label ("DG Signature") products, and an expanded selection of brand-name merchandise. The following table shows an approximate percentage of 1994, 1993, and 1992 Dollar General Store sales by product category.

	PERCENTAGE OF SALES		
	1994	1993	1992
HARDGOODS	65%	64%	60%
SOFTGOODS	35%	36%	40%

Dollar General Stores offer quality, basic merchandise at everyday low prices. The Company believes that its merchandising strategy generates frequent

repeat customer traffic. The Company is able to offer everyday low prices to its customers in large part because its buying staff negotiates low purchase prices. The Company purchases its merchandise from a wide variety of suppliers, with no supplier accounting for more than 1.5% percent of the Company's purchases during 1994.

The Company buys quality hardgoods and softgoods on a regular basis and supplements its inventory with manufacturers' overruns, closeouts and irregulars which sell at a discount from regular retail prices. Irregular softgoods have minor production flaws and are purchased by the Company from manufacturers on a regular basis. During 1994, approximately 10% of the Company's purchases of softgoods were manufacturers' overruns, closeouts or irregular merchandise. In addition, approximately 8% of the Company's hardgoods purchases were closeout merchandise. Approximately 25% of the Company's softgoods merchandise and 45% of the hardgoods merchandise in 1994 consisted of brand-name merchandise, down from 30% and 50%, respectively, in 1993. Although the total percentage of brand-name merchandise is down from 1993, the Company has expanded the selection of such merchandise in order to offer the customer a broader assortment of brand-named goods. Because the Company offers primarily quality, basic merchandise, it believes its risk of inventory obsolescence is low. However, the limited quantities of obsolete merchandise are periodically marked down to remove such merchandise from inventory.

The Company's policy is to provide everyday low prices. The Company emphasizes even-dollar pricing of its merchandise, most of which is priced at \$1 and in increments of \$1, with the most expensive item generally priced at \$35. The Company believes even-dollar pricing facilitates the customer's perception of value. In addition, the Company believes even-dollar pricing disciplines its buyers to continually negotiate purchase prices that conform to a limited number of retail price points.

The Company's stores regularly receive merchandise shipments from Company distribution centers in Scottsville, Kentucky and Homerville, Georgia and directly from suppliers.

The Dollar General Store

The typical Dollar General Store has approximately 6,000 square feet of selling space and is operated by a manager and two or more sales clerks. In 1994, the Company benefited from rental costs of approximately \$3.20 per square foot of selling space. Approximately 75% of the Dollar General Stores are situated in communities with populations of 25,000 or less. Approximately 55% of the Company's stores are located in strip shopping centers, with the balance in free-standing or downtown store buildings. Store sites have been relatively easy to find, and the Company does not anticipate difficulty in finding suitable locations in the future. The Company's policy is to negotiate low-cost, short-term leases, usually three years, with renewal options when available. These leases allow closing of unsatisfactory locations with minimal cost to the Company.

The Company opened 183 net new stores in 1994, and expects to open a net 180 stores in fiscal 1995. The Company's store growth is summarized by the following table:

FISCAL YEAR	BEGINNING OF YEAR	STORES OPENED	STORES CLOSED	NET STORES OPENED	STORES AT YEAR END
1994	1,617	251	68	183	1,800
1993	1,522	146	51	95	1,617
1992	1,461	118	57	61	1,522

In addition to opening new Dollar General Stores, the Company's management is continually working to improve the performance of the existing stores. The Company has instituted numerous internal accounting and auditing measures to control inventory levels and to reduce inventory shrinkage. The shrinkage-to-sales ratio for 1994 was 2.7% compared to 2.4% for 1993 and 3.0% in 1992. The Company's management finds even this slight increase in shrinkage unacceptable and has implemented for fiscal 1995 a comprehensive action plan designed to reduce shrinkage. As a part of this plan, the Company is purchasing bar-code scanning equipment for all of its stores and additional scanning equipment for its distribution centers.

Same-store sales (i.e., those stores that were opened before the beginning of the prior fiscal year and that have been opened throughout both the prior and current fiscal years) showed an 11.2% increase in 1992, a 15.5% increase in 1993, and a 12.7% increase in 1994. The average Dollar General "same-store" generated annual sales of \$662,000 in 1994, as compared to \$600,000 in 1993. In addition, at January 31, 1994, the Company served as wholesaler for 13 retail stores operating under the Dollar General name but owned by others. Revenues from sales to these retail stores amounted to less than 0.5% of the Company's gross revenue in 1994.

Employees

The Company and its subsidiaries have approximately 10,400 full and part time employees including regional managers, district managers, store managers, clerks, and distribution center and office personnel. Approximately 6,000 employees are employed on a full-time basis, working at least 30 hours per week.

Competition

The business in which the Company is engaged is highly competitive. The Company competes with discount stores which also sell popularly-priced merchandise and with all types of retailers, including department stores, variety stores, mail order chains and specialty stores. Some of the largest retail merchandising companies in the nation have stores in some of the areas where the Company operates. Management believes that it competes primarily by offering quality, basic merchandise at the consistently lowest everyday cash price. Dollar General Stores operate on a cash basis and do not accept credit sales.

Executive Officers of the Company

The names, ages and positions with the Company of its executive officers as of April 14, 1994, are as follows:

NAME	AGE	POSITION	EXECUTIVE OFFICER SINCE:
Cal Turner, Jr.	54	Chairman of the Board, President and Chief Executive Officer	1966
Bob Carpenter	46	Vice President and Chief Administrative Officer	1981
Michael Ennis	40	Vice President Merchandising Operations	1988
Troy Fellers	52	Vice President Distribution	1991
C. Kent Garner	47	Vice President, Treasurer and Chief Financial Officer	1992
Tom Hartshorn	43	Vice President Merchandising Operations	1992
Ron Humphrys	44	Vice President Merchandise Development	1992
J. Holger Jensen	47	Vice President Information Resources	1994
Scott Northcutt	32	Vice President Human Resources	1992
Leigh Stelmach	54	Executive Vice President Operations	1989
Robert K. Voss	44	Executive Vice President Merchandising	1993

All executive officers of the Company serve at the pleasure of the Board of Directors. Only Messrs. Turner, Carpenter and Ennis have been employed by the Company as executive officers for more than the past five years. The following is a brief summary of the business experience of the executive officers:

Mr. Turner joined the Company in 1965 and was elected President and Chief Executive Officer in 1977. Mr. Turner has served as Chairman of the Board since January, 1989.

Mr. Carpenter joined the Company in 1981 as Vice President-- Administration and General Counsel. From 1987 to 1993, Mr. Carpenter served as Vice President--

Administration, Chief Counsel and Corporate Secretary. Mr. Carpenter was named Chief Administrative Officer in 1993. Mr. Ennis joined the Company as Vice President--Merchandising in February 1988 and was named Vice President Merchandising Operations in 1993. From April 1986 to February 1988, Mr. Ennis served as Regional Merchandise Manager for McCrory/T. G. & Y. and as Regional Vice President, from June 1985 to April 1986. Prior to that, he was Regional Merchandise Manager from January 1985 to June 1985 and District Manager--Store Operations from February 1983 to January 1985 of the Dollar T Stores division of T. G. & Y. Mr. Ennis served for over 15 years in various capacities with McCrory/T. G. & Y. Stores Co.

Mr. Fellers became Vice President--Distribution in March 1991. He joined the Company in September 1989 as Director of Distribution. From 1986 to September 1989, Mr. Fellers was Facility Manager of a major distribution complex of McCrory Stores in Clinton, South Carolina. Before joining McCrory Stores Co. in 1986, he was General Manager--Distribution from 1984 to 1986 for T. G. & Y. Stores. Mr. Fellers was Regional Distribution Manager for a Ben Franklin division of Household Merchandising, Inc. from 1981 to 1984 and warehouse manager for its Coast to Coast Stores from 1964 to 1981. Mr. Garner joined the Company in his current capacity--Chief Financial Officer--in December, 1992. Prior to joining the Company, he served as Treasurer of Vulcan Materials Company from August, 1982 to November, 1992. Before joining Vulcan Materials, Mr. Garner served for nine years with Continental Bank in various planning, commercial lending, and management capacities. Mr. Hartshorn joined the Company as Vice President--Operations in January 1992 and was named Vice President Merchandising Operations in 1993. Prior to that he was Director--Store Operations for McCrory Stores/T. G. & Y. During his career with McCrory/T. G. & Y., he held positions in store management, as well as district and regional field management. He served with McCrory/T. G. & Y. from 1967 until joining the Company in 1992. Mr. Humphrys became Vice President--Merchandise Development in March 1992. He has worked for the Company since 1971 and has held a variety of positions in merchandising.

Mr. Jensen joined the Company in his current capacity--Vice President Information Resources--in April, 1994. Prior to joining the Company, he served as Vice President of Management Information Systems for OW Office Warehouse, Inc., from 1991 until 1994. Prior to that he was Director of MIS for K's Merchandise Mart from 1990 to 1991, a Management Consultant for Retail Management Consulting from 1987 to 1990, and Consultant and Vice President of MIS for Wickes Companies, Inc. from 1985 to 1987. Mr. Jensen began his career in MIS with Manville Corporation in 1970, where he held various positions, including Vice President of Information Services from 1982 to 1985.

Mr. Northcutt became Vice President--Human Resources in March 1992. He joined the Company in May, 1988 as Director of Training and was subsequently promoted to Director of Human Resources. Prior to joining the Company, he served as Director of Human Resources for Begley Co., Richmond, Kentucky, from 1985 to 1988.

Mr. Stelmach joined the Company in June 1989 as Vice President Merchandising/Operations and was named Executive Vice President, Operations in 1993. Prior to that he was President and Chief Operating Officer of Fred's Stores/Baddour, Inc. where he held various senior management positions since 1986. Before joining Fred's, Mr. Stelmach was Senior Vice President of Howard's Discount in Monroe, Louisiana from 1984-1986 and Senior Vice President of Grand Central/Fred Meyer, in Salt Lake city, Utah from 1980 to 1984. Mr. Stelmach began his retailing career in 1965 with Target Stores, Inc. where he held various operating management positions.

Mr. Voss joined the Company in his current capacity--Executive Vice President, Merchandising--September, 1993. Prior to joining the Company, he served as President & CEO of Gramex Corporation from February, 1991 to July, 1993. Before joining Gramex Corporation, Mr. Voss was Executive Vice President for Staples, Inc., from February, 1990 until February, 1991. Mr. Voss began his retailing career in 1975 with WalMart Stores, Inc., where he held various senior management positions until 1990.

Item 2. Properties

As of January 31, 1994, the Company operated 1,800 retail stores located in states as follows:

STATE	NUMBER OF STORES	STATE	NUMBER OF STORES
Alabama	61	Mississippi	53
Arkansas	58	Missouri	128
Delaware	8	Nebraska	13
Florida	148	North Carolina	50
Georgia	81	Ohio	82
Illinois	111	Oklahoma	62
Indiana	108	Pennsylvania	72
Iowa	47	South Carolina	30
Kansas	39	Tennessee	160
Kentucky	149	Texas	77
Louisiana	70	Virginia	104
Maryland	28	West Virginia	61

Substantially all of the Company's stores are on leased premises. The individual store leases vary as to their respective terms, rental provisions and expiration dates. In 1994, the Company's total rental expenses were approximately \$34,351,000 or about \$3.20 per square foot of selling space. Leases for approximately 323 locations contain options to renew for additional terms ranging from one to five years. It is the Company's policy to negotiate short-term leases so that it can adjust quickly to shifts in population and business centers. As of January 31, 1994, the Company's stores had an average remaining lease life of 25 months.

The Company owns a distribution complex and its administrative offices in Scottsville, Kentucky. The Company's total warehouse area in Scottsville,

Kentucky is approximately 590,000 square feet. The Company also owns a distribution center containing approximately 500,000 square feet in Homerville, Georgia, which includes an expansion of 250,000 additional square feet substantially completed in the third quarter of 1993. In February 1994, the Company announced plans to open a new 500,000 square foot distribution center near Ardmore, Oklahoma. This facility is expected to be fully operational in early calendar 1995.

The Company also maintains executive offices in approximately 20,000 square feet of leased space at 104 Woodmont Boulevard, Nashville, Tennessee. The Company's five-year lease runs to September, 1996.

Item 3. Legal Proceedings

There are no material pending legal proceedings to which the Company or any of its subsidiaries is a party, or to which any of its property is subject.

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

No matters were submitted to shareholders during the fourth quarter ended January 31, 1994.

PART II

Item 5. Market for the Registrant's Common Stock and Related

Security Holder Matters

The Company's Common Stock is traded on the Nasdaq Stock Market under the symbol "DOLR." The range of the high and low closing prices of its stock for each full quarter during the two most recent fiscal years, as reported in the automated quotation system, is shown in the table below. Prices have been restated to reflect a five-for-four stock split distributed April 15, 1994. As of April 14, 1994, the Company had approximately 3,100 shareholders of record.

FISCAL YEAR	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
HIGH	\$18 1/2	\$21 3/4	\$26 1/2	\$24
LOW	13 5/8	15 3/4	18 3/4	18 5/8
DIVIDEND AS DECLARED	.05	.05	.05	.05

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
HIGH	\$11 5/8	\$11 5/8	\$13 5/8	\$15 1/2
LOW	9 1/2	9 5/8	11 1/4	12 3/4
DIVIDEND AS DECLARED	.05	.05	.05	.05

Item 6. Selected Financial Data**FIVE-YEAR SUMMARY (Dollars in thousands except per share amounts and operating data)**

	January 31, 1994	January 31,1993	January 31,1992	January 31,1991	January 31, 1990
Summary of Operations:					
Net Sales	\$1,132,995	\$920,698	\$754,426	\$653,151	\$615,148
Gross Profit	\$ 325,998	\$267,109	\$215,481	\$187,388	\$180,729
Income before Taxes on Income	\$ 78,004	\$ 58,222	\$ 34,680	\$ 23,087	\$ 20,320
Net Income	\$ 48,557	\$ 35,574	\$ 21,502	\$ 14,616	\$ 12,377
Net Income as a % of Sales	4.3	3.9	2.9	2.2	2.0
Per Common Share Results:					
Net Income per share(a)	\$ 1.13	\$ 0.84	\$ 0.52	\$ 0.37	\$ 0.32
Net Income per share(b)	\$ 0.90	\$ 0.67	\$ 0.42	\$ 0.30	\$ 0.25
Cash Dividends per Share					
As Declared	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20
As adjusted(b)	\$ 0.16	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12
Weighted Average Shares(000)(a)	43,060	42,436	41,111	39,338	39,226
Weighted Average Shares(000)(b)	53,825	53,045	51,389	49,172	49,033
Financial Position:					
Assets	\$ 397,237	\$316,394	\$237,346	\$207,737	\$193,790
Long-term Obligations	\$ 5,711	\$ 7,013	\$ 8,314	\$ 11,834	\$ 6,824
Shareholders' Equity	\$ 240,717	\$189,765	\$150,986	\$131,717	\$120,640
Inventory Turn	3.1	2.7	2.6	2.5	2.7
Return on Avg. Assets (%)	13.6	12.9	9.7	7.3	6.1
Return on Avg. Equity (%)	22.6	20.9	15.2	11.6	10.7
Operating Data:					
Company Owned Stores at End of Period	1,800	1,617	1,522	1,461	1,378
Franchised Stores at End of Period	13	14	14	15	16
Year-end Selling Sq.Feet(000)	10,724	9,341	8,522	8,085	7,682
Average Selling Sq.Feet(000)	9,856	8,975	8,290	7,857	7,516
Sales per Average Sq. Foot	\$115	\$103	\$91	\$83	\$82
Hardgoods Sales %	65	64	60	55	56
Softgoods Sales %	35	36	40	45	44

(a)Before adjustment for April 15, 1994, five-for-four stock split.

(b)As adjusted to give retroactive effect to the April 15, 1994, five-for-four split

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following text contains references to years 1994, 1993 and 1992 which represent fiscal years ended January 31, 1994, 1993 and 1992, respectively.

GENERAL

Several significant programs implemented or continued during 1994 enabled the Company to exceed the \$1 billion sales level and to achieve for the third consecutive year double digit same-store sales gains and record earnings. Increasing significantly the number of new store openings, introducing chain-wide electronic cash registers, continuing emphasis on our everyday low pricing strategy and further improving our stores' in-stock levels were the principal reasons for the Company's success this year.

Importantly, we expect that each of these programs will continue to improve our service to our customers and to contribute to the Company's future performance.

Early in 1994, the Company reorganized its new-store development effort and expanded its real estate training program. It created a powerful partnership between more than 100 district managers and 6 real estate representatives. The resulting teamwork enabled the Company to open 251 new stores during the year, the highest number ever. The Company also closed 68 of its least profitable stores during the year.

	STORES OPENED				TOTAL
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	
1994	53	58	81	59	251
1993	41	37	35	33	146
1992	29	26	33	30	118

In 1994, the Company completed the first of two planned improvements in its information technology for store operations. After testing various electronic cash registers in many of its stores during 1993, the Company selected the Omron 3510 register for use in all of its stores. In the summer of 1994, Omron registers were installed chain-wide. These registers simplify several aspects of store operations and permit better inventory management. Customer checkout and register closeout procedures have been simplified. Sales by department and bank deposits are reported electronically each day thereby eliminating time-consuming paperwork for the store staff and improving cash management. If warranted, these registers can be upgraded to capture stock keeping unit information at the point of sale.

The second planned technological improvement for store operations is the introduction of hand-held scanners in the stores to permit faster and more accurate receipt and ordering of merchandise, payroll reporting, inventory counts and delivery-trailer security. Testing of the Symbol hand-held scanners is nearly complete. The Company plans to have these scanners fully operational in all stores in the first half of fiscal 1995.

In an effort to improve profitability, and as a result of the Company's strategy of offering everyday low prices as opposed to periodic "sale" pricing, the Company again reduced the number of its advertising circulars. Management believes that each reduction in the number of advertising circulars results in only a temporary reduction of same-store sales. In fiscal 1995, the Company will again distribute 4 circulars. To ensure maximum impact, circulars were mailed and will continue to be "solo" mailed to current and prospective customers as opposed to the past practice of combining the Company circulars with the mailings of other retailers in newspapers.

	Circulars	Advertising as a of Sales	Sales Store Sales Growth
1994	4	1.3%	12.7%
1993	5	1.5%	15.5%
1992	6	1.7%	11.2%
1991	7	2.0%	1.7%
1990	9	2.0%	(1.2%)
1989	11	2.5%	4.5%
1987	13	3.0%	2.3%

RESULTS OF OPERATIONS

The following table sets forth certain items in the consolidated statements of income expressed as a percentage of net sales for the periods indicated.

	Fiscal year ended January 31		
	1994	1993	1992
Net Sales	100.0%	100.0%	100.0%
Gross profit	28.8	29.0	28.6
Selling, general and administrative exp.	21.7	22.4	23.6
Interest expense	0.2	0.3	0.4
Income before taxes on income	6.9	6.3	4.6
Provision for taxes on income	2.6	2.4	1.7
Net income	4.3%	3.9%	2.9%

Net Sales - Net sales for 1994 totaled \$1,133.0 million, an increase of 23.1%, or \$212.3 million more than the 1993 level of \$920.7 million. The increase was the result of sales from 183 net new stores opened during the year and same-store sales increasing 12.7%. The Company defines same-stores as those that were opened before the beginning of the prior fiscal year and that have been open throughout both the prior and current fiscal years. Management believes the same-stores sales increase is primarily the result of better basic merchandise in-stock positions in the stores, improved item merchandising, and selected price rollbacks (markdowns). The price reductions made in softgoods were primarily in ladies apparel, shoes, lingerie and infants apparel. The price reductions in hardgoods were mainly in housewares and hardware.

The sales mix during 1994 shifted slightly toward hardgoods which comprised 64.7% of sales compared with 63.9% in 1993. For the third consecutive year, the realized gross margin of hardgoods exceeded that of softgoods in 1994 by 2.8%. While the Company currently has no target sales mix, we believe that the softgoods price reductions made in 1994 and planned for fiscal 1995, better item selection and continued focus on basic apparel may increase the proportion of softgoods sold.

Net sales for 1993 equaled \$920.7 million, up \$166.3 million or 22.0%, from 1992 sales of \$754.4 million. The increase resulted from the net addition of 95 stores during 1993 and a 15.5% increase in same-store sales.

Gross Profit - Gross profit for 1994 was \$326.0 million, compared to \$267.1 million and \$215.5 million for 1993 and 1992, respectively. Gross profit as a percentage of sales was 28.8% in 1994 versus 29.0% in 1993. This slight decrease of 0.2% was due principally to higher distribution expenses, in part related to the operation of a seasonal warehouse during the second and third quarters, increased price reductions (markdowns), and higher inventory shrinkage. These factors more than offset a higher beginning inventory margin and a larger year-end LIFO credit inventory in 1994.

Gross profit for 1993 was 29.0% of sales compared to 28.6% in 1992. This increase was mainly the result of lower shrinkage and a small retail last in, first out (LIFO) inventory credit versus a small charge in 1992.

Selling, General and Administrative Expenses - Selling, general and administrative expenses for 1994 were \$245.8 million, or 21.7% of sales, compared to \$206.2 million, or 22.4% of sales in 1993. Total expenses increased 19.2% principally as a result of higher salaries and incentive compensation, rent, depreciation and supplies expenses. The 1994 expense-to-sales ratio is the lowest since 1984. Salary, rent and advertising expenses all declined as a percentage of sales as a result of tight control of overhead and the significant sales increase for the year. These decreases more than offset the increases in depreciation and supplies as a percentage of sales due to the greater number of stores and the operation of the expanded Homerville, Georgia distribution center for the entire year.

Selling, general and administration expenses of \$206.2 million in 1993 represented an increase of 16.1% from \$177.7 million in 1992. This increase was the result of higher incentive compensation, including two new bonus programs implemented in 1993 for assistant store managers and all support employees not previously eligible for annual incentive bonuses. Rent expense also rose as a result of the 95 net new stores and increased contingent rent due to higher sales.

Selling, general and administrative expenses in 1992 reflected an increase of 11.5% from \$159.3 million in 1991. This increase was a result of sales from 61 net new stores opened during 1992 and increased same-store expenses. As a percentage of sales, selling, general and administrative expenses decreased to 23.6% in 1992 from 24.4% in 1991. This reduction resulted principally from the 11.2% increase in same-store sales exceeding the 5.3% increase in same-store expenses.

Interest Expense - Interest expense decreased 17.4% to \$2.2 million in 1994 from \$2.7 million in the prior year. This decrease resulted from lower interest rates and the resolution of an income tax issue for which the Company had been accruing interest. Daily average total debt outstanding equaled \$41.4 million in 1994 versus \$38.0 million in 1993. Interest expense declined 15.3% to \$2.7 million in fiscal 1993 from \$3.1 million in 1992. The decrease resulted from lower interest rates.

Provision for Taxes on Income - The effective income tax rates for 1994, 1993 and 1992 were 37.8%, 38.9% and 38.0%, respectively. The decrease in the 1994 rate was due mainly to the resolution of certain income tax issues and changes in state income tax apportionment rates. These changes more than offset the increase in the Federal statutory rate and a lower benefit from Targeted Jobs Tax Credits.

Return on Equity and Assets - The ratio of net earnings to average shareholders equity was 22.6% in 1994 as compared to 20.9% and 15.2% in 1993 and 1992, respectively. Return on average assets increased to 13.6% in 1994 from 12.8% in 1993 and 9.7% in 1992. These improvements resulted from higher earnings.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows from Operating Activities - Net cash provided by operations equaled \$36.2 million 1994, a decrease of \$6.6 million, or 15.3%, from the 1993 amount. This decrease was due primarily to smaller increases in trade accounts payable

related to greater merchandise imports and accrued expenses. The timing of income tax payments also contributed to the decrease. The \$43.2 million net increase in inventories was largely offset by the increases in trade accounts payable and accrued expenses, \$17.0 million and \$10.2 million, respectively. The higher level of inventory was the result of the addition of 183 net new stores, more in-transit import merchandise and improved in-stock position in the stores. Trade accounts payable increased mainly due to higher inventory levels, and accrued expenses increased primarily due to accruals for workers' compensation claims and incentive compensation.

Inventories rose by \$44.1 million in 1993 principally as a result of opening 95 net new stores. The 1993 increase in accrued expenses resulted mainly from higher workers' compensation and incentive compensation accruals.

Working Capital - Working capital increased to \$166.8 million from \$138.7 million, an increase of 20.2%. The 1994 year-end current ratio equaled 2.1 compared to 2.2 for 1993 as a result of proportionately greater increases in trade accounts payable and accrued expenses versus the increase in merchandise inventories.

	1994	1993	1992
Cash & cash equivalents	\$ 35,365	\$ 25,046	\$ 7,947
Working capital (000)	\$166,785	\$138,711	\$117,157
Current ratio	2.1	2.2	2.6
Inventory turn	3.1	2.7	2.6

Cash Flows from Investing Activities - Capital expenditures in 1994 totaled \$35.0 million compared to \$25.7 million in 1993. Expenditures for new, relocated and remodeled stores increased to \$20.8 million from \$12.4 million in 1993. During 1994, the Company opened 251 new stores and relocated or remodeled 277 stores. The 1994 increase also included \$4.8 million for the chain-wide installation of Omron electronic cash registers, \$1.8 million for delivery trailers, \$2.5 million for store fixtures, and \$1.4 million for office expansion and remodeling. In 1993, the Company opened 146 new stores and relocated or remodeled 216 stores. Capital expenditures that year also included \$8.5 million for the expansion of the Homerville distribution center and \$2.0 million for store fixtures.

Capital expenditures during 1993 equaled \$24.7 million compared to \$12.8 million during 1992. The increase in capital expenditures was due to \$8.5 million spent to double the capacity and increase automation of the Homerville, Georgia distribution center and the opening of 146 new stores and remodeling of 216 existing stores versus 119 openings and 186 remodels in 1992.

Capital expenditures during fiscal 1995 are estimated to be \$55.0 million. This amount will include \$20.0 million for the new distribution center to be built in Ardmore, Oklahoma, opening approximately 250 new stores, and a number of technology improvements including equipping all stores with Symbol hand-held scanners. The Company expects that its capital expenditure requirements will be met through internally generated funds supplemented by short-term borrowings

and the possible issuance of long-term debt. Capital expenditures in the last three years are summarized below (amounts in thousands except number of stores):

	1994	1993	1992
New stores	\$12,478	\$ 6,146	\$ 4,013
Number of stores	251	146	119
Remodels/relocations	\$ 8,331	\$ 4,301	\$ 4,033
Number of stores	277	216	186
Omron registers	\$ 4,843	0	0
Distribution centers	0	\$10,941	\$ 2,322
Retail store property	\$ 1,291	0	0
Other	\$ 8,027	\$ 3,276	\$ 2,432
Total	\$34,970	\$24,664	\$12,800

Cash Flows from Financing Activities - Total debt (including current maturities and short-term borrowings) at year end equaled \$25.0 million in 1994, \$18.3 million in 1993, and \$22.5 million in 1992. Long-term debt at year end was \$5.7 million, a decrease of \$1.3 million from 1993. Total debt (including current maturities and short-term borrowings) to equity increased slightly to 10.4% from the 1993 level of 9.7%.

Because of the large impact of seasonal buying (e.g., Christmas and back-to-school purchases), the Company's working capital requirements vary significantly during the year. These working capital requirements are financed by short-term borrowings under the Company's \$65.0 million revolving credit-term loan agreement and its short-term bank lines of credit which totaled \$35.0 million at year-end 1994.

Seasonal working capital requirements will continue to be serviced through cash flow provided by operating activities supplemented by the revolving credit/term loan facility and credit lines mentioned above.

	1994	1993	1992
Total debt/equity	10.4%	9.7%	14.9%
Long-term debt/equity	2.4%	3.7%	5.5%
Average daily use of debt:			
Short-term (000)	\$34,102	\$29,323	\$22,750
Long-term (000)	\$ 7,335	\$ 8,661	\$10,577
Total (000)	\$41,437	\$37,984	\$33,327
Maximum outstanding			
Short-term debt (000)	\$70,909	\$57,000	\$48,400

Common Stock - Common stock issued during 1994 totaled 18,856,000 shares valued at \$9.4 million. Comparable figures in 1993 were 11,661,000 shares and \$5.8 million. All common stock issued in both years was related to declared stock splits. Shares of treasury stock were reissued in transactions with the employee stock ownership pension plan and the employee stock incentive plan. No preferred shares have been issued.

Effects of Inflation, Changing Prices and Legislative Initiatives - Although the Company has experienced increases in certain selling, general and administrative expenses in 1994, 1993 and 1992, the Company believes that inflation had a limited impact on its overall operations during these fiscal years. In

particular, the effect of inflation on cost of goods sold has been minimal as reflected by the small decline in LIFO reserves in 1994 and 1993 and the small increase in 1992.

The Company continues to monitor legislative initiatives proposed by the current administration which may adversely affect the entire business community, and if passed, could increase the Company's operating costs.

Item 8. Financial and Supplementary Data**CONSOLIDATED BALANCE SHEETS**

for the years ended January 31, 1994 and 1993

(Dollars in thousands)

Assets	1994	1993
Current assets		
Cash and cash equivalents	\$ 35,365	\$ 25,046
Merchandise inventories	260,042	216,843
Deferred income taxes	9,664	7,635
Other current assets	8,397	6,197
Income taxes	1,563	0
Total current assets	315,031	255,721
Property and equipment, at cost:		
Land	266	219
Buildings	23,062	20,970
Furniture, fixtures and equipment	101,499	72,326
	124,827	93,515
Less accumulated depreciation	47,322	37,373
	77,505	56,142
Other assets	4,701	4,531
	397,237	316,394
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	1,302	1,300
Short-term borrowings	18,000	10,000
Accounts payable	81,038	64,025
Accrued expenses	47,906	37,670
Income taxes	0	4,015
Total current liabilities	148,246	117,010
Long-term debt	5,711	7,013
Deferred income taxes	2,563	2,606
Commitments		
Shareholders' equity:		
Common stock, par value \$.50 share:		
Shares authorized: 100,000,000		
Issued: 1994-54,497,000; 1993-35,641,000	27,248	17,820
Additional paid-in capital	65,857	57,246
Retained earnings	151,165	119,580
	244,270	194,646
Less treasury stock, at cost:		
Shares: 1994-1,746,000; 1993-2,900,000	3,553	4,881
Total shareholders' equity	\$ 240,717	\$ 189,765
	\$ 397,237	\$ 316,394

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

CONSOLIDATED STATEMENTS OF INCOME

for the years ended January 31, 1994, 1993 and 1992
(Dollars in thousands except per share amounts)

	1994		1993		1992	
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales
Net Sales	\$1,132,995	100.0%	\$920,698	100.0%	\$754,426	100.0%
Cost of goods sold	806,997	71.2	653,589	71.0	538,945	71.4
Gross Profit	325,998	28.8	267,109	29.0	215,481	28.6
Selling, general and administrative	245,802	21.7	206,233	22.4	177,668	23.6
Operating profit	80,196	7.1	60,876	6.6	37,813	5.0
Interest expense	2,192	0.2	2,654	0.3	3,133	0.4
Income before taxes on income	78,004	6.9	58,222	6.3	34,680	4.6
Provisions for taxes on income	29,447	2.6	22,648	2.4	13,178	1.7
Net income	\$ 48,557	4.3	\$ 35,574	3.9	\$ 21,502	2.9
Net income per common share	\$1.13		\$0.84		\$0.52	
Weighted average number of common shares outstanding (000)	43,060		42,436		41,111	
As adjusted to give retroactive effect to the five-for-four stock split distributed April 15, 1994:						
Net income per common share	\$0.90		\$0.67		\$0.42	
Weighted average number of common shares outstanding (000)	53,825		53,045		51,389	

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

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY for the years ended January 31, 1994, 1993 and 1992

(Dollars in thousands)

	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Treasury Stock Amount
Balances, January 31, 1991	\$11,070	\$21,676	\$ 105,443	\$ 6,472
Net income			21,502	
11-for-10 stock dividend, July 1, 1991	920	26,676	(27,596)	
Cash dividends, \$.20 per share			(3,983)	
Reissuance of treasury stock under employee stock incentive plans (247,191 shares)		(221)		(420)
Tax benefit from exercise of options		1,332		
Transfer to employee pension plan (24,085 shares)		179		(40)
Balances, January 31, 1992	\$11,990	\$49,642	\$ 95,366	\$ 6,012
Net income			35,574	
5-for-4 stock split, April 15, 1992	2,556		(2,556)	
5-for-4 stock split, Feb. 26, 1993	3,274		(3,274)	
Cash dividends, \$.20 per share			(5,530)	
Reissuance of treasury stock under employee stock incentive plans (634,779 shares)		3,832		(1,114)
Tax benefit from exercise of options		3,672		
Transfer to employee pension plan (10,221 shares)		220		
Other		(120)	(17)	
Balances, January 31, 1993	\$17,820	\$57,246	\$ 119,580	\$ 4,881
Net income			48,557	
5-for-4 stock split, August 23, 1993	4,150		(4,150)	
5-for-4 stock split, April 5, 1994	5,278		(5,278)	
Cash dividends, \$.20 per share			(7,544)	
Reissuance of treasury stock under employee stock incentive plans (790,104, shares)		2,474		(1,306)
Tax benefit from exercise of options		5,796		
Transfer to employee pension plan (12,979 shares)		341		(22)
Balances, January 31, 1994	\$27,248	\$65,857	\$ 151,165	\$ 3,553

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

CONSOLIDATED STATEMENTS OF CASH FLOWS for the years ended January 31, 1993 and 1992

(Dollars in thousands)

	1994	1993	1992
Cash flows from operating activities:			
Net Income	\$48,557	\$35,574	\$21,502
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	11,729	8,229	6,681
Deferred income taxes	(2,072)	(2,343)	(1,899)
Change in operating assets and liabilities:			
Merchandise inventories	(43,199)	(44,088)	(17,963)
Accounts payable	17,013	26,243	6,295
Accrued expenses	10,236	14,637	7,567
Income taxes	5,578)	3,713	(6,294)
Other	(490)	748	1,429
Net cash provided by operating activities	36,196	42,713	17,318
Cash flows used in investing activities:			
Purchase of property and equipment	(34,970)	(24,664)	(12,800)
Net cash used in investing activities	(34,970)	(24,664)	(12,800)
Cash flows used in financing activities:			
Issuance of short-term borrowings	62,009	51,320	44,203
Repayments of short-term borrowings	(54,009)	(54,177)	(38,584)
Repayments of long-term debt	(1,300)	(1,298)	(3,812)
Payment of cash dividends	(7,544)	(5,530)	(3,983)
Proceeds from exercise of stock options	3,780	4,946	199
Tax benefit from stock option exercises	5,796	3,672	1,332
Other	361	117	219
Net cash provided by (used in) financing activities	9,093	(950)	(426)
Net increase in cash and cash equivalents	10,319	17,099	4,092
Cash and cash equivalents, beginning of year	25,046	7,947	3,855
Cash and cash equivalents, end of year	\$35,365	\$25,046	\$ 7,947
Supplemental cash flow information			
Cash paid during year for:			
Interest	\$ 1,980	\$ 2,007	\$ 3,416
Income taxes	\$31,542	\$17,524	\$19,472
The accompanying notes are an integral part of the consolidated financial statements.			

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies:

The Company sells general merchandise on a retail basis almost exclusively through company-owned stores. Its significant accounting policies follow:

Basis of presentation - The following notes contain references to years 1994, 1993 and 1992 which represent fiscal years ended January 31, 1994, January 31, 1993 and January 31, 1992. The consolidated financial statements include all subsidiaries. Intercompany transactions have been eliminated.

Cash and cash equivalents - Cash and cash equivalents include highly liquid investments with an original maturity of three months or less.

Inventories - Inventories are stated at cost, using the retail last-in, first-out (LIFO) method which is not in excess of market. The excess of current cost over LIFO cost was \$27.0 million and \$28.3 million at January 31, 1994, and 1993, respectively. The LIFO reserves decreased by \$1.3 million in 1994 and \$0.7 million in 1993, and increased by \$0.3 million in 1992.

Preopening costs - Preopening costs for new stores are expensed as incurred.

Property and equipment - Property and equipment are recorded at cost. The Company provides for depreciation of buildings and equipment on a straight line basis over the following estimated useful lives: buildings, 25 to 39 years; furniture, fixtures and equipment, 5 to 10 years. Depreciation expense was \$11.6 million, \$8.1 million, and \$6.5 million in 1994, 1993 and 1992, respectively.

Insurance claims provisions - The Company retains a portion of the risk for its workers' compensation, employee health insurance, general liability and automobile coverage. Accordingly, provisions are made for the Company's actuarially determined estimates of future claim costs for such risks. To the extent that subsequent claim costs vary from those estimates, current earnings are charged or credited.

Net income per common share - Net income per common share is based on the weighted average number of shares of common stock outstanding during each year, after giving effect to the five-for-four stock split paid on September 17, 1993, and to the assumed exercise of all dilutive stock options using the treasury stock method. Net income per common shares is also presented in the accompanying consolidated statements of income on an adjusted basis, which gives retroactive effect to a five-for-four stock split declared March 21, 1994 for shareholders of record on April 5, 1994, and paid on April 15, 1994.

2. Cash and Short-Term Borrowings:

The cash management system provides for daily investments of available balances and the funding of outstanding checks when presented for payment.

Outstanding but unresented checks totaling \$36.3 million and \$31.8 million at January 31, 1994, and 1993, respectively, have been included in accounts payable. Upon presentation for payment, they will be funded through available cash balances or the revolving credit/term loan agreement.

The Company had lines of credit with banks totaling \$35.0 million at January 31, 1994, and \$30.0 million at January 31, 1993. The lines are available for general corporate purposes and are subject to periodic review by the lending institutions which may increase or decrease the amounts available. There were no borrowings outstanding under these lines at January 31, 1994, and January 31, 1993. Additionally, the Company had an \$85.0 million facility at January 31, 1994 and a \$45.0 million facility at January 31, 1993 available for the issuance of letters of credit. At January 31, 1994, and January 31, 1993, the Company had outstanding letters of credit totaling \$67.9 million and \$40.4 million, respectively.

The Company also has a \$65.0 million revolving credit/term loan agreement to be used for seasonal working capital requirements which expires in 1995. Borrowings under this facility were \$18.0 million and \$10.0 million at January 31, 1994, and 1993, respectively. Interest rates on amounts borrowed under this agreement can float with the prime commercial lending rate or can be fixed not to exceed the New York certificate of deposit rate plus 0.7%, the Adjusted Eurodollar rate plus 0.45%, or the Banker's Acceptance rate plus 0.45%, all for periods up to six months. The applicable interest rates were 3.9% and 3.6% at January 31, 1994, and 1993, respectively.

3. Accrued Expenses:

Accrued expenses consist of the following:

(in thousands)	1994	1993
Compensation and benefits	\$15,011	\$11,522
Taxes (other than taxes on income)	6,358	4,833
Insurance	19,907	15,201
Other	6,630	6,114
	\$47,906	\$37,670

4. Income Taxes:

The provision for taxes consists of the following:

(in thousands)	1994	1993	1992
Currently payable:			
Federal	\$27,680	\$20,935	\$12,203
State	3,839	4,056	2,874
	31,519	24,991	15,077
Deferred:			
Federal	(1,752)	(1,944)	(1,597)
State	(320)	(399)	(302)
	(2,072)	(2,343)	(1,899)
	\$29,447	\$22,648	\$13,178

Deferred tax expense (credit) is recognized for the future tax consequences of temporary differences between the amounts reported in the Company's financial statements and the tax basis of its assets and liabilities. Primary differences giving rise to the Company's deferred tax assets and liabilities are as follows:

(in thousands)	1994		1993	
	Assets	Liabilities	Assets	Liabilities
Inventory	\$1,134		\$1,114	
Property and equipment		\$2,563		\$2,606
Accrued insurance	8,129		6,202	
Other	401		319	
	\$9,664	\$2,563	\$7,635	\$2,606

Reconciliation of the federal statutory rate and the effective income tax rate follows:

	1994	1993	1992
Federal statutory rate	35.0%	34.0%	34.0%
State income taxes, net of federal income tax benefit	3.0	4.1	4.3
Tax credits	(0.4)	(0.8)	(0.8)
Other	0.2	1.6	0.5
Effective income tax rate	37.8%	38.9%	38.0%

5. Long-Term Debt:

Long-term debt consists of the following:

(in thousands)	1994	1993
6.7% in 1994 and 1993 industrial revenue bonds payable through 1998	\$2,000	\$2,500
3.86% (LIBOR plus 0.5%) in 1994 and 3.75% (LIBOR plus 0.5%) in 1993 mortgage note payable to Kentucky Development Finance Authority through 1998	4,666	5,444
Other	347	369
	7,013	8,313
Less current portion	1,302	1,300
	\$5,711	\$7,013

Certain loan agreements contain restrictive covenants which, among other things, require the Company to maintain minimum amounts of tangible net worth and working capital and restrict capital expenditures, repurchases of capital stock and additional borrowings.

Approximate maturities on long-term obligations in the years ending January 31, 1995, through 1999 are \$1.3 million each year.

6. Commitments:

At January 31, 1994, the Company and certain subsidiaries were committed for retail store space under noncancelable operating lease agreements, requiring annual rental payments of (in millions): 1995, \$26.4; 1996, \$18.9; 1997, \$11.6; 1998, \$5.6; 1999, \$2.2 and \$0.1 in later years. Approximately one-half of such leases include renewal options for periods ranging from two to five years, and provisions for contingent rentals based upon a percentage of defined sales volume.

Rent expense under all operating leases was as follows:

(in thousands)	1994	1993	1992
Minimum rentals	\$28,104	\$24,403	\$23,617
Contingent rentals	6,247	6,063	3,311
	\$34,351	\$30,466	\$26,928

7. Employee Benefits:

The Company has a noncontributory defined contribution retirement plan covering substantially all employees. Pension expense was approximately \$2.6 million, \$1.6 million and \$1.8 million, for 1994, 1993 and 1992, respectively. The Company funds all pension costs as accrued.

8. Capital Stock:

The authorized capital stock of the Company consists of common stock and preferred stock. On June 8, 1992, the Company increased the number of authorized shares of \$0.50 par value common stock from 45 million to 100 million. The Company also has authorized 5 million shares of preferred stock for which no series has been designated and none has been issued. On August 23, 1993, the Company's Board of Directors authorized for distribution on September 17, 1993, a five-for-four stock split to shareholders of record on September 3, 1993. On March 21, 1994, the Company's Board of Directors authorized an additional five-for-four stock split for distribution on April 15, 1994, to shareholders of record on April 5, 1994.

9. Stock Option Plans:

The Company has stock option plans under which options to purchase common stock may be granted to officers, directors and key employees.

Plan activity (as adjusted for the April 15, 1994 five-for-four stock split) is summarized below:

	Shares Under			
	Plan	Option Price	Per Share	
Balance, January 31, 1991	2,543,592	\$1.58	to	\$ 7.78
Granted	3,679,222	3.21	to	8.55
Exercised	(1,074,970)	3.44	to	8.55
Canceled	(858,983)	1.86	to	7.78
Balance, January 31, 1992	4,288,861	1.58	to	8.55
Granted	1,045,053	1.86	to	14.46
Exercised	(1,285,256)	1.58	to	8.55
Canceled	(421,230)	2.98	to	12.42
Balance, January 31, 1993	3,627,428	2.23	to	14.46
Granted	2,326,384	14.46	to	21.80
Exercised	(1,105,355)	2.98	to	12.67
Canceled	(191,458)	2.98	to	21.50
Balance, January 31, 1994	4,656,999	2.23	to	21.80

As of January 31, 1994, options for 635,388 shares are exercisable.
All unexercised options expire not later than the year 2004.

10. Quarterly Financial Data (unaudited):

The following is a tabulation of selected unaudited quarterly financial data for the fiscal years ended January 31, 1994, and 1993. Amounts are in thousands except per share data.

Quarter	First	Second	Third	Fourth	Year
1994:					
Net Sales	\$221,799	\$255,564	\$272,567	\$383,065	\$1,132,995
Gross Profit	62,489	73,006	79,705	110,798	325,998
Net Income	5,922	9,619	10,974	22,042	48,557
Net Income Per Share (a)	0.14	0.23	0.25	0.51	1.13
Net Income Per Share (b)	0.11	0.18	0.20	0.41	0.90

Quarter	First	Second	Third	Fourth	Year
1993:					
Net Sales	\$188,565	\$216,874	\$223,522	\$291,737	\$ 920,698
Gross Profit	52,417	61,106	64,277	89,309	267,109
Net Income	3,865	6,713	8,263	16,733	35,574
Net Income Per Share (a)	0.10	0.16	0.19	0.39	0.84
Net Income Per Share (b)	0.08	0.13	0.15	0.31	0.67
(a) Before April 15, 1994 five-for-four stock split					
(b) After April 15, 1994 five-for-four stock split					

Cost of goods sold was determined in the first, second and third quarters utilizing estimates of inventory shrinkage, inflation and markdowns. Cost of goods sold for the fourth quarter includes an adjustment of these estimates based upon actual results. Such adjustments decreased cost of goods sold by \$0.8 million in 1994 and \$5.4 million in 1993. In addition, selling, general and administrative expenses in the fourth quarter have been increased by \$1.5 million and \$1.3 million referable to incentive bonuses and contingent rentals which were estimated during the first three quarters during 1994 and 1993, respectively.

11. Subsequent Event The Company's Board of Directors authorized on March 21, 1994, a five-for-four stock split for shareholders of record on April 5, 1994, which was paid April 15, 1994.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and
Board of Directors
Dollar General Corporation
Nashville, Tennessee

We have audited the accompanying consolidated balance sheets of Dollar General Corporation and Subsidiaries as of January 31, 1994 and 1993, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three fiscal years in the period ended January 31, 1994. We have also audited the financial statement schedules listed in the index on page 32 of this Form 10-K. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dollar General Corporation and Subsidiaries as of January 31, 1994 and 1993, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended January 31, 1994 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

Louisville, Kentucky

March 8, 1994, except as to the information presented in Note eleven for which the date is April 15, 1994

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure
Inapplicable.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information regarding directors is incorporated herein by reference from the information contained on pages 4 through 7 and page 23 of the Company's Proxy Statement relating to the Annual Meeting of Stockholders to be held on June 6, 1994. Information regarding the Company's executive officers is contained herein at

Part I.

Item 11. Executive Compensation

Information regarding executive compensation is incorporated herein by reference from the information under the captions "Executive Compensation" and "Election of Directors - Compensation of Directors" in the Company's Proxy Statement relating to the Annual Meeting of Stockholders to be held on June 6, 1994.

Item 12. Security Ownership of Certain Beneficial Owners and Management

This information is incorporated herein by reference from the information under the captions "Security Ownership of Certain Beneficial Owners" and "Security Ownership by Officers and Directors" in the Company's Proxy Statement relating to the Annual Meeting of Stockholders to be held on June 6, 1994.

Item 13. Certain Relationships and Related Transactions

This information is incorporated herein by reference from the information under the caption "Transactions with Management and Others" of the Company's Proxy Statement relating to the Annual Meeting of Stockholders to be held on June 6, 1994.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a)(1) Consolidated Financial Statements:

The following Financial Statements incorporated herein by reference from Part II, Item 8 of this report:

Consolidated Balance Sheets, January 31, 1994 and 1993 Consolidated Statements of Income for the years ended January 31, 1994, 1993 and 1992 Consolidated Statements of Cash Flows for the years ended January 31, 1994, 1993 and 1992 Consolidated Statements of Shareholders' Equity for the years ended January 31, 1994, 1993 and 1992 Notes to Consolidated Financial Statements Report of Independent Accountants

(2) Financial Statement Schedules:

Supplemental Schedule II-Amounts Receivable from Related Parties,
and Underwriters, Promoters and Employees other than Related Parties

Supplemental Schedule IX-Short Term Borrowings Supplemental Schedule X-Supplementary Income Statement Information

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions, are inapplicable or the information is included in the Consolidated Financial Statements, and therefore, have been omitted.

(3) Exhibits:

3 (a) Restated Articles of Incorporation, as amended (incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 1993)

3 (b) Bylaws as amended February 1, 1993 (incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended January 31, 1993)

4 Articles V, VII and X of the Registrant's Articles of Incorporation (included in Exhibit 3 (a))

10(a) Loan Agreement dated August 19, 1992, [as amended] by and among Dollar General Corporation, Dolgencorp, Inc. and NationsBank of North Carolina, N.A. (incorporated herein by reference to the Annual Report on Form 10-K for the fiscal year ended January 31, 1993)

MANAGEMENT CONTRACT OR COMPENSATORY PLANS

10(b) Dollar General Corporation 1988 Outside Directors' Stock Option Plan, as amended, (incorporated herein by reference to the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders held June 13, 1989)

10(c) Dollar General Corporation 1989 Employee Stock Incentive Plan, as amended (incorporated herein by reference to the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders held June 13, 1989) 10(d) 1993 Employee Stock Incentive Plan

(incorporated herein by reference to the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders held June 7, 1993) 10

(e) 1993 Outside Directors' Stock Option Plan (incorporated herein by reference to the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders held June 7, 1993)

11 Statement re: Computation of Earnings Per Share

22 Subsidiaries of the Registrant

23 Consent of Independent Accountants

(b) No report on Form 8-K was filed by the Company during the last fiscal quarter.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

Date: April 27, 1994 By: /s/Cal Turner, Jr.
Cal Turner, Jr., President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/Cal Turner, Jr. CAL TURNER, JR.	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	April 27, 1994
/s/C. Kent Garner C. KENT GARNER	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	April 27, 1994
/s/Cal Turner CAL TURNER	Director	April 27, 1994
/s/Wallace N. Rasmussen WALLACE N. RASMUSSEN	Director	April 27, 1994
/s/John B. Holland JOHN B. HOLLAND	Director	April 27, 1994
/s/James D. Cockman JAMES D. COCKMAN	Director	April 27, 1994
/s/William S. Wire, II WILLIAM S. WIRE, II	Director	April 27, 1994
/s/James L. Clayton JAMES L. CLAYTON	Director	April 27, 1994
/S/Reginald D. Dickson REGINALD D. DICKSON	Director	April 27, 1994
/s/David M. Wilds DAVID M. WILDS	Director	April 27, 1994

DOLLAR GENERAL CORPORATION

SCHEDULE II - AMOUNTS RECEIVABLE FROM RELATED PARTIES, AND UNDERWRITERS, PROMOTERS AND EMPLOYEES OTHER THAN RELATED PARTIES

(amounts in thousands)

Name of Debtor	Balance at January 31 1993	Additions	Deductions	Balance at January 31, 1994 Current	Non- Current
Cal Turner, Jr.	\$105	---	\$12	---	\$93
	Balance at January 31, 1992	Additions	Deductions	Current	Non- Current
Cal Turner, Jr.	\$116	---	\$11	---	\$105
	Balance at January 31, 1991	Additions	Deductions	Current	Non- Current
Cal Turner, Jr.	\$128	---	\$12	---	\$116
	\$128	---	\$12	---	\$116

Notes:

During 1986, the Company moved certain of its executive personnel to Nashville, Tennessee. In connection with such relocation, the Company agreed to make loans to assist in the purchase of new homes. The loans are at 9% and are in the form of junior mortgages secured by the houses. Each mortgage will be fully paid upon a 15- year amortization of the loan. The borrower is liable for the unpaid balance of the mortgage at all times. The Company will forgive the amortized principal and interest annually, and such amount will be included as income to the borrower. If such individual leaves the Company prior the 15-year amortization of the loan, the Company's agreement to forgive periodically mortgage amounts will terminate. In the opinion of management, the loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and do not involve more than the normal risks of collectability or present other unfavorable features.

DOLLAR GENERAL CORPORATION
SCHEDULE IX-SHORT TERM BORROWINGS
Years ended January 31, 1994, 1993 and 1992
(amounts in thousands)

Category		Weighted	Maximum	Average	Weighted
Aggregate	Balance at	Average	Amount	Amount	Average
Short-Term	End of	Interest	Outstanding	Outstanding	Interest Rate
Borrowings	Year (A)	Rate	During the	During the	During the
1994:			Year	Year (B)	Year(C)
	Notes payable to Bank				
1993:	\$18,000	3.90%	\$70,909	\$34,102	3.77%
	Notes payable to Bank				
1992:	\$10,000	3.64%	\$57,000	\$29,323	4.09%
	Notes payable to Bank				
	\$12,587	4.81%	\$48,433	\$22,750	6.52%

(A) Notes payable to bank represent borrowings that are reviewed periodically for renewal by the Company and have a termination date of less than one year. (B) The average amount outstanding during the period was computed by dividing the total daily outstanding principal by 365. (C) The weighted average interest rate during the period was computed based upon the sum of each individual borrowing divided by total borrowings multiplied by each actual interest rate.

DOLLAR GENERAL CORPORATION

SCHEDULE X-SUPPLEMENTARY INCOME STATEMENT INFORMATION

Years Ended January 31, 1994, 1993 and 1992

(amounts in thousands)

	1994	1993	1992
Advertising Costs	\$15,127	\$13,438	\$13,088
Depreciation and amortization of intangible assets	\$11,729	\$ 8,229	\$ 6,681

Amount for maintenance and repairs is not presented as such amount is less than 1% of total sales and revenues.

INDEX TO EXHIBITS

Exhibit Number	Description
3 (a)	Restated Articles of Incorporation, as amended (incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 1993)
3 (b)	Bylaws as amended February 1, 1993 (incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended January 31, 1993)4 Articles V, VII and X of the Registrant's Articles of Incorporation (included in Exhibit 3 (a))
10 (a)	Loan Agreement dated August 19, 1992, [as amended] by and among Dollar General Corporation, Dolgencorp, Inc. and NationsBank of North Carolina, N.A. (incorporated herein by reference to the Annual Report on Form 10-K for the fiscal year ended January 31, 1993)
MANAGEMENT CONTRACT OR COMPENSATORY PLANS	
10 (b)	Dollar General Corporation 1988 Outside Directors' Stock Option Plan, as amended, (incorporated herein by reference to the Registrant's definitive Proxy Statement for the Annual Meeting of Stockholders held June 13, 1989)
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Exhibit 11

DOLLAR GENERAL CORPORATION

COMPUTATION OF EARNINGS PER SHARE

Net Income Per Common Share

Net income per common share is based upon the actual weighted average number of shares outstanding during each period plus the assumed exercise of all dilutive stock options as follows:

	Years ended January 31		
	1994	1993	1992
Actual weighted average number of shares outstanding during the period	53,301	50,399	49,504
Equivalent number of shares representing the dilutive effect of stock options using the "treasury stock method"	1,524	2,646	1,885
Weighted Average Shares	53,825	53,045	51,389

The above amounts have been adjusted to reflect two five-for-four stock splits. One was declared on August 23, 1993 to shareholders of record September 3, 1993 and was paid on September 17, 1993. The other was declared on March 21, 1994 to shareholders of record

on April 5, 1994 and was paid April 15, 1994.

Exhibit 21
DOLLAR GENERAL CORPORATION

List of Subsidiaries

Name of Subsidiary	State of Organization
DolgenCorp, Inc.	Kentucky
DolgenCorp, Inc. of Texas	Kentucky
Dade Lease Management, Inc.	Florida
Dollar General Indiana Partners	Kentucky

We consent to the incorporation by reference in the registration statements of Dollar General Corporation on Form S-8 (Nos.33-23796, 33-31827, 33-51589 and 33-51591) of our report dated March 8, 1994, except as to the information presented in Note 11 for which the date is April 15, 1994 on our audits of the consolidated financial statements and financial statement schedules of Dollar General Corporation as of January 31, 1994 and 1993 and for the years ended January 31, 1994, 1993 and 1992, which report is included in this Annual Report on Form 10K.

COOPERS & LYBRAND

Louisville, Kentucky
April 27, 1994

End of Filing

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