

# DOLLAR GENERAL CORP

## FORM 10-Q (Quarterly Report)

Filed 05/28/20 for the Period Ending 05/01/20

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	02/29

---

---

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 10-Q**

(Mark One)

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the quarterly period ended May 1, 2020

or

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 001-11421

**DOLLAR GENERAL CORPORATION**

(Exact name of Registrant as specified in its charter)

TENNESSEE  
(State or other jurisdiction of  
incorporation or organization)

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

100 MISSION RIDGE  
GOODLETTSVILLE, TN 37072  
(Address of principal executive offices, zip code)

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

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.875 per share	DG	New York Stock Exchange

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

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The Registrant had 251,721,828 shares of common stock outstanding on May 21, 2020.

---

---

**PART I—FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS.**

**DOLLAR GENERAL CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS**

*(In thousands)*

	May 1, 2020 (Unaudited)	January 31, 2020 (See Note 1)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,673,912	\$ 240,320
Merchandise inventories	4,107,331	4,676,848
Income taxes receivable	17,191	76,537
Prepaid expenses and other current assets	194,049	184,163
Total current assets	<u>6,992,483</u>	<u>5,177,868</u>
Net property and equipment	3,320,141	3,278,359
Operating lease assets	8,960,805	8,796,183
Goodwill	4,338,589	4,338,589
Other intangible assets, net	1,199,961	1,200,006
Other assets, net	36,334	34,079
Total assets	<u>\$ 24,848,313</u>	<u>\$ 22,825,084</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term obligations	\$ 580	\$ 555
Current portion of operating lease liabilities	991,054	964,805
Accounts payable	2,954,361	2,860,682
Accrued expenses and other	791,368	709,156
Income taxes payable	105,865	8,362
Total current liabilities	<u>4,843,228</u>	<u>4,543,560</u>
Long-term obligations	3,967,221	2,911,438
Long-term operating lease liabilities	7,956,759	7,819,683
Deferred income taxes	700,098	675,227
Other liabilities	171,553	172,676
Commitments and contingencies		
Shareholders' equity:		
Preferred stock	—	—
Common stock	220,259	220,444
Additional paid-in capital	3,332,283	3,322,531
Retained earnings	3,659,804	3,162,660
Accumulated other comprehensive loss	(2,892)	(3,135)
Total shareholders' equity	<u>7,209,454</u>	<u>6,702,500</u>
Total liabilities and shareholders' equity	<u>\$ 24,848,313</u>	<u>\$ 22,825,084</u>

*See notes to condensed consolidated financial statements.*

**DOLLAR GENERAL CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(Unaudited)

*(In thousands, except per share amounts)*

	<b>For the 13 weeks ended</b>	
	<b>May 1, 2020</b>	<b>May 3, 2019</b>
Net sales	\$ 8,448,449	\$ 6,623,185
Cost of goods sold	5,852,757	4,620,909
Gross profit	2,595,692	2,002,276
Selling, general and administrative expenses	1,728,908	1,490,039
Operating profit	866,784	512,237
Interest expense	30,493	25,933
Income before income taxes	836,291	486,304
Income tax expense	185,845	101,291
Net income	<u>\$ 650,446</u>	<u>\$ 385,013</u>
Earnings per share:		
Basic	\$ 2.58	\$ 1.49
Diluted	\$ 2.56	\$ 1.48
Weighted average shares outstanding:		
Basic	251,780	259,021
Diluted	253,627	260,265
Dividends per share	\$ 0.36	\$ 0.32

*See notes to condensed consolidated financial statements.*

**DOLLAR GENERAL CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited)  
(In thousands)

	<u>For the 13 weeks ended</u>	
	<u>May 1, 2020</u>	<u>May 3, 2019</u>
Net income	\$ 650,446	\$ 385,013
Unrealized net gain (loss) on hedged transactions, net of related income tax expense (benefit) of \$87 and \$86, respectively	243	244
Comprehensive income	<u>\$ 650,689</u>	<u>\$ 385,257</u>

*See notes to condensed consolidated financial statements.*

**DOLLAR GENERAL CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

(Unaudited)

*(In thousands, except per share amounts)*

	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances, January 31, 2020	251,936	\$ 220,444	\$ 3,322,531	\$ 3,162,660	\$ (3,135)	\$ 6,702,500
Net income	—	—	—	650,446	—	650,446
Dividends paid, \$0.36 per common share	—	—	—	(90,617)	—	(90,617)
Unrealized net gain (loss) on hedged transactions	—	—	—	—	243	243
Share-based compensation expense	—	—	18,968	—	—	18,968
Repurchases of common stock	(451)	(395)	—	(62,685)	—	(63,080)
Other equity and related transactions	237	210	(9,216)	—	—	(9,006)
Balances, May 1, 2020	<u>251,722</u>	<u>\$ 220,259</u>	<u>\$ 3,332,283</u>	<u>\$ 3,659,804</u>	<u>\$ (2,892)</u>	<u>\$ 7,209,454</u>
Balances, February 1, 2019	259,511	\$ 227,072	\$ 3,252,421	\$ 2,941,107	\$ (3,207)	\$ 6,417,393
Net income	—	—	—	385,013	—	385,013
Dividends paid, \$0.32 per common share	—	—	—	(82,756)	—	(82,756)
Unrealized net gain (loss) on hedged transactions	—	—	—	—	244	244
Share-based compensation expense	—	—	13,631	—	—	13,631
Repurchases of common stock	(1,686)	(1,475)	—	(198,511)	—	(199,986)
Transition adjustment upon adoption of leases accounting standard	—	—	—	28,830	—	28,830
Other equity and related transactions	497	435	9,865	901	(901)	10,300
Balances, May 3, 2019	<u>258,322</u>	<u>\$ 226,032</u>	<u>\$ 3,275,917</u>	<u>\$ 3,074,584</u>	<u>\$ (3,864)</u>	<u>\$ 6,572,669</u>

*See notes to condensed consolidated financial statements.*

**DOLLAR GENERAL CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)  
(In thousands)

	<b>For the 13 weeks ended</b>	
	<b>May 1, 2020</b>	<b>May 3, 2019</b>
<i>Cash flows from operating activities:</i>		
Net income	\$ 650,446	\$ 385,013
<i>Adjustments to reconcile net income to net cash from operating activities:</i>		
Depreciation and amortization	137,655	122,485
Deferred income taxes	24,784	10,303
Noncash share-based compensation	18,968	13,631
Other noncash (gains) and losses	1,569	3,527
<i>Change in operating assets and liabilities:</i>		
Merchandise inventories	567,902	(14,252)
Prepaid expenses and other current assets	(12,000)	(7,392)
Accounts payable	110,126	39,707
Accrued expenses and other liabilities	81,113	(47,679)
Income taxes	156,849	71,394
Other	(1,086)	(2,542)
Net cash provided by (used in) operating activities	<u>1,736,326</u>	<u>574,195</u>
<i>Cash flows from investing activities:</i>		
Purchases of property and equipment	(195,434)	(144,757)
Proceeds from sales of property and equipment	466	453
Net cash provided by (used in) investing activities	<u>(194,968)</u>	<u>(144,304)</u>
<i>Cash flows from financing activities:</i>		
Issuance of long-term obligations	1,494,315	—
Repayments of long-term obligations	(555)	(525)
Net increase (decrease) in commercial paper outstanding	(425,200)	(121,300)
Borrowings under revolving credit facilities	300,000	—
Repayments of borrowings under revolving credit facilities	(300,000)	—
Costs associated with issuance of debt	(13,623)	—
Repurchases of common stock	(63,080)	(199,986)
Payments of cash dividends	(90,617)	(82,756)
Other equity and related transactions	(9,006)	10,300
Net cash provided by (used in) financing activities	<u>892,234</u>	<u>(394,267)</u>
Net increase (decrease) in cash and cash equivalents	2,433,592	35,624
Cash and cash equivalents, beginning of period	240,320	235,487
Cash and cash equivalents, end of period	<u>\$ 2,673,912</u>	<u>\$ 271,111</u>
<i>Supplemental noncash investing and financing activities:</i>		
Right of use assets obtained in exchange for new operating lease liabilities	\$ 418,239	\$ 358,806
Purchases of property and equipment awaiting processing for payment, included in Accounts payable	\$ 93,801	\$ 91,384

See notes to condensed consolidated financial statements.

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

**1. Basis of presentation**

The accompanying unaudited condensed consolidated financial statements of Dollar General Corporation and its subsidiaries (the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and are presented in accordance with the requirements of Form 10-Q and Rule 10-01 of Regulation S-X. Such financial statements consequently do not include all of the disclosures normally required by U.S. GAAP for annual financial statements or those normally made in the Company’s Annual Report on Form 10-K, including the condensed consolidated balance sheet as of January 31, 2020 which was derived from the audited consolidated financial statements at that date. Accordingly, readers of this Quarterly Report on Form 10-Q should refer to the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2020 for additional information.

The Company’s fiscal year ends on the Friday closest to January 31. Unless the context requires otherwise, references to years contained herein pertain to the Company’s fiscal year. The Company’s 2020 fiscal year is scheduled to be a 52-week accounting period ending on January 29, 2021, and the 2019 fiscal year was a 52-week accounting period that ended on January 31, 2020.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the Company’s customary accounting practices. In management’s opinion, all adjustments (which are of a normal recurring nature) necessary for a fair presentation of the consolidated financial position as of May 1, 2020 and results of operations for the 13-week accounting periods ended May 1, 2020 and May 3, 2019 have been made.

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Because the Company’s business is moderately seasonal, the results for interim periods are not necessarily indicative of the results to be expected for the entire year. In addition, consumer behavior driven by the COVID-19 pandemic in the 13-week period ended May 1, 2020 resulted in a departure from seasonal norms experienced in recent years and may continue to disrupt the historical quarterly cadence of the Company’s results of operations for an unknown period of time.

The Company uses the last-in, first-out (“LIFO”) method of valuing inventory. An actual valuation of inventory under the LIFO method is made at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management’s estimates of expected year-end inventory levels, sales for the year and the expected rate of inflation or deflation for the year. The interim LIFO calculations are subject to adjustment in the final year-end LIFO inventory valuation. The Company recorded a LIFO provision of \$1.6 million and \$3.4 million in the respective 13-week periods ended May 1, 2020 and May 3, 2019. In addition, ongoing estimates of inventory shrinkage and initial markups and markdowns are included in the interim cost of goods sold calculation.

The Company adopted new accounting guidance related to leases as of February 2, 2019. The cumulative effect of applying the standard resulted in an adjustment to retained earnings of \$28.8 million at February 2, 2019, primarily for the elimination of deferred gain on a 2013 sale-leaseback transaction. Because the standard was adopted under the modified retrospective approach, it did not impact the Company’s historical consolidated net income or cash flows.

In August 2018, the Financial Accounting Standards Board (“FASB”) issued guidance related to the accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. These amendments align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software, as well as hosting arrangements that include an internal use software license. This guidance is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2019, and early adoption is permitted. The Company adopted this guidance on a prospective basis and such adoption had an immaterial effect on the Company’s consolidated financial position and results of operations.



In August 2018, the FASB also issued guidance related to the disclosure requirements for fair value measurement. This guidance added, modified, and removed certain disclosure requirements related to assets and liabilities recorded at fair value. The majority of this guidance pertains to assets and liabilities classified in Level 3 of the fair value hierarchy, and the Company has no such assets or liabilities. This guidance is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2019, and early adoption is permitted. The adoption of this guidance did not affect the Company's consolidated results of operations, financial position or cash flows.

In January 2017, the FASB issued amendments to existing guidance related to the subsequent measurement of goodwill. Subsequent to adoption, the Company will perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. This guidance is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2019, and early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The amendments are being applied on a prospective basis. The adoption of this guidance did not affect the Company's consolidated results of operations, financial position or cash flows.

In June 2016, the FASB issued guidance related to measurement requirements for credit losses on financial instruments. These amendments require a financial asset or a group of financial assets measured at amortized cost basis to be presented at the net amount expected to be collected. The guidance requires measurement of expected credit losses based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts. This guidance is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2019, and early adoption is permitted. The adoption of this guidance did not affect the Company's consolidated results of operations, financial position or cash flows.

## 2. Earnings per share

Earnings per share is computed as follows (in thousands, except per share data):

	13 Weeks Ended May 1, 2020			13 Weeks Ended May 3, 2019		
	Net Income	Weighted Average Shares	Per Share Amount	Net Income	Weighted Average Shares	Per Share Amount
Basic earnings per share	\$ 650,446	251,780	\$ 2.58	\$ 385,013	259,021	\$ 1.49
Effect of dilutive share-based awards		1,847			1,244	
Diluted earnings per share	<u>\$ 650,446</u>	<u>253,627</u>	<u>\$ 2.56</u>	<u>\$ 385,013</u>	<u>260,265</u>	<u>\$ 1.48</u>

Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is determined based on the dilutive effect of share-based awards using the treasury stock method.

Share-based awards that were outstanding at the end of the respective periods but were not included in the computation of diluted earnings per share because the effect of exercising such awards would be antidilutive, were 0.7 million and 0.6 million in the respective 13-week periods ended May 1, 2020 and May 3, 2019.

## 3. Income taxes

Under the accounting standards for income taxes, the asset and liability method is used for computing the future income tax consequences of events that have been recognized in the Company's consolidated financial statements or income tax returns.

Income tax reserves are determined using the methodology established by accounting standards for income taxes which require companies to assess each income tax position taken using the following two-step approach. A determination is first made as to whether it is more likely than not that the position will be sustained, based upon the technical merits, upon examination by the taxing authorities. If the tax position is expected to meet the more likely than not criteria, the benefit recorded for the tax position equals the largest amount that is greater than 50% likely to be realized upon ultimate settlement of the respective tax position.

The Company's 2015 and earlier tax years are not open for further examination by the Internal Revenue Service ("IRS"). The IRS, at its discretion, may choose to examine the Company's 2016 through 2018 fiscal year income tax filings. The Company has various state income tax examinations that are currently in progress. Generally, with few exceptions, the Company's 2016 and later tax years remain open for examination by the various state taxing authorities.

As of May 1, 2020, the total reserves for uncertain tax benefits, interest expense related to income taxes and potential income tax penalties were \$5.0 million, \$0.5 million and \$0.0 million, respectively, for a total of \$5.5 million. This total amount is reflected in noncurrent other liabilities in the condensed consolidated balance sheet.

The Company's reserve for uncertain tax positions is not expected to be reduced in the coming twelve months as a result of expiring statutes of limitations. As of May 1, 2020, approximately \$5.0 million of the reserve for uncertain tax positions would impact the Company's effective income tax rate if the Company were to recognize the tax benefit for these positions.

The effective income tax rate for the 13-week period ended May 1, 2020 was 22.2%, compared to a rate of 20.8% for the 13-week period ended May 3, 2019. The tax rate for the 13-week period in 2020 was higher than the comparable 13-week period in 2019 primarily due to an increase in pre-tax earnings in the 2020 period compared to the 2019 period, while items impacting the effective rate, such as the benefits from stock-based compensation and federal tax credits, remained materially consistent in amount in both the 2020 and 2019 periods.

#### 4. Leases

As of May 1, 2020, the Company's primary leasing activities were real estate leases for most of its retail store locations and certain of its distribution facilities. Substantially all of the Company's leases are classified as operating leases and the associated assets and liabilities are presented as separate captions in the condensed consolidated balance sheets. At May 1, 2020, the weighted-average remaining lease term for the Company's leases is 10.0 years, and the weighted average discount rate is 4.2%. For the 13-week periods ended May 1, 2020 and May 3, 2019, operating lease cost of \$336.5 million and \$308.1 million, respectively, were reflected as selling, general and administrative expenses in the condensed consolidated statements of income. Cash paid for amounts included in the measurement of operating lease liabilities of \$337.1 million and \$310.2 million, respectively, were reflected in cash flows from operating activities in the condensed consolidated statements of cash flows for the 13-week periods ended May 1, 2020 and May 3, 2019.

#### 5. Current and long-term obligations

Current and long-term obligations consist of the following:

<b>(In thousands)</b>	<b>May 1, 2020</b>	<b>January 31, 2020</b>
Revolving Facility	\$ —	\$ —
3.250% Senior Notes due April 15, 2023 (net of discount of \$775 and \$837)	899,225	899,163
4.150% Senior Notes due November 1, 2025 (net of discount of \$470 and \$489)	499,530	499,511
3.875% Senior Notes due April 15, 2027 (net of discount of \$325 and \$336)	599,675	599,664
4.125% Senior Notes due May 1, 2028 (net of discount of \$417 and \$428)	499,583	499,572
3.500% Senior Notes due April 3, 2030 (net of discount of \$665)	999,335	—
4.125% Senior Notes due April 3, 2050 (net of discount of \$5,008)	494,992	—
Unsecured commercial paper notes	—	425,200
Other	4,340	4,895
Debt issuance costs, net	(28,879)	(16,012)
	<u>3,967,801</u>	<u>2,911,993</u>
Less: current portion	(580)	(555)
Long-term portion	<u>\$ 3,967,221</u>	<u>\$ 2,911,438</u>

On September 10, 2019, the Company entered into an amended and restated credit agreement, providing for a \$1.25 billion unsecured five-year revolving credit facility (the "Revolving Facility") of which up to \$175.0 million is available for letters of credit.

Borrowings under the Revolving Facility bear interest at a rate equal to an applicable interest rate margin plus, at the Company's option, either (a) LIBOR or (b) a base rate (which is usually equal to the prime rate). The applicable interest rate margin for borrowings as of May 1, 2020 was 1.015% for LIBOR borrowings and 0.015% for base-rate borrowings. The Company is also required to pay a facility fee, payable on any used and unused commitment amounts of the Revolving Facility, and customary fees on letters of credit issued under the Revolving Facility. As of May 1, 2020, the facility fee rate was 0.11%. The applicable interest rate margins for borrowings, the facility fees and the letter of credit fees under the Revolving Facility are subject to adjustment from time to time based on the Company's long-term senior unsecured debt ratings.

The Revolving Facility contains a number of customary affirmative and negative covenants that, among other things, restrict, subject to certain exceptions, the Company's ability to: incur additional liens; sell all or substantially all of the Company's assets; consummate certain fundamental changes or change in the Company's lines of business; and incur additional subsidiary indebtedness. The Revolving Facility also contains financial covenants which require the maintenance of a minimum fixed charge coverage ratio and a maximum leverage ratio. As of May 1, 2020, the Company was in compliance with all such covenants. The Revolving Facility also contains customary events of default.

As of May 1, 2020, the Company had no outstanding borrowings, outstanding letters of credit of \$4.8 million, and borrowing availability of approximately \$1.25 billion under the Revolving Facility that, due to its intention to maintain borrowing availability related to the commercial paper program described below, could contribute incremental liquidity of \$1.06 billion. In addition, as of May 1, 2020, the Company had outstanding letters of credit of \$44.1 million which were issued pursuant to separate agreements.

As of May 1, 2020, the Company had a commercial paper program under which the Company may issue unsecured commercial paper notes (the "CP Notes") from time to time in an aggregate amount not to exceed \$1.0 billion outstanding at any time. The CP Notes may have maturities of up to 364 days from the date of issue and rank equal in right of payment with all of the Company's other unsecured and unsubordinated indebtedness. The Company intends to maintain available commitments under the Revolving Facility in an amount at least equal to the amount of CP Notes outstanding at any time. As of May 1, 2020, the Company's condensed consolidated balance sheet reflected no outstanding unsecured CP Notes. CP Notes totaling \$181.0 million were held by a wholly-owned subsidiary of the Company and are therefore not reflected on the condensed consolidated balance sheet.

On April 3, 2020, the Company issued \$1.0 billion aggregate principal amount of 3.5% senior notes due 2030 (the "2030 Senior Notes"), net of discount of \$0.7 million, and \$500.0 million aggregate principal amount of 4.125% senior notes due 2050 (the "2050 Senior Notes"), net of discount of \$5.0 million. The 2030 Senior Notes are scheduled to mature on April 3, 2030 and the 2050 Senior Notes are scheduled to mature on April 3, 2050. Interest on the 2030 Senior Notes and the 2050 Senior Notes is payable in cash on April 3 and October 3 of each year, commencing on October 3, 2020. The Company incurred \$13.6 million of debt issuance costs associated with the issuance of the 2030 Senior Notes and the 2050 Senior Notes.

## **6. Assets and liabilities measured at fair value**

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Company does not have any fair value measurements categorized within Level 3 as of May 1, 2020.

The following table presents the Company's liabilities required to be measured at fair value as of May 1, 2020, aggregated by the level in the fair value hierarchy within which those measurements are classified.

(In thousands)	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value at May 1, 2020
<b>Liabilities:</b>				
Long-term obligations (a)	\$ 4,410,667	\$ 4,340	\$ —	\$ 4,415,007
Deferred compensation (b)	28,421	—	—	28,421

- (a) Included in the condensed consolidated balance sheet at book value as Current portion of long-term obligations of \$580 and Long-term obligations of \$3,967,221.
- (b) Reflected at fair value in the condensed consolidated balance sheet as Accrued expenses and other current liabilities of \$2,466 and noncurrent Other liabilities of \$25,955.

## 7. Commitments and contingencies

### Legal proceedings

From time to time, the Company is a party to various legal matters in the ordinary course of its business, including actions by employees, consumers, suppliers, government agencies, or others. The Company has recorded accruals with respect to these matters, where appropriate, which are reflected in the Company's consolidated financial statements. For some matters, a liability is not probable or the amount cannot be reasonably estimated and therefore an accrual has not been made. In 2019, the Company recorded an accrual of \$31.0 million for losses the Company believes are both probable and reasonably estimable relating to certified class actions and associated matters including the matters discussed below under Consumer/Product Litigation.

Except as described below and based on information currently available, the Company believes that its pending legal matters, both individually and in the aggregate, will be resolved without a material adverse effect on the Company's consolidated financial statements as a whole. However, litigation and other legal matters involve an element of uncertainty. Adverse decisions and settlements, including any required changes to the Company's business, or other developments in such matters could affect our consolidated operating results in future periods or result in liability or other amounts material to the Company's annual consolidated financial statements.

#### Consumer/Product Litigation

In December 2015 the Company was first notified of several lawsuits in which plaintiffs allege violation of state law, including state consumer protection laws, relating to the labeling, marketing and sale of certain Dollar General private-label motor oil. Each of these lawsuits, as well as additional, similar lawsuits filed after December 2015, was filed in, or removed to, various federal district courts of the United States (collectively "Motor Oil Lawsuits").

On June 2, 2016, the Motor Oil Lawsuits were centralized in a matter styled *In re Dollar General Corp. Motor Oil Litigation*, Case MDL No. 2709, before the United States District Court for the Western District of Missouri ("Motor Oil MDL"). In their consolidated amended complaint, the plaintiffs in the Motor Oil MDL sought to certify two nationwide classes and multiple statewide sub-classes and for each putative class member some or all of the following relief: compensatory damages, injunctive relief, statutory damages, punitive damages and attorneys' fees. The Company's motion to dismiss the allegations raised in the consolidated amended complaint was granted in part and denied in part on August 3, 2017. To the extent additional consumer lawsuits alleging violation of laws relating to the labeling, marketing and sale of Dollar General private-label motor oil have been or will be filed, the Company expects that such lawsuits will be transferred to the Motor Oil MDL.

In May 2017, the Company received a Notice of Proposed Action from the Office of the New Mexico Attorney General (the "New Mexico AG") which alleges that the Company's labeling, marketing and sale of certain Dollar General private-label motor oil violated New Mexico law (the "New Mexico Motor Oil Matter"). The State is represented in connection with this matter by counsel for plaintiffs in the Motor Oil MDL.

On June 20, 2017, the New Mexico AG filed an action in the First Judicial District Court, County of Santa Fe, New Mexico pertaining to the New Mexico Motor Oil Matter. (*Hector H. Balderas v. Dolgencorp, LLC*, Case No. D-101-cv-2017-01562). On May 4, 2020, the Company's motion to dismiss the action was denied.

On September 1, 2017, the Mississippi Attorney General (the "Mississippi AG"), who also is represented by the counsel for plaintiffs in the Motor Oil MDL, filed an action in the Chancery Court of the First Judicial District of Hinds County, Mississippi alleging that the Company's labeling, marketing and sale of certain Dollar General private-label motor oil violated Mississippi law. (*Jim Hood v. Dollar General Corporation*, Case No. G2017-1229 T/1) (the "Mississippi Motor Oil Matter"). The Company removed this matter to Mississippi federal court on October 5, 2017, and filed a motion to dismiss the action. The matter was transferred to the Motor Oil MDL and the Mississippi AG moved to remand it to state court. (*Jim Hood v. Dollar General Corporation*, N.D. Miss., Case No. 3:17-cv-801-LG-LRA). On May 7, 2019, the Mississippi AG renewed its motion to remand. The Company's and the Mississippi AG's above-referenced motions are pending.

On January 30, 2018, the Company received a Civil Investigative Demand ("CID") from the Office of the Louisiana Attorney General (the "Louisiana AG") requesting information concerning the Company's labeling, marketing and sale of certain Dollar General private-label motor oil (the "Louisiana Motor Oil Matter"). In response to the CID, the Company filed a petition for a protective order on February 20, 2018 in the 19<sup>th</sup> Judicial District Court for the Parish of East Baton Rouge, Louisiana seeking to set aside the CID. (*In re Dollar General Corp. and Dolgencorp, LLC*, Case No. 666499). On February 7, 2020, the Company reached an agreement with the Louisiana AG to resolve this matter for an amount that is immaterial to the Company's consolidated financial statements as a whole.

On August 20, 2018, plaintiffs moved to certify two nationwide classes relating to their claims of alleged unjust enrichment and breach of implied warranties. In addition, plaintiffs moved to certify a multi-state class relating to their claims of breach of implied warranties and multiple statewide classes relating to alleged unfair trade practices/consumer fraud, unjust enrichment and breach of implied warranty claims. The Company opposed the plaintiffs' certification motion. On March 21, 2019, the court granted the plaintiffs' certification motion as to 16 statewide classes regarding claims of unjust enrichment and 16 statewide classes regarding state consumer protection laws. Subsequently, the court certified an additional class, bringing the total to 17 statewide classes. The court denied plaintiffs' certification motion in all other respects. On June 25, 2019, the United States Court of Appeals for the Eighth Circuit granted the Company's Petition to Appeal the lower court's certification rulings. The Company's appeal remains pending.

The Company is vigorously defending these matters and believes that the labeling, marketing and sale of its private-label motor oil comply with applicable federal and state requirements and are not misleading. The Company further believes that these matters are not appropriate for class or similar treatment. At this time, however, except as to the Louisiana Motor Oil Matter, it is not possible to predict whether these matters ultimately will be permitted to proceed as a class or in a similar fashion or the size of any putative class or classes. Likewise, except as to the Louisiana Motor Oil Matter, no assurances can be given that the Company will be successful in its defense of these matters on the merits or otherwise. Based on its belief that a loss in these matters is both probable and reasonably estimable, as noted above, during 2019, the Company recorded an accrual for an amount that is immaterial to the Company's consolidated financial statements as a whole.

## 8. Segment reporting

The Company manages its business on the basis of one reportable operating segment. As of May 1, 2020, all of the Company's operations were located within the United States with the exception of certain product sourcing operations in Hong Kong and China, which collectively are not material with regard to assets, results of operations or otherwise to the condensed consolidated financial statements. The following net sales data is presented in accordance with accounting standards related to disclosures about segments of an enterprise.

(in thousands)	13 Weeks Ended	
	May 1, 2020	May 3, 2019
Classes of similar products:		
Consumables	\$ 6,703,449	\$ 5,213,155
Seasonal	917,912	736,978
Home products	498,282	375,713
Apparel	328,806	297,339
Net sales	<u>\$ 8,448,449</u>	<u>\$ 6,623,185</u>

**9. Common stock transactions**

On August 29, 2012, the Company's Board of Directors authorized a common stock repurchase program, which the Board has since increased on several occasions. Most recently, on December 3, 2019, the Company's Board of Directors authorized a \$1.0 billion increase to the existing common stock repurchase program and as of that date, a cumulative total of \$8.0 billion had been authorized under the program since its inception. The repurchase authorization has no expiration date and allows repurchases from time to time in the open market or in privately negotiated transactions. The timing and number of shares purchased depends on a variety of factors, such as price, market conditions, compliance with the covenants and restrictions under the Company's debt agreements and other factors. Repurchases under the program may be funded from available cash or borrowings, including under the Company's Revolving Facility and issuance of CP Notes discussed in further detail in Note 5.

Pursuant to its common stock repurchase program, during the 13-week periods ended May 1, 2020 and May 3, 2019, the Company repurchased in the open market approximately 0.5 million shares of its common stock at a total cost of \$63.1 million and approximately 1.7 million shares of its common stock at a total cost of \$200.0 million, respectively.

The Company paid a cash dividend of \$0.36 per share during the first quarter of 2020. On May 27, 2020, the Company's Board of Directors declared a quarterly cash dividend of \$0.36 per share, which is payable on or before July 21, 2020 to shareholders of record on July 7, 2020. The amount and declaration of future cash dividends is subject to the sole discretion of the Company's Board of Directors and will depend upon, among other things, the Company's results of operations, cash requirements, financial condition, contractual restrictions and other factors that the Board may deem relevant in its sole discretion.

## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of  
Dollar General Corporation

### **Results of Review of Interim Financial Statements**

We have reviewed the accompanying condensed consolidated balance sheet of Dollar General Corporation and subsidiaries (the Company) as of May 1, 2020, the related condensed consolidated statements of income, comprehensive income, and shareholders' equity for the thirteen week periods ended May 1, 2020 and May 3, 2019, the condensed consolidated statements of cash flows for the thirteen week periods ended May 1, 2020 and May 3, 2019, and the related notes (collectively referred to as the "condensed consolidated interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of January 31, 2020, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the year then ended, and the related notes (not presented herein); and in our report dated March 19, 2020, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of January 31, 2020, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

### **Basis for Review Results**

These financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Ernst & Young LLP

May 28, 2020  
Nashville, Tennessee

## **ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

### **General**

This discussion and analysis is based on, should be read with, and is qualified in its entirety by, the accompanying unaudited condensed consolidated financial statements and related notes, as well as our consolidated financial statements and the related Management’s Discussion and Analysis of Financial Condition and Results of Operations as contained in our Annual Report on Form 10-K for the fiscal year ended January 31, 2020. It also should be read in conjunction with the disclosure under “Cautionary Disclosure Regarding Forward-Looking Statements” in this report.

### **Impact of COVID-19**

The COVID-19 (coronavirus) pandemic has resulted in widespread and continuing impacts on the global economy and has affected our business, as well as our customers, suppliers, and other business partners. We have been classified as an essential business in all locations where we operate, and as such, our stores have generally remained open to serve our customers. In responding to the pandemic and its effects, our priority has been the health and safety of our employees and customers. In order to serve our employees and customers during this time while prioritizing their well-being, we have taken a variety of actions across our stores, distribution centers and store support center, including (as applicable): enhancing cleaning protocols, reducing store operating hours, designating one hour each day for our elderly customers to shop our stores with limited crowds, implementing social distancing measures, providing personal protective equipment (e.g., gloves, masks and hand sanitizer) for employees, providing employee temperature checks at our distribution facilities, and installing plexiglass barriers at registers.

In early March, we began seeing heightened demand from customers, particularly for consumable products such as paper, food and cleaning products, which continued throughout the first quarter and into the second quarter, albeit with some variability as to the volume and category mix. To address the increased demand, we significantly increased our hiring of new store associates, and worked with suppliers to incorporate new items in stores to meet the essential needs of customers while addressing certain product allocation shortages. We believe that this increased customer demand significantly benefited our first quarter results of operations, and in particular, sales, gross profit, operating income and net income. Although we incurred additional payroll related expenses, including employee appreciation bonuses of approximately \$60 million, increased distribution and transportation costs, as well as other costs to meet the significant demand and to protect the health and safety of our employees and customers, these costs were more than offset by the incremental sales.

During the first quarter of 2020, we temporarily suspended repurchases of common stock under our share repurchase program to evaluate the implications of the COVID-19 pandemic. Additionally, to further strengthen our liquidity position, we issued \$1.5 billion of long-term debt in the form of senior notes, which contributed to our total consolidated cash balance of \$2.7 billion at May 1, 2020.

We expect to continue to be affected, although the extent and duration is unknown, by the COVID-19 pandemic and its effects on the economy in a variety of ways, potentially including changing consumer demand (whether higher or lower) in certain product categories, supply chain interruptions, increased distribution and transportation costs, increased payroll expenses, and increased costs in an effort to maintain safe work and shopping environments. Additionally, the vast shutdown of many businesses in the United States has resulted in high levels of unemployment which could have a significant adverse impact on our core customers for an unknown length of time. The potential effect of economic stabilization efforts, including government stimulus payments and enhanced unemployment benefits, is uncertain. In addition to the items described above, we expect the current adverse economic conditions in the U.S. and abroad caused by the COVID-19 pandemic to continue at least throughout 2020 and possibly longer, potentially resulting in continued elevated unemployment, reduced economic activity, and continued capital markets volatility. We may experience adverse effects on our business, results of operations and cash flows from a recessionary economic environment that is expected to persist after the COVID-19 pandemic has moderated. As a result, the quarterly cadence of our results of operations is likely to vary from historical patterns.

Due to the significant uncertainty surrounding the COVID-19 pandemic and its effects, there may be consequences that we do not anticipate at this time or that develop in unexpected ways. We will continue to monitor the



rapidly evolving situation, and we will continue to take actions as necessary to serve our employees, customers, communities and shareholders.

## **Executive Overview**

We are the largest discount retailer in the United States by number of stores, with 16,500 stores located in 46 states as of May 1, 2020, with the greatest concentration of stores in the southern, southwestern, midwestern and eastern United States. We offer a broad selection of merchandise, including consumable products such as food, paper and cleaning products, health and beauty products and pet supplies, and non-consumable products such as seasonal merchandise, home decor and domestics, and basic apparel. Our merchandise includes national brands from leading manufacturers, as well as our own private brand selections with prices at substantial discounts to national brands. We offer our customers these national brand and private brand products at everyday low prices (typically \$10 or less) in our convenient small-box locations.

We believe our convenient store formats, locations, and broad selection of high-quality products at compelling values have driven our substantial growth and financial success over the years and through a variety of economic cycles. We are mindful that the majority of our customers are value-conscious, and many have low and/or fixed incomes. As a result, we are intensely focused on helping our customers make the most of their spending dollars. Our core customers are often among the first to be affected by negative or uncertain economic conditions and among the last to feel the effects of improving economic conditions particularly when trends are inconsistent and of an uncertain duration. The primary macroeconomic factors that affect our core customers include the unemployment and underemployment rates, wage growth, changes in U.S. and global trade policy (including price increases from tariffs), and changes to certain government assistance programs, such as the Supplemental Nutrition Assistance Program. Additionally, our customers are impacted by increases in those expenses that generally comprise a large portion of their household budget, such as rent, healthcare and fuel prices. Finally, significant unseasonable or unusual weather patterns can impact customer shopping behaviors.

We remain committed to the following long-term operating priorities as we consistently strive to improve our performance while retaining our customer-centric focus: 1) driving profitable sales growth, 2) capturing growth opportunities, 3) enhancing our position as a low-cost operator, and 4) investing in our people as a competitive advantage.

We seek to drive profitable sales growth through initiatives aimed at increasing customer traffic and average transaction amount. As we work to provide everyday low prices and meet our customers' affordability needs, we remain focused on enhancing our margins through effective category management, inventory shrink reduction initiatives, private brands penetration, distribution and transportation efficiencies, global sourcing, and pricing and markdown optimization. Several of our sales-driving initiatives are also designed to capture growth opportunities and are discussed in more detail below.

Historically, our sales of consumables, which tend to have lower gross margins, have been the key drivers of net sales and customer traffic, while sales of non-consumables, which tend to have higher gross margins, have contributed to more profitable sales growth and an increase in average transaction amount. In recent years our sales mix has continued to shift slightly toward consumables, and, within consumables, slightly toward lower margin departments such as perishables. The shift toward lower-margin departments within consumables did not occur to a material extent in the first quarter of 2020, however, it is uncertain at this time whether this will continue. While we expect some sales mix challenges to persist, certain of our initiatives are intended to address these trends, although there can be no assurance we will be successful in reversing them.

We continue to make progress on and invest in certain strategic initiatives that we believe will help drive profitable sales growth and capture long-term growth opportunities. Such opportunities include leveraging existing and developing new digital tools and technology to provide our customers with additional shopping access points and even greater convenience. This technology includes our Dollar General app, which contains a variety of tools to enhance the in-store shopping experience. Additionally, we recently launched a pilot of DG Pickup, which is a buy online, pickup in-store initiative aimed at offering another convenient access point for customers. Our Non-Consumable initiative, or NCI, which is continuing to evolve and help shape our approach to non-consumable categories throughout the chain, offers a new, differentiated and limited assortment that will change throughout the year. As we extend this initiative more broadly, as well as incorporate certain related merchandising efforts throughout our chain, our goal is to continue to

improve the shopping experience while delivering exceptional value within key areas of our non-consumable categories. Our goal is to have this offering in approximately 5,000 stores by the end of fiscal 2020.

We are continuing our rollout of the “DG Fresh” initiative, a self-distribution model for fresh and frozen products that is designed to enhance sales, reduce product costs, improve our in-stock position and enhance item assortment. By the end of fiscal 2020, we plan to operate up to ten DG Fresh distribution facilities, which will serve approximately 12,000 stores.

Tariffs on products from China, as applied to both our direct imports and domestic purchases, have not had a net material impact on our financial results. We believe we can continue to mitigate the potential sales and margin impact of such increased tariffs on our financial results in 2020 through various sourcing, merchandising and pricing efforts. However, as noted above, changes in trade policy that result in higher prices for our customers may negatively impact their budgets, and consequently, their spending, and additional increases in tariff rates or expansion of products subject to tariffs may have a more significant impact on our future business. There can be no assurance we will be successful in our efforts to mitigate the impacts of existing or future tariffs in whole or in part, including but not limited to any impacts on customer spending.

To support our other operating priorities, we remain focused on capturing growth opportunities. In the first quarter of 2020, we opened 250 new stores, remodeled 481 stores, and relocated 17 stores. Through the end of the first quarter, the COVID-19 pandemic has not resulted in a delay in our real estate plans, and we do not currently expect any significant delays based on what is currently known to management. For 2020, we continue to plan to open approximately 1,000 new stores, remodel approximately 1,500 stores, and relocate approximately 80 stores for a total of 2,580 real estate projects.

We continue to innovate within our channel and are able to utilize the most productive of our various store formats based on the specific market opportunity. We expect that our traditional 7,300 square foot store format will continue to be the primary store layout for new stores in 2020. We continue to expect approximately 1,125 of the planned 1,500 remodels in 2020 to use a higher-cooler-count store format that enables us to offer an increased selection of perishable items, with the traditional store format being the primary store layout for the remainder of the real estate projects. Additionally, the majority of both new stores and remodels will incorporate higher-capacity coolers. The acceleration of remodels in 2020 and the increased usage of the higher-cooler-count formats is expected to allow us to capture additional growth opportunities within our existing markets. In addition, our smaller format store (less than 6,000 square feet) is expected to allow us to capture growth opportunities in urban areas. We continue to incorporate lessons learned from our various store formats and layouts into our existing store base with a goal of driving increased customer traffic, average transaction amount, same-store sales and overall store productivity.

We have established a position as a low-cost operator, always seeking ways to reduce or control costs that do not affect our customers’ shopping experiences. We plan to continue enhancing this position over time while employing ongoing cost discipline to reduce certain expenses as a percentage of sales. Nonetheless, we seek to maintain flexibility to invest in the business as necessary to enhance our long-term profitability. We have experienced incremental costs related to the COVID-19 pandemic as discussed above under “Impact of COVID-19” and following.

We also have launched “Fast Track”, an initiative aimed at further enhancing our convenience proposition and in-stock position as well as increasing labor productivity within our stores. The first phase of Fast Track involved sorting process optimization within our distribution centers, as well as increased shelf-ready packaging, to allow for greater store-level stocking efficiencies, followed by the second-phase pilot of a self-checkout option in a limited number of stores. We have completed the sorting process optimization at all of our non-refrigerated distribution centers. Additionally, we have launched the self-checkout pilot in a select number of stores. These and certain other strategic initiatives will require us to incur upfront expenses for which, in some respects, there may not be an immediate or acceptable return in terms of sales or enhanced profitability.

Certain of our operating expenses, such as wage rates and occupancy costs, have continued to increase in recent years, due primarily to market forces. While we expect these increases to persist, certain of our initiatives and plans are intended to help offset these challenges, although there can be no assurance we will be successful in mitigating them. We have experienced incremental payroll costs related to the COVID-19 pandemic as discussed above under “Impact of COVID-19”.

Our employees are a competitive advantage, and we proactively seek ways to continue investing in them. Our goal is to create an environment that attracts and retains talented personnel, particularly at the store level, because employees who are promoted from within our company generally have longer tenures and are greater contributors to improvements in our financial performance. We believe our investments in compensation and training for our store managers have contributed to improved customer experience scores, higher sales and improved turnover metrics.

To further enhance shareholder returns, we repurchased shares of our common stock and paid quarterly cash dividends in the first quarter of 2020. Although we have temporarily suspended share repurchase activity amid the COVID-19 pandemic, we intend to resume this activity as soon as we deem it is prudent and advisable to do so, which may be as early as the 2020 second quarter, and we intend to pay quarterly cash dividends throughout 2020. The payment of dividends and any share repurchases above the amount currently authorized each is subject to Board discretion and approval.

We utilize key performance indicators (“KPIs”) in the management of our business. Our KPIs include same-store sales, average sales per square foot, and inventory turnover. Same-store sales are calculated based upon stores that were open at least 13 full fiscal months and remain open at the end of the reporting period. We include stores that have been remodeled, expanded or relocated in our same-store sales calculation. Changes in same-store sales are calculated based on the comparable 52 calendar weeks in the current and prior years. Net sales per square foot is calculated based on total sales for the preceding 12 months as of the ending date of the reporting period divided by the average selling square footage during the period, including the end of the fiscal year, the beginning of the fiscal year, and the end of each of our three interim fiscal quarters. Inventory turnover is calculated based on total cost of goods sold for the preceding four quarters divided by the average inventory balance as of the ending date of the reporting period, including the end of the fiscal year, the beginning of the fiscal year, and the end of each of our three interim fiscal quarters. Each of these measures is commonly used by investors in retail companies to measure the health of the business. We use these measures to maximize profitability and for decisions about the allocation of resources.

A continued focus on our four operating priorities as discussed above, coupled with pandemic-related sales and other impacts (more fully discussed below), along with strong cash flow management resulted in solid overall operating and financial performance in the 2020 period as compared to the 2019 period, as set forth below.

Highlights of our 2020 first quarter results of operations compared to the 2019 first quarter and our financial condition at May 1, 2020 are set forth below. Basis points amounts referred to below are equal to 0.01% as a percentage of net sales.

- Net sales increased 27.6% to \$8.4 billion. Sales in same-stores increased 21.7% reflecting increases in average transaction amount and customer traffic. Average sales per square foot for all stores over the 52-week period ended May 1, 2020 was \$249.
- Gross profit, as a percentage of net sales, was 30.7% in the 2020 period and 30.2% in the 2019 period, an increase of 49 basis points, primarily reflecting favorable markdowns and higher initial inventory markups.
- SG&A expense, as a percentage of net sales, was 20.5% in the 2020 period compared to 22.5% in the 2019 period, a decrease of 204 basis points, due in part to lower occupancy, retail labor, and utilities costs as a percentage of net sales.
- Operating profit increased 69.2% to \$866.8 million in the 2020 period compared to \$512.2 million in the 2019 period.
- Interest expense increased by \$4.6 million in the 2020 period primarily due to higher average outstanding debt balances in connection with the issuance of debt during the quarter.
- The effective income tax rate for the 2020 period was 22.2% compared to a rate of 20.8% for the 2019 period primarily due to the increase in pre-tax earnings in the 2020 period compared to the 2019 period, while certain items impacting the rate remained materially the same in amount in both periods.
- Net income was \$650.4 million, or \$2.56 per diluted share, in the 2020 period compared to net income of \$385.0 million, or \$1.48 per diluted share, in the 2019 period.
- Cash generated from operating activities was \$1.74 billion for the 2020 period, an increase of \$1.16 billion over the comparable 2019 period.
- Total cash dividends of \$90.6 million, or \$0.36 per share, were paid during the 2020 period, compared to \$82.8 million, or \$0.32 per share, in the comparable 2019 period.
- Inventory turnover was 4.7 times on a rolling four-quarter basis. On a per store basis, inventories at May 1, 2020 decreased by 5.5% compared to the balances at May 3, 2019.

The above discussion is a summary only. Readers should refer to the detailed discussion of our results of operations below in the current year periods as compared with the prior year periods as well as our financial condition at May 1, 2020.

## Results of Operations

*Accounting Periods.* We utilize a 52-53 week fiscal year convention that ends on the Friday nearest to January 31. The following text contains references to years 2020 and 2019, which represent the 52-week fiscal years ending or ended January 29, 2021 and January 31, 2020, respectively. References to the first quarter accounting periods for 2020 and 2019 contained herein refer to the 13-week accounting periods ended May 1, 2020 and May 3, 2019, respectively.

*Seasonality.* The nature of our business is somewhat seasonal. Primarily because of sales of Christmas-related merchandise, operating profit in our fourth quarter (November, December and January) has historically been higher than operating profit in each of the first three quarters of the fiscal year. Expenses, and to a greater extent operating profit, vary by quarter. Results of a period shorter than a full year may not be indicative of results expected for the entire year. Furthermore, the seasonal nature of our business may affect comparisons between periods. Consumer behavior driven by the COVID-19 pandemic resulted in a departure from seasonal norms we have experienced in recent years and may continue to disrupt the historical quarterly cadence of our results of operations for an unknown period of time.

The following table contains results of operations data for the first 13-week periods of 2020 and 2019, and the dollar and percentage variances among those periods:

(amounts in millions, except per share amounts)	13 Weeks Ended		2020 vs. 2019	
	May 1, 2020	May 3, 2019	Amount Change	% Change
<b>Net sales by category:</b>				
Consumables	\$ 6,703.4	\$ 5,213.2	\$ 1,490.3	28.6 %
<i>% of net sales</i>	79.35 %	78.71 %		
Seasonal	917.9	737.0	180.9	24.6
<i>% of net sales</i>	10.86 %	11.13 %		
Home products	498.3	375.7	122.6	32.6
<i>% of net sales</i>	5.90 %	5.67 %		
Apparel	328.8	297.3	31.5	10.6
<i>% of net sales</i>	3.89 %	4.49 %		
Net sales	\$ 8,448.4	\$ 6,623.2	\$ 1,825.3	27.6 %
Cost of goods sold	5,852.8	4,620.9	1,231.8	26.7
<i>% of net sales</i>	69.28 %	69.77 %		
Gross profit	2,595.7	2,002.3	593.4	29.6
<i>% of net sales</i>	30.72 %	30.23 %		
Selling, general and administrative expenses	1,728.9	1,490.0	238.9	16.0
<i>% of net sales</i>	20.46 %	22.50 %		
Operating profit	866.8	512.2	354.5	69.2
<i>% of net sales</i>	10.26 %	7.73 %		
Interest expense	30.5	25.9	4.6	17.6
<i>% of net sales</i>	0.36 %	0.39 %		
Income before income taxes	836.3	486.3	350.0	72.0
<i>% of net sales</i>	9.90 %	7.34 %		
Income tax expense	185.8	101.3	84.6	83.5
<i>% of net sales</i>	2.20 %	1.53 %		
Net income	\$ 650.4	\$ 385.0	\$ 265.4	68.9 %
<i>% of net sales</i>	7.70 %	5.81 %		
Diluted earnings per share	\$ 2.56	\$ 1.48	\$ 1.08	73.0 %

### 13 WEEKS ENDED MAY 1, 2020 AND MAY 3, 2019

*Net Sales.* The net sales increase in the 2020 period reflects a same-store sales increase of 21.7% compared to the 2019 period. We believe consumer behavior driven by the COVID-19 pandemic had a significant positive effect on net sales and same-store sales. Same-stores include stores that have been open for at least 13 months and remain open at the end of the reporting period. For the 2020 period, there were 15,379 same-stores which accounted for sales of \$8.0 billion. The increase in same-store sales reflects an increase in average transaction amount driven by a significant increase in items per transaction and, to a lesser degree, higher average item retail prices, as well as an increase in customer traffic. Same-store sales increased in each of the consumables, seasonal, home products and apparel categories, with the largest percentage increase in the home products category. The net sales increase was also positively affected by sales from new stores, modestly offset by sales from closed stores.

*Gross Profit.* For the 2020 period, gross profit increased by 29.6%, and as a percentage of net sales increased by 49 basis points to 30.7% compared to the 2019 period. A reduction in markdowns as a percentage of net sales and higher initial markups on inventory purchases each contributed to the increase in the gross profit rate. These factors were partially offset by increased distribution costs which were impacted by the COVID-19 pandemic in the form of increased volume and discretionary employee bonus expense. In recent years a greater proportion of sales have come from the consumables category, which generally has a lower gross profit rate than our other product categories, creating downward pressure on our overall gross profit rate. Although this sales trend continued in the first quarter of 2020, we sold a greater proportion of higher margin consumables products in the quarter which largely mitigated this effect in the 2020 period compared to the 2019 period. As noted above, we believe consumer behavior driven by the COVID-19 pandemic had a significant positive effect on net sales, and likewise had a positive effect on total gross profit dollars.

*Selling, General & Administrative Expenses ("SG&A").* SG&A was 20.5% as a percentage of net sales in the 2020 period compared to 22.5% in the comparable 2019 period, a decrease of 204 basis points. Although we incurred certain incremental costs discussed above under "Impact of COVID-19," they were more than offset by the significant

increase in net sales during the quarter as discussed above. Among the expenses that were a lower percentage of net sales in the current year period were occupancy costs, retail labor, utilities, depreciation and amortization, and taxes and licenses. These items were partially offset by increased incentive compensation expenses.

*Interest Expense.* Interest expense increased by \$4.6 million to \$30.5 million in the 2020 period primarily due to higher average outstanding debt balances in connection with the issuance of debt during the quarter. See Liquidity and Capital Resources.

*Income Taxes.* The effective income tax rate for the 2020 period was 22.2% compared to a rate of 20.8% for the 2019 period which represents a net increase of 1.4 percentage points. The tax rate for the 2020 period was higher than the comparable 2019 period primarily due to an increase in pre-tax earnings in the 2020 period compared to the 2019 period while items impacting the effective rate, such as the benefits from stock-based compensation and federal tax credits, remained materially consistent in amount in both the 2020 and 2019 periods.

## **Liquidity and Capital Resources**

At May 1, 2020, we had a \$1.25 billion unsecured revolving credit agreement (the “Revolving Facility”), \$4.0 billion aggregate principal amount of senior notes, and a commercial paper program that may provide borrowing availability in the form of commercial paper notes (“CP Notes”) of up to \$1.0 billion. On April 3, 2020 we issued \$1.5 billion in senior notes and at May 1, 2020, we had total consolidated outstanding debt (including the current portion of long-term obligations) of \$4.0 billion, which primarily includes senior notes. All of our borrowing agreements are described in greater detail below. Our borrowing availability under the Revolving Facility may be effectively limited by our CP Notes as further described below.

At May 1, 2020, we had a total consolidated cash balance of \$2.7 billion. The increase in cash and cash equivalents was driven primarily by our issuance of \$1.5 billion of senior unsecured notes during the quarter as we sought to strengthen liquidity as a result of the continued uncertainty generated by the COVID-19 pandemic. The net proceeds of the issuance will be used for general corporate purposes, which may include the repayment of indebtedness. As the net proceeds were not immediately used for these purposes, the net proceeds were held in cash and cash equivalents as of May 1, 2020.

We believe our cash flow from operations and existing cash balances, combined with availability under the Revolving Facility, the CP Notes and access to the debt markets will provide sufficient liquidity to fund our current obligations, projected working capital requirements, capital spending, anticipated dividend payments and share repurchases for a period that includes the next twelve months as well as the next several years. However, our ability to maintain sufficient liquidity may be affected by numerous factors, many of which are outside of our control. Depending on our liquidity levels, conditions in the capital markets and other factors, we may from time to time consider the issuance of debt, equity or other securities, the proceeds of which could provide additional liquidity for our operations.

For the remainder of fiscal 2020, we anticipate potential combined borrowings under the Revolving Facility and our CP Notes to be a maximum of approximately \$500 million outstanding at any one time, including any anticipated borrowings to fund repurchases of common stock.

### *Revolving Credit Facility*

On September 10, 2019, we entered into an amended and restated credit agreement consisting of the \$1.25 billion Revolving Facility of which up to \$175.0 million is available for the issuance of letters of credit and which is scheduled to mature on September 10, 2024.

Borrowings under the Revolving Facility bear interest at a rate equal to an applicable interest rate margin plus, at our option, either (a) LIBOR or (b) a base rate (which is usually equal to the prime rate). The applicable interest rate margin for borrowings as of May 1, 2020 was 1.015% for LIBOR borrowings and 0.015% for base-rate borrowings. We must also pay a facility fee, payable on any used and unused commitment amounts of the Revolving Facility, and customary fees on letters of credit issued under the Revolving Facility. As of May 1, 2020, the facility fee rate was 0.11%. The applicable interest rate margins for borrowings, the facility fees and the letter of credit fees under the Revolving Facility are subject to adjustment from time to time based on our long-term senior unsecured debt ratings.

The Revolving Facility contains a number of customary affirmative and negative covenants that, among other things, restrict, subject to certain exceptions, our (including our subsidiaries') ability to: incur additional liens; sell all or substantially all of our assets; consummate certain fundamental changes or change in our lines of business; and incur additional subsidiary indebtedness. The Revolving Facility also contains financial covenants that require the maintenance of a minimum fixed charge coverage ratio and a maximum leverage ratio. As of May 1, 2020, we were in compliance with all such covenants. The Revolving Facility also contains customary events of default.

As of May 1, 2020, under the Revolving Facility, we had no outstanding borrowings, outstanding letters of credit of \$4.8 million, and borrowing availability of approximately \$1.25 billion that, due to our intention to maintain borrowing availability related to the commercial paper program described below, could contribute incremental liquidity of \$1.06 billion at May 1, 2020. In addition, as of May 1, 2020 we had outstanding letters of credit of \$44.1 million which were issued pursuant to separate agreements.

#### *Commercial Paper*

As of May 1, 2020, our condensed consolidated balance sheet reflected no outstanding unsecured CP Notes. CP Notes totaling \$181.0 million were held by a wholly-owned subsidiary and are therefore not reflected on the condensed consolidated balance sheet. We may issue the CP Notes from time to time in an aggregate amount not to exceed \$1.0 billion outstanding at any time. The CP Notes may have maturities of up to 364 days from the date of issue and rank equal in right of payment with all of our other unsecured and unsubordinated indebtedness. We intend to maintain available commitments under the Revolving Facility in an amount at least equal to the amount of CP Notes outstanding at any time.

#### *Senior Notes*

In April 2013 we issued \$900.0 million aggregate principal amount of 3.25% senior notes due 2023 (the "2023 Senior Notes") at a discount of \$2.4 million, which are scheduled to mature on April 15, 2023. In October 2015 we issued \$500.0 million aggregate principal amount of 4.150% senior notes due 2025 (the "2025 Senior Notes") at a discount of \$0.8 million, which are scheduled to mature on November 1, 2025. In April 2017 we issued \$600.0 million aggregate principal amount of 3.875% senior notes due 2027 (the "2027 Senior Notes") at a discount of \$0.4 million, which are scheduled to mature on April 15, 2027. In April 2018 we issued \$500.0 million aggregate principal amount of 4.125% senior notes due 2028 (the "2028 Senior Notes") at a discount of \$0.5 million, which are scheduled to mature on May 1, 2028. In April 2020 we issued \$1.0 billion aggregate principal amount of 3.5% senior notes due 2030 (the "2030 Senior Notes") at a discount of \$0.7 million, which are scheduled to mature on April 3, 2030, and \$500.0 million aggregate principal amount of 4.125% senior notes due 2050 (the "2050 Senior Notes") at a discount of \$5.0 million, which are scheduled to mature on April 3, 2050. Collectively, the 2023 Senior Notes, 2025 Senior Notes, 2027 Senior Notes, 2028 Senior Notes, 2030 Senior Notes and 2050 Senior Notes comprise the "Senior Notes", each of which were issued pursuant to an indenture as supplemented and amended by supplemental indentures relating to each series of Senior Notes (as so supplemented and amended, the "Senior Indenture"). Interest on the 2023 Senior Notes and the 2027 Senior Notes is payable in cash on April 15 and October 15 of each year. Interest on the 2025 and 2028 Senior Notes is payable in cash on May 1 and November 1 of each year. Interest on the 2030 and 2050 Senior Notes is payable in cash on April 3 and October 3 of each year, commencing on October 3, 2020.

We may redeem some or all of the Senior Notes at any time at redemption prices set forth in the Senior Indenture. Upon the occurrence of a change of control triggering event, which is defined in the Senior Indenture, each holder of our Senior Notes has the right to require us to repurchase some or all of such holder's Senior Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date.

The Senior Indenture contains covenants limiting, among other things, our ability (subject to certain exceptions) to consolidate, merge, or sell or otherwise dispose of all or substantially all of our assets; and our ability and the ability of our subsidiaries to incur or guarantee indebtedness secured by liens on any shares of voting stock of significant subsidiaries.

The Senior Indenture also provides for events of default which, if any of them occurs, would permit or require the principal of and accrued interest on our Senior Notes to become or to be declared due and payable, as applicable.

## Contractual Obligations

The issuance of the 2030 Senior Notes and the 2050 Senior Notes discussed above resulted in changes to the contractual obligations reported in our Annual Report on Form 10-K for the fiscal year ended January 31, 2020. The following table summarizes our significant contractual obligations for long-term debt obligations and related interest as of May 1, 2020 (in thousands):

Contractual obligations	Payments Due by Period				
	Total	< 1 year	1 - 3 years	3 - 5 years	5+ years
Long-term debt obligations	\$ 4,004,340	\$ 580	\$ 901,245	\$ 1,365	\$ 3,101,150
Interest(a)	1,491,661	149,529	297,827	240,528	803,777

- (a) Represents obligations for interest payments on long-term debt and includes projected interest on variable rate long-term debt using rates and balances as of May 1, 2020. Variable rate long-term debt included in the table above reflects the balance of an outstanding tax increment financing of \$4.3 million.

## Current Financial Condition / Recent Developments

Our inventory balance represented approximately 40% of our total assets exclusive of goodwill, operating lease assets, and other intangible assets as of May 1, 2020. Such percentage is lower than we have experienced in recent years and is reflective of changes in consumer behavior and, to a lesser extent, supply chain disruption caused by the COVID-19 pandemic. Our ability to effectively manage our inventory balances can have a significant impact on our cash flows from operations during a given fiscal year. Inventory purchases are often somewhat seasonal in nature, such as the purchase of warm-weather or Christmas-related merchandise. Efficient management of our inventory has been and continues to be an area of focus for us.

As described in Note 7 to the unaudited condensed consolidated financial statements, we are involved in a number of legal actions and claims, some of which could potentially result in material cash payments. Adverse developments in those actions could materially and adversely affect our liquidity.

Our senior unsecured debt is rated “Baa2,” by Moody’s with a stable outlook and “BBB” by Standard & Poor’s with a stable outlook, and our commercial paper program is rated “P-2” by Moody’s and “A-2” by Standard and Poor’s. Our current credit ratings, as well as future rating agency actions, could (i) impact our ability to finance our operations on satisfactory terms; (ii) affect our financing costs; and (iii) affect our insurance premiums and collateral requirements necessary for our self-insured programs. There can be no assurance that we will maintain or improve our current credit ratings.

Unless otherwise noted, all references to the 2020 and 2019 periods in the discussion of cash flows from operating, investing and financing activities below refer to the 13-week periods ended May 1, 2020 and May 3, 2019, respectively.

*Cash flows from operating activities.* Cash flows from operating activities were \$1.74 billion in the 2020 period, which represents a \$1.16 billion increase compared to the 2019 period. Net income increased by \$265.4 million in the 2020 period over the 2019 period. Changes in merchandise inventories resulted in a \$567.9 million increase in the 2020 period as compared to a decrease of \$14.3 million in the 2019 period and is reflective of the COVID-19 pandemic effects discussed above. Changes in accounts payable resulted in a \$110.1 million increase in the 2020 period compared to a \$39.7 million increase in the 2019 period, due primarily to the timing of receipts and payments. Changes in income taxes in the 2020 period compared to the 2019 period are primarily due to the timing of payments for income taxes and increased accruals for income tax expense due to higher pre-tax earnings in the 2020 period.

On an ongoing basis, we closely monitor and manage our inventory balances, and they may fluctuate from period to period based on new store openings, the timing of purchases, and other factors. Merchandise inventories decreased by 12% in the 2020 period and were essentially unchanged in the 2019 period, with changes in our four inventory categories as follows: consumables decreased by 11% compared to a 4% increase; seasonal decreased 13% compared to a 4% decrease; home products decreased by 18% compared to a 4% decrease; and apparel decreased by 17% compared to a 11% decrease.



*Cash flows from investing activities.* Significant components of property and equipment purchases in the 2020 period included the following approximate amounts: \$75 million for improvements, upgrades, remodels and relocations of existing stores; \$73 million related to store facilities, primarily for leasehold improvements, fixtures and equipment in new stores; \$32 million for distribution and transportation-related capital expenditures; and \$12 million for information systems upgrades and technology-related projects. The timing of new, remodeled and relocated store openings along with other factors may affect the relationship between such openings and the related property and equipment purchases in any given period. During the 2020 period, we opened 250 new stores and remodeled or relocated 498 stores.

Significant components of property and equipment purchases in the 2019 period included the following approximate amounts: \$67 million for improvements, upgrades, remodels and relocations of existing stores; \$36 million related to new leased stores, primarily for leasehold improvements, fixtures and equipment; \$25 million for distribution and transportation-related capital expenditures; and \$15 million for information systems upgrades and technology-related projects. During the 2019 period, we opened 240 new stores and remodeled or relocated 357 stores.

Capital expenditures for 2020 are currently projected to be in the range of \$925 million to \$975 million. We anticipate funding 2020 capital requirements with a combination of some or all of the following: existing cash balances, cash flows from operations, availability under our Revolving Facility and/or the issuance of additional CP Notes. We plan to continue to invest in store growth through the development of new stores and the remodel or relocation of existing stores. Capital expenditures in 2020 are anticipated to support our store growth as well as our remodel and relocation initiatives, including capital outlays for leasehold improvements, fixtures and equipment; the construction of new stores; costs to support and enhance our supply chain initiatives including new and existing distribution center facilities and our private fleet; technology and other strategic initiatives; as well as routine and ongoing capital requirements.

*Cash flows from financing activities.* In the 2020 period, net proceeds from the issuance of the 2030 Senior Notes and 2050 Senior Notes totaled \$1.5 billion. Net commercial paper borrowings decreased by \$425.2 million in the 2020 period and decreased by \$121.3 million in the 2019 period. Borrowings and repayments under the Revolving Facility during the 2020 period were \$300.0 million each, and there were no such borrowings or repayments in the 2019 period. Also during the 2020 and 2019 periods, we repurchased 0.5 million and 1.7 million shares of our common stock at a total cost of \$63.1 million and \$200.0 million, respectively, and paid cash dividends of \$90.6 million and \$82.8 million, respectively.

#### *Share Repurchase Program*

Effective May 1, 2020, our common stock repurchase program had a total remaining authorization of approximately \$1.1 billion. Under the authorization, purchases may be made in the open market or in privately negotiated transactions from time to time subject to market and other conditions. The authorization has no expiration date and may be modified or terminated from time to time at the discretion of our Board of Directors. We temporarily suspended our share repurchase program in an attempt to bolster liquidity in light of the effects of the COVID-19 pandemic and we intend to resume this activity as soon as we deem it is prudent and advisable to do so, which may be as early as the 2020 second quarter. For more information about our share repurchase program, see Note 9 to the condensed consolidated financial statements contained in Part I, Item 1 of this report and Part II, Item 2 of this report.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

#### **Interest Rate Risk**

At May 1, 2020, our primary interest rate exposure was from changes in interest rates on our variable rate investment holdings, which were classified as cash and cash equivalents in our consolidated financial statements. The increase in cash and cash equivalents was driven primarily by our issuance of \$1.5 billion of senior unsecured notes during the first quarter of 2020 as we sought to strengthen liquidity as a result of the continued uncertainty generated by the COVID-19 pandemic. We also have interest rate exposure related to any outstanding borrowings under our Revolving Facility and our commercial paper program. As of May 1, 2020, we had \$2.4 billion of cash investments, no consolidated borrowings under our commercial paper program, and no borrowings outstanding under our Revolving Facility. In general, we expect our variable rate debt to exceed our variable rate cash investments over time, but that may vary in any given period. Based on our variable rate cash investment balance at May 1, 2020, the annualized effect of a 0.1 percentage point decrease in interest rates would result in an annualized pre-tax reduction of our earnings and cash flows of approximately \$2.4 million.

There have been no other material changes to the disclosures relating to this item from those set forth in our Annual Report on Form 10-K for the fiscal year ended January 31, 2020.

### **ITEM 4. CONTROLS AND PROCEDURES.**

(a) *Disclosure Controls and Procedures.* Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) or Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) *Changes in Internal Control Over Financial Reporting.* There have been no changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) or Rule 15d-15(f)) during the quarter ended May 1, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS.

The information contained in Note 7 to the unaudited condensed consolidated financial statements under the heading “Legal proceedings” contained in Part I, Item 1 of this report is incorporated herein by this reference.

### ITEM 1A. RISK FACTORS.

The Company is supplementing the disclosures relating to this item from those set forth in our Annual Report on Form 10-K for the fiscal year ended January 31, 2020 as follows. The following risk factor disclosure should be read in conjunction with the risk factors described in our Annual Report on Form 10-K:

***The COVID-19 pandemic has impacted our business, financial performance and financial condition and could have a material adverse impact on our business, financial performance and financial condition in the future.***

The COVID-19 pandemic has resulted in widespread and continuing impacts on the global economy and has impacted our business, employees, customers, suppliers, and other business partners. Considerable uncertainty exists regarding the extent to which the COVID-19 pandemic will continue, as well as the scope and duration of measures directed at containment of the virus, including travel bans and restrictions, quarantines, shelter-in-place orders, and business and government restrictions and shutdowns. These measures taken by national, state and local government authorities to date, which were designed to slow the spread of the virus and protect lives, have resulted in high levels of unemployment, are expected to have serious adverse impacts on domestic and foreign economies, and could have a significant adverse impact on our core customer, for an unknown period. The potential effect of economic stabilization efforts, including government stimulus payments and enhanced unemployment benefits, is uncertain.

We have been classified as an essential business in all locations where we operate, and as such, our stores generally have remained open to serve our customers. While none of the below has resulted in a material adverse impact on our business, financial performance or financial condition to date, we have experienced or are experiencing certain effects of the COVID-19 pandemic, including but not limited to, the following:

- Supply chain disruptions, including shipping and procurement delays of certain goods from China and Southeast Asia, as well as vendor stoppages of or restrictions on the sale of certain products to us;
- Reduced availability of certain products in our stores as a result of supply chain disruptions outlined above and extremely high customer demand for certain products;
- Temporary store and distribution center closings in order to allow for deep cleanings when required, as well as reduced store operating hours to allow for additional time to clean the stores and re-stock shelves;
- Increased distribution and transportation costs as a result of the effects outlined above and discretionary employee bonuses;
- Increased incremental expenses for certain items, including supplies for enhanced cleaning protocols, personal protective equipment for employees in stores and distribution centers (e.g., gloves, masks, hand sanitizer), and installation of plexiglass barriers at store registers;
- Increased labor expenses as a result of significantly increasing our hiring of new store employees, awarding approximately \$60 million in employee appreciation bonuses, and the increased workload associated with the incremental sales volume;
- COVID-19 and remote-work oriented phishing and similar cybersecurity attack attempts; and
- Inability to perform physical inventories in our stores for a period of time.

Depending on the duration and severity of the COVID-19 pandemic, which are uncertain and cannot be predicted, as well as governmental authorities’ responses and requirements related to the COVID-19 pandemic, these experienced effects could have a material impact on our business, financial performance and financial condition in the future if they increase in number, duration, or magnitude. We could also experience other effects that could aggravate or increase the likelihood of the risk factors set forth in our Annual Report on Form 10-K and/or result in a material adverse impact on our business, financial performance or financial condition, including but not limited to, the financial difficulties experienced by our suppliers or business partners, including the financial failure of one or more of our international steamship line vendors resulting in our inability to obtain our purchased goods in their possession; increased operating costs as a result of increased government regulations and mandates requiring us to provide personal

protective equipment or personal hygiene supplies to customers or to increase store and distribution center cleaning protocols, as well as increased store and/or distribution center closures as a result of increased government enforcement of these new regulations and mandates; and increased litigation expenses resulting from employee or customer lawsuits, including those related to COVID-19 contraction. Additionally, the COVID-19 pandemic may accelerate a shift in our core customer's behaviors, expectations and shopping trends, which could result in lost sales and market share if we are not able to successfully increase the pace of our strategic initiatives development, particularly our digital strategic initiatives, and if our current digital shopping offerings do not continue to compete effectively.

The extent to which the COVID-19 pandemic ultimately impacts our business, financial performance and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

The following table contains information regarding purchases of our common stock made during the quarter ended May 1, 2020 by or on behalf of Dollar General or any "affiliated purchaser," as defined by Rule 10b-18(a)(3) of the Exchange Act:

**Issuer Purchases of Equity Securities**

<b>Period</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(a)</b>	<b>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(a)</b>
02/01/20-02/29/20	—	\$ —	—	\$ 1,145,749,000
03/01/20-03/31/20	451,112	\$ 139.83	451,112	\$ 1,082,669,000
04/01/20-05/01/20	—	\$ —	—	\$ 1,082,669,000
<b>Total</b>	<b>451,112</b>	<b>\$ 139.83</b>	<b>451,112</b>	<b>\$ 1,082,669,000</b>

(a) On September 5, 2012, the Company announced a program permitting the Company to repurchase a portion of its outstanding shares not to exceed a dollar maximum established by the Company's Board of Directors. The program was most recently amended on December 3, 2019 to increase the repurchase authorization by \$1.0 billion, bringing the cumulative total value of authorized share repurchases under the program since its inception to \$8.0 billion. Under the authorization, purchases may be made in the open market or in privately negotiated transactions from time to time subject to market and other conditions. This repurchase authorization has no expiration date.

**ITEM 6. EXHIBITS.**

See the Exhibit Index to this report immediately before the signature page hereto, which Exhibit Index is incorporated by reference as if fully set forth herein.

## CAUTIONARY DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

We include “forward-looking statements” within the meaning of the federal securities laws throughout this report, particularly under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Part I, Item 2, and “Note 7. Commitments and Contingencies” included in Part I, Item 1, among others. You can identify these statements because they are not limited to historical fact or they use words such as “may,” “will,” “can,” “should,” “could,” “would,” “expect,” “believe,” “anticipate,” “project,” “plan,” “estimate,” “aim,” “goal,” “seek,” “strive,” “intend,” “likely,” “scheduled,” “potential,” “subject to,” “focused on,” or “continue,” and similar expressions that concern our strategy, plans, initiatives, intentions or beliefs about future occurrences or results. For example, statements relating to estimated and projected expenditures, cash flows, results of operations, financial condition and liquidity; potential impact of the COVID-19 pandemic; plans and objectives for, and expectations regarding, future operations, economic and competitive market conditions, growth or initiatives, including the number of planned store openings, remodels and relocations, store format plans, progress of strategic (including our non-consumables and digital initiatives, DG Fresh, and Fast Track), merchandising and margin enhancing initiatives, trends in sales of consumable and non-consumable products, and results of the investment in and training of our personnel; potential future stock repurchases and cash dividends; anticipated borrowing under the Revolving Facility and our commercial paper program; the potential impact of legal or regulatory changes and our responses thereto, including the potential impact of tariffs imposed by the U.S. government; efforts to improve distribution and transportation efficiencies; the expected outcome or effect of pending or threatened litigation or audits; and the anticipated effects of adopting certain accounting guidance are forward-looking statements.

Forward-looking statements are subject to risks and uncertainties that may change at any time, so our actual results may differ materially from those that we expected. We derive many of these statements from our operating budgets and forecasts, which are based on many detailed assumptions that we believe are reasonable. However, it is very difficult to predict the effect of known factors, and we cannot anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from the expectations expressed in our forward-looking statements include, without limitation:

- Risks related to the COVID-19 pandemic, including but not limited to, the effects on our supply chain, distribution network, store and distribution center growth, store and distribution center closures, transportation and distribution costs, SG&A expenses, and share repurchase activity, as well as domestic and foreign economies and customers’ spending patterns;
- economic factors, including but not limited to employment levels; inflation; higher fuel, energy, healthcare and housing costs, interest rates, consumer debt levels, and tax rates; tax law changes that negatively affect credits and refunds; lack of available credit; decreases in, or elimination of, government subsidies such as unemployment and food assistance programs; commodity rates; transportation, lease and insurance costs; wage rates; foreign exchange rate fluctuations; measures that create barriers to or increase the costs of international trade (including increased import duties or tariffs); and changes in laws and regulations, and their effect on, as applicable, customer spending and disposable income, our ability to execute our strategies and initiatives, our cost of goods sold, and our SG&A expenses (including real estate costs);
- failure to achieve or sustain our strategies and initiatives, including those relating to merchandising, real estate and new store development, store formats, digital, shrink, sourcing, private brand, inventory management, supply chain, store operations, expense reduction, technology, our Fresh initiative and our Fast Track initiative;
- failure to timely and cost-effectively execute our real estate projects or to anticipate or successfully address the challenges imposed by our expansion, including into new states or urban areas;
- competitive pressures and changes in the competitive environment and the geographic and product markets where we operate, including, but not limited to, pricing, promotional activity, expanded availability of mobile, web-based and other digital technologies, and alliances or other business combinations;
- levels of inventory shrinkage;
- failure to successfully manage inventory balances;

- failure to maintain the security of our business, customer, employee or vendor information or to comply with privacy laws;
- damage or interruption to our information systems as a result of external factors, staffing shortages or challenges in maintaining or updating our existing technology or developing or implementing new technology;
- a significant disruption to our distribution network, the capacity of our distribution centers or the timely receipt of inventory, or delays in constructing or opening new distribution centers;
- risks and challenges associated with sourcing merchandise from suppliers, including, but not limited to, those related to international trade;
- product liability, product recall or other product safety or labeling claims;
- the impact of changes in or noncompliance with governmental regulations and requirements (including, but not limited to, those relating to environmental compliance, product and food safety or labeling, information security and privacy, labor and employment, employee wages, and consumer protection, as well as tax laws, the interpretation of existing tax laws, or our failure to sustain our reporting positions negatively affecting our tax rate) and developments in or outcomes of private actions, class actions, multi-district litigation, arbitrations, derivative actions, administrative proceedings, regulatory actions or other litigation;
- incurrence of material uninsured losses, excessive insurance costs or accident costs;
- natural disasters, unusual weather conditions (whether or not caused by climate change), pandemic outbreaks, acts of violence or terrorism, and global political events;
- failure to attract, train and retain qualified employees while controlling labor costs and other labor issues;
- loss of key personnel or inability to hire additional qualified personnel;
- risks associated with our private brands, including, but not limited to, our level of success in improving their gross profit rate;
- seasonality of our business;
- deterioration in market conditions, including market disruptions, limited liquidity and interest rate fluctuations, or changes in our credit profile;
- new accounting guidance or changes in the interpretation or application of existing guidance;
- factors disclosed under “Risk Factors” in Part I, Item 1A of our Form 10-K for the fiscal year ended January 31, 2020 and under “Risk Factors” in Part II, Item 1A of this document; and
- factors disclosed elsewhere in this document (including, without limitation, in conjunction with the forward-looking statements themselves) and other factors.

All forward-looking statements are qualified in their entirety by these and other cautionary statements that we make from time to time in our other Securities and Exchange Commission filings and public communications. You should evaluate forward-looking statements in the context of these risks and uncertainties and are cautioned to not place undue reliance on such forward-looking statements. These factors may not contain all of the material factors that are important to you. We cannot assure you that we will realize the results or developments we anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements in this report are made only as of the date hereof. We undertake no obligation, and specifically disclaim any duty, to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Investors should also be aware that while we do, from time to time, communicate with securities analysts and others, it is against our policy to disclose to them any material, nonpublic information or other confidential commercial information. Accordingly, shareholders should not assume that we agree with any statement or report issued by any securities analyst regardless of the content of the statement or report. Furthermore, we have a policy against confirming projections, forecasts or opinions issued by others. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not our responsibility.

## EXHIBIT INDEX

- 3.1 [Amended and Restated Charter of Dollar General Corporation \(effective May 27, 2020\)](#)
- 3.1.1 [Amended and Restated Charter of Dollar General Corporation \(effective May 27, 2020\) \(redline version of amended sections\)](#)
- 3.2 [Amended and Restated Bylaws of Dollar General Corporation \(effective May 27, 2020\)](#)
- 3.2.1 [Amended and Restated Bylaws of Dollar General Corporation \(effective May 27, 2020\) \(redline version of amended section\)](#)
- 4.1 [Eighth Supplemental Indenture, dated as of April 3, 2020, between Dollar General Corporation and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Current Report on Form 8-K dated April 3, 2020, filed with the SEC on April 3, 2020 \(file no. 001-11421\)\)](#)
- 4.2 [Form of 3.500% Senior Notes due 2030 \(included in Exhibit 4.1\) \(incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Current Report on Form 8-K dated April 3, 2020, filed with the SEC on April 3, 2020 \(file no. 001-11421\)\)](#)
- 4.3 [Ninth Supplemental Indenture, dated as of April 3, 2020, between Dollar General Corporation and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.3 to Dollar General Corporation's Current Report on Form 8-K dated April 3, 2020, filed with the SEC on April 3, 2020 \(file no. 001-11421\)\)](#)
- 4.4 [Form of 4.125% Senior Notes due 2050 \(included in Exhibit 4.3\) \(incorporated by reference to Exhibit 4.3 to Dollar General Corporation's Current Report on Form 8-K dated April 3, 2020, filed with the SEC on April 3, 2020 \(file no. 001-11421\)\)](#)
- 10.1 [Form of Performance Share Unit Award Agreement \(approved March 17, 2020\) for 2020 awards to certain employees of Dollar General Corporation pursuant to the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan \(incorporated by reference to Exhibit 10.14 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 31, 2020, filed with the SEC on March 19, 2020 \(file no. 001-11421\)\)](#)
- 10.2 [Dollar General Corporation 2020 Teamshare Bonus Program for Named Executive Officers \(incorporated by reference to Exhibit 10.31 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 31, 2020, filed with the SEC on March 19, 2020 \(file no. 001-11421\)\)](#)
- 10.3 [Form of Stock Option Award Agreement between Dollar General Corporation and Todd J. Vasos \(approved March 17, 2020\) \(incorporated by reference to Exhibit 10.38 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 31, 2020, filed with the SEC on March 19, 2020 \(file no. 001-11421\)\)](#)
- 10.4 [Form of Performance Share Unit Award Agreement between Dollar General Corporation and Todd J. Vasos \(approved March 17, 2020\) \(incorporated by reference to Exhibit 10.39 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 31, 2020, filed with the SEC on March 19, 2020 \(file no. 001-11421\)\)](#)
- 15 [Letter re unaudited interim financial information](#)
- 31 [Certifications of CEO and CFO under Exchange Act Rule 13a-14\(a\)](#)
- 32 [Certifications of CEO and CFO under 18 U.S.C. 1350](#)
- 101 Interactive data files for Dollar General Corporation's Quarterly Report on Form 10-Q for the quarter ended May 1, 2020, formatted in Inline XBRL: (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Income (unaudited); (iii) the Condensed Consolidated Statements of Comprehensive Income (unaudited); (iv) the Condensed Consolidated Statements of Shareholders' Equity (unaudited); (v) the Condensed Consolidated Statements of Cash Flows (unaudited); and (vi) the Notes to Condensed Consolidated Financial Statements (unaudited)
- 104 The cover page from Dollar General Corporation's Quarterly Report on Form 10-Q for the quarter ended May 1, 2020 (formatted in Inline XBRL and contained in Exhibit 101)



**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 thereunto duly authorized, both on behalf of the Registrant and in his capacity as principal financial officer of the Registrant.

DOLLAR GENERAL CORPORATION

Date: May 28, 2020

By: /s/ John W. Garratt

John W. Garratt

Executive Vice President & Chief Financial Officer

**AMENDED AND RESTATED CHARTER  
OF  
DOLLAR GENERAL CORPORATION**

1. The name of the corporation shall be Dollar General Corporation.
2. The corporation is for profit.
3. The duration of the corporation is perpetual.
4. The street address and ZIP code of the corporation's principal office in Tennessee will be:

100 Mission Ridge  
Goodlettsville, Tennessee 37072  
County of Davidson

5. (a) The name of the registered agent is Corporation Service Company.

(b) The street address, ZIP code and county of the corporation's registered office and registered agent in Tennessee shall be:

Corporation Service Company  
2908 Poston Avenue  
Nashville, Tennessee 37203  
County of Davidson

6. The corporation is organized to do any and all things and to exercise any and all powers, rights, and privileges that a corporation may now or hereafter be organized to do or to exercise under the Tennessee Business Corporation Act, as amended from time to time.

7. The maximum number of shares of stock the corporation is authorized to issue is:

(a) 1,000,000,000 shares of common stock, \$0.875 par value per share, which shall be entitled to one vote per share and, upon dissolution of the corporation, shall be entitled to receive the net assets of the corporation.

(b) 1,000,000 shares of Preferred Stock. Pursuant to TCA §§ 48-16-101 and 102, the preferences, limitations and relative rights of the Preferred Stock shall be determined by the Board of Directors.

8. The shareholders of the corporation shall not have preemptive rights.

9. The business and affairs of the corporation shall be managed by a Board of Directors. The number of Directors and their terms shall be established in accordance with the Bylaws of the corporation. A director shall hold office until the annual meeting of shareholders for the year in which his or her term expires and until his or her successor shall be elected and shall qualify; subject, however, to prior death, resignation, retirement, disqualification, or removal from office. Any vacancy on the Board of Directors, including a vacancy that results from an increase in the number of directors or a vacancy that results from the removal of a director with cause, may be filled only by the Board of Directors.

---

Subject to the rights of any voting group established either in the corporation's Bylaws or by any applicable shareholders' agreement, any director may be removed from office but only for cause and only by (a) the affirmative vote of the holders of a majority of the voting power of the shares entitled to vote in the election of directors, considered for this purpose as one class, or (b) the affirmative vote of a majority of the entire Board of Directors then in office.

Notwithstanding any other provision of this Charter, the affirmative vote of holders of a majority of the voting power of the shares entitled to vote at an election of directors, voting together as a single class, shall be required to amend or repeal this Article 9 of this Charter, or to amend, alter, change or repeal, or to adopt any provisions of this Charter or of the corporation's Bylaws in a manner that is inconsistent with the purpose and intent of this Article 9.

10. Except as provided in Article 9 or in the case of a contested election, a nominee for director shall be elected by the affirmative vote of a majority of the votes cast in favor of or against the election of such nominee by holders of shares entitled to vote in the election at a meeting for the election of directors at which a quorum is present. For purposes of this Article 10, "affirmative vote of a majority of the votes cast" shall mean that the number of votes cast in favor of the election of such nominee exceeds the number of votes cast against the election of such nominee; abstentions and broker non-votes shall not be deemed to be votes cast for purposes of tabulating the vote. In a contested election, a nominee for director shall be elected by a plurality of the votes cast by holders of shares entitled to vote in the election at a meeting for the election of directors at which a quorum is present. An election shall be considered "contested" if there are more nominees for election than positions on the Board of Directors to be filled by election at the meeting. The determination of the number of nominees for purposes of this Article 10 shall be made as of (i) the expiration of the time fixed by the Amended and Restated Bylaws of the corporation, as the same may be amended from time to time, for advance notice by a shareholder of an intention to nominate directors, or (ii) absent such a provision, at a time publicly announced by the Board of Directors which is not more than 14 days before notice is given of the meeting at which the election is to occur.

11. The corporation expressly elects not be governed by TCA §§48-103-205 and 48-103-206.

12. A director of the corporation shall have no liability to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director provided that this Section 12 shall not eliminate or limit liability of a director for (i) any breach of the director's duty of loyalty to the Corporation or its shareholders; (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (iii) unlawful distributions under Section 48-18-304 of the Tennessee Business Corporation Act. If the Tennessee Business Corporation Act or any successor statute is amended or other Tennessee law is enacted after adoption of this provision to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Tennessee Business Corporation Act, as so amended from time to time, or such successor statute or other Tennessee law. Any repeal or modification of this Article 12 or subsequent amendment of the Tennessee Business Corporation Act or enactment of other applicable Tennessee law shall not affect adversely any right or protection of a director of the corporation existing at the time of such repeal, modification, amendment or enactment or with respect to events occurring prior to such time.

13. The corporation shall indemnify every person who is or was a party or is or was threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he or she is or was a director or officer or is or was serving at the request of the corporation as a director, officer, employee, agent, or trustee of another corporation or of a partnership, joint venture, trust, employee benefit plan, or other enterprise, including service on a committee formed for any purpose (and, in each case, his or her heirs, executors, and administrators), against all expense, liability, and loss (including counsel fees, judgments, fines, ERISA excise taxes, penalties, and amounts paid in settlement) actually and reasonably incurred or suffered in connection with such action, suit, or proceeding, to the fullest extent permitted by applicable law, as in effect on the date hereof and as hereafter amended. Such indemnification may include advancement of expenses in advance of final disposition of such action, suit, or proceeding, subject to the provision of any applicable statute.

The indemnification and advancement of expenses provisions of this Article 13 shall not be exclusive of any other right that any person (and his or her heirs, executors, and administrators) may have or hereafter acquire under any statute, this Charter, the corporation's Bylaws, resolution adopted by the shareholders, resolution adopted by the Board of Directors, agreement, or insurance, purchased by the corporation or otherwise, both as to action in his or her official capacity and as to action in another capacity. The corporation is hereby authorized to provide for indemnification and advancement of expenses through its Bylaws, resolution of shareholders, resolution of the Board of Directors, or agreement, in addition to that provided by this Charter.

14. Special meetings of shareholders may be called at any time, but only by the Chairman of the Board of Directors, the Chief Executive Officer of the corporation, or upon a resolution by or affirmative vote of the Board of Directors, and not by the shareholders.

Notwithstanding any other provision of this Charter, the affirmative vote of holders of a majority of the voting power of the shares entitled to vote at an election of directors, voting together as a single class, shall be required to amend or repeal this Article 14 of this Charter, or to amend, alter, change or repeal, or to adopt any provisions of this Charter or of the corporation's Bylaws in a manner that is inconsistent with the purpose and intent of this Article 14.

15. The name and address of the Incorporator is:

Howard H. Lamar III  
2700 AmSouth Center  
Nashville, Tennessee 37238-2700

**Amended and Restated Charter of Dollar General Corporation (effective May 27, 2020) (redline version of amended sections)**

**Article 9:**

The business and affairs of the corporation shall be managed by a Board of Directors. The number of Directors and their terms shall be established in accordance with the Bylaws of the corporation. A director shall hold office until the annual meeting of shareholders for the year in which his or her term expires and until his or her successor shall be elected and shall qualify; subject, however, to prior death, resignation, retirement, disqualification, or removal from office. Any vacancy on the Board of Directors, including a vacancy that results from an increase in the number of directors or a vacancy that results from the removal of a director with cause, may be filled only by the Board of Directors.

Subject to the rights of any voting group established either in the corporation's Bylaws or by any applicable shareholders' agreement, any director may be removed from office but only for cause and only by (a) the affirmative vote of the holders of a majority of the voting power of the shares entitled to vote in the election of directors, considered for this purpose as one class, or (b) the affirmative vote of a majority of the entire Board of Directors then in office.

Notwithstanding any other provision of this Charter, the affirmative vote of holders of **a majority eighty percent (80%)** of the voting power of the shares entitled to vote at an election of directors, voting together as a single class, shall be required to amend or repeal this Article 9 of this Charter, or to amend, alter, change or repeal, or to adopt any provisions of this Charter or of the corporation's Bylaws in a manner that is inconsistent with the purpose and intent of this Article 9.

**Article 14:**

Special meetings of shareholders may be called at any time, but only by the Chairman of the Board of Directors, the Chief Executive Officer of the corporation, or upon a resolution by or affirmative vote of the Board of Directors, and not by the shareholders.

Notwithstanding any other provision of this Charter, the affirmative vote of holders of **a majority eighty percent (80%)** of the voting power of the shares entitled to vote at an election of directors, voting together as a single class, shall be required to amend or repeal this Article 14 of this Charter, or to amend, alter, change or repeal, or to adopt any provisions of this Charter or of the corporation's Bylaws in a manner that is inconsistent with the purpose and intent of this Article 14.

---

**BYLAWS  
OF  
DOLLAR GENERAL CORPORATION  
As Amended and Restated on May 27, 2020**

**ARTICLE I  
MEETINGS OF SHAREHOLDERS**

Section 1. Place of Meeting. Meetings of the shareholders of Dollar General Corporation (the “Corporation”) shall be held at such place either within or without the State of Tennessee as the Board of Directors may determine.

Section 2. Annual and Special Meetings. Annual meetings of shareholders shall be held, at a date, time and place fixed by the Board of Directors and stated in the notice of meeting, to elect a Board of Directors and to transact such other business as may properly come before the meeting. Special meetings of the shareholders may be called by the Chief Executive Officer for any purpose and shall be called by the Chief Executive Officer or Secretary if directed by the Board of Directors. A special meeting of shareholders may be called at any time, but only by the Chairman of the Board of Directors, the Chief Executive Officer of the corporation, or upon a resolution by or affirmative vote of the Board of Directors, and not by the shareholders.

Section 3. Notice of Meetings. Except as otherwise provided by law, at least ten (10) days and not more than two (2) months before each meeting of shareholders, written notice of the time, date and place of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each shareholder. Notice may be provided by mail, private carrier, facsimile transmission or other form of wire, wireless or electronic communication (e.g., e-mail). Notice provided to a shareholder’s e-mail address as indicated on the records of the Corporation shall be deemed proper notice for any purpose set forth in these Bylaws.

Section 4. Record Date. The Board of Directors shall fix as the record date for the determination of shareholders entitled to notice of a shareholders’ meeting, to demand a special meeting, to vote or to take any other action, a date that is not more than seventy (70) days before the meeting or action requiring a determination of shareholders. A record date fixed for a shareholders’ meeting is effective for any adjournment of such meeting unless the Board of Directors fixes a new record date, which it must do if the meeting is adjourned to a date more than four (4) months after the date fixed for the original meeting.

Section 5. Shareholders’ List. After the record date for a meeting has been fixed, the Corporation shall prepare an alphabetical list of the names of all shareholders who are entitled to notice of a shareholders’ meeting. Such list will show the address of and number of shares held by each shareholder. The shareholders’ list will be available for inspection by any shareholder, beginning two (2) business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the Corporation’s principal office or at a place identified in the meeting notice in the city where the meeting will be held. A shareholder or his or her agent or attorney is entitled on written demand to inspect and, subject to the requirements of the Tennessee Business Corporation Act (the “Act”), to copy the list, during regular business hours and at his or her expense, during the period it is available for inspection.

---

Section 6. Acceptance of Shareholder Documents. If the name signed on a shareholder document (e.g., a vote, consent, waiver, or proxy appointment) corresponds to the name of a shareholder, the Corporation, if acting in good faith, is entitled to accept such shareholder document and give it effect as the act of the shareholder. If the name signed on such shareholder document does not correspond to the name of a shareholder, the Corporation, if acting in good faith, is nevertheless entitled to accept such shareholder document and to give it effect as the act of the shareholder if:

- (a) the shareholder is an entity and the name signed purports to be that of an officer or agent of the entity;
- (b) the name signed purports to be that of a fiduciary representing the shareholder and, if the Corporation requests, evidence of fiduciary status acceptable to the Corporation has been presented with respect to such shareholder document;
- (c) the name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the Corporation requests, evidence of this status acceptable to the Corporation has been presented with respect to the shareholder document;
- (d) the name signed purports to be that of a pledgee, beneficial owner or attorney-in-fact of the shareholder and, if the Corporation requests, evidence acceptable to the Corporation of the signatory's authority to sign for the shareholder has been presented with respect to such shareholder document; or
- (e) two or more persons are the shareholder as co-tenants or fiduciaries and the name signed purports to be the name of at least one (1) of the co-owners, and the person signing appears to be acting on behalf of all the co-owners.

The Corporation is entitled to reject a shareholder document if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has a reasonable basis for doubt about the validity of the signature on such shareholder document or about the signatory's authority to sign for the shareholder.

Section 7. Quorum. At any meeting of shareholders, the holders of record, present in person or by proxy, of a majority of the Corporation's issued and outstanding capital stock shall constitute a quorum for the transaction of business, except as otherwise provided by law. In the absence of a quorum, any officer entitled to preside at or to act as secretary of the meeting shall have power to adjourn the meeting from time to time until a quorum is present.

Section 8. Voting and Proxies. Except as otherwise required by law, all matters submitted to a meeting of shareholders shall be decided by vote of the holders of record, present in person or by proxy, and shall be approved if the votes in favor of the matter exceed the votes against the matter. Every shareholder entitled to vote at any meeting may do so either in person or by written proxy, which proxy shall be filed with the secretary of the meeting before being voted. Proxies and written ballots may be in any format, including facsimile or any electronic form of communication (e.g., e-mail). Unless otherwise provided by the Act or the Charter, each outstanding share is entitled to one (1) vote on each matter voted on at a shareholders' meeting. Only shares are entitled to vote. Unless otherwise provided in the Charter, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present.

Section 9. Business at Annual and Special Meetings. No business may be transacted at an annual or special meeting of shareholders other than business that is:

- (a) specified in a notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors or an authorized committee thereof,
- (b) otherwise brought before the meeting by or at the direction of the Board of Directors or an authorized committee thereof, or
- (c) otherwise brought before the meeting by a “Noticing Shareholder” who complies with the notice, eligibility and other requirements set forth in Article I, Section 10 or Article I, Section 12 of these Bylaws, as applicable.

A “Noticing Shareholder” must be either a “Record Holder” or a “Nominee Holder.” A “Record Holder” is a shareholder that holds of record stock of the Corporation entitled to vote at the meeting on the business (including any election of a director) to be appropriately conducted at the meeting. A “Nominee Holder” is a shareholder that holds such stock through a nominee or “street name” holder of record and can demonstrate to the Corporation such indirect ownership of such stock and such Nominee Holder’s entitlement to vote such stock on such business. Clause (c) of Section 9 of this Article I shall be the exclusive means for a Noticing Shareholder to make director nominations or submit other business before a meeting of shareholders (other than proposals brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and included in the Corporation’s notice of meeting, which proposals are not governed by these Bylaws). Notwithstanding anything in these by-laws to the contrary, no business shall be conducted at a shareholders’ meeting except in accordance with the procedures set forth in Section 9, Section 10 or Section 12 of this Article I of these Bylaws.

Section 10. Notice of Shareholder Business to be Conducted at a Meeting of Shareholders. In order for a Noticing Shareholder to properly bring any item of business before a meeting of shareholders pursuant to this Section 10 of this Article I, the Noticing Shareholder must give timely notice thereof in writing to the Secretary of the Corporation in compliance with the requirements of Section 10 of this Article I. Section 10 of this Article I shall constitute an “advance notice provision” for annual meetings for purposes of Rule 14a-4(c)(1) under the Exchange Act.

- (a) To be timely, a Noticing Shareholder’s notice shall be delivered to the Secretary at the principal executive offices of the Corporation:
  - (i) in the case of an annual meeting of shareholders, not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year’s annual meeting; provided, however, that in the event the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the shareholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation; and
  - (ii) in the case of a special meeting of shareholders called for the purpose of electing directors, not earlier than the close of business on the one-hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the date on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs.



In no event shall any adjournment or postponement of an annual meeting, or the announcement thereof, commence a new time period for the giving of a shareholder's notice as described above.

(b) To be in proper form, whether in regard to a nominee for election to the Board of Directors or other business, a Noticing Shareholder's notice to the Secretary must:

(i) Set forth, as to the Noticing Shareholder and, if the Noticing Shareholder holds for the benefit of another, the beneficial owner on whose behalf the nomination or proposal is made, the following information together with a representation as to the accuracy of the information:

(A) the name and address of the Noticing Shareholder as they appear on the Corporation's books and, if the Noticing Shareholder holds for the benefit of another, the name and address of such beneficial owner (collectively "Holder"),

(B) the class or series and number of shares of the Corporation that are, directly or indirectly, owned beneficially and/or of record, and the date such ownership was acquired,

(C) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not the instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (a "Derivative Instrument") that is directly or indirectly owned beneficially by the Holder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation,

(D) any proxy, contract, arrangement, understanding, or relationship pursuant to which the Holder has a right to vote or has granted a right to vote any shares of any security of the Corporation,

(E) any short interest in any security of the Corporation (for purposes of these Bylaws a person shall be deemed to have a short interest in a security if the Holder directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security),

(F) any rights to dividends on the shares of the Corporation owned beneficially by the Holder that are separated or separable from the underlying shares of the Corporation,

(G) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership or limited liability company or similar entity in which the Holder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, is the manager, managing member or directly or indirectly beneficially owns an interest in the manager or managing member of a limited liability company or similar entity,

(H) any performance-related fees (other than an asset-based fee) that the Holder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any,

(I) any arrangements, rights, or other interests described in Sections 10(b)(i)(C)-(H) held by members of such Holder's immediate family sharing the same household,

(J) a representation that the Noticing Shareholder intends to appear in person or by proxy at the meeting to nominate the person(s) named or propose the business specified in the notice and whether or not such shareholder intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding shares required to approve the nomination(s) or the business proposed and/or otherwise to solicit proxies from shareholders in support of the nomination(s) or the business proposed,

(K) a certification regarding whether or not such shareholder and Shareholder Associated Persons have complied with all applicable federal, state and other legal requirements in connection with such shareholder's and/or Shareholder Associated Persons' acquisition of shares or other securities of the Corporation and/or such shareholder's and/or Shareholder Associated Persons' acts or omissions as a shareholder of the Corporation,

(L) any other information relating to the Holder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations thereunder, and

(M) any other information as reasonably requested by the Corporation.

Such information shall be provided as of the date of the notice and shall be supplemented by the Holder not later than 10 days after the record date for the meeting to disclose such ownership as of the record date.

(ii) If the notice relates to any business other than a nomination of a director or directors that the shareholder proposes to bring before the meeting, the notice must set forth:

(A) a brief description of the business desired to be brought before the meeting (including the text of any resolutions proposed for consideration), the reasons for conducting such business at the meeting, and any material direct or indirect interest of the Holder or any Shareholder Associated Persons in such business, and

(B) a description of all agreements, arrangements and understandings, direct and indirect, between the Holder, and any other person or persons (including their names) in connection with the proposal of such business by the Holder.

(iii) Set forth, as to each person, if any, whom the Holder proposes to nominate for election or reelection to the Board of Directors:

(A) all information relating to the nominee (including, without limitation, the nominee's name, age, business and residence address and principal occupation or employment and the class or series and number of shares of capital stock of the Corporation that are owned beneficially or of record by the nominee) that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), and

(B) a description of any agreements, arrangements and understandings between or among such shareholder or any Shareholder Associated Person, on the one hand, and any other persons (including any Shareholder Associated Person), on the other hand, in connection with the nomination of such person for election as a director,

(C) a description of all direct and indirect compensation and other material monetary agreements, arrangements, and understandings during the past three years, and any other material relationships, between or among the Holder and respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K if the Holder making the nomination or on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of Item 404 and the nominee were a director or executive officer of such registrant.

(iv) With respect to each nominee for election or reelection to the Board of Directors, the Noticing Shareholder shall include a completed and signed questionnaire, representation, and agreement required by Article I, Section 11 of these Bylaws. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of the proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of the nominee.

(c) Notwithstanding anything in Article I, Section 10(a) to the contrary, if the number of directors to be elected to the Board of Directors is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least 100 days prior to the first anniversary of the preceding year's annual meeting, a shareholder's notice required by these Bylaws shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which the public announcement naming all nominees or specifying the size of the increased Board of Directors is first made by the Corporation.

(d) For purposes of these Bylaws, “public announcement” shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14, or 15(d) of the Exchange Act and the rules and regulations thereunder. As used in these By-laws, the term “Shareholder Associated Person” means, with respect to any shareholder, (i) any person acting in concert with such shareholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such shareholder (other than a shareholder that is a depository) and (iii) any person controlling, controlled by or under common control with any shareholder, or any Shareholder Associated Person identified in clauses (i) or (ii) above. The terms “Affiliate” and “Associate” are fairly broad and are defined by reference to Rule 12b-2 under the Securities Exchange Act of 1934 (the “Exchange Act”). An “affiliate” is any “person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.” “Control” is defined as the “possession, direct or indirect, of the power to direct or cause the direction of the management policies of a person, whether through the ownership of voting securities, by contract, or otherwise.”

The term “associate” of a person means: (i) any corporation or organization (other than the registrant or a majority-owned subsidiary of the registrant) of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities, (ii) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same home as such person or who is a director or officer of the registrant or any of its parents or subsidiaries.

(e) Only those persons who are nominated in accordance with the procedures set forth in these Bylaws shall be eligible to serve as directors. Only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in these Bylaws, provided, however, that, once business has been properly brought before the meeting in accordance with Section 10(e) of this Article I, nothing in Section 10(e) of this Article I shall be deemed to preclude discussion by any shareholder of such business. If any information submitted pursuant to Section 10 of this Article I by any shareholder proposing a nominee(s) for election as a director at a meeting of shareholders is inaccurate in any material respect, such information shall be deemed not to have been provided in accordance with Section 10 of this Article I. Except as otherwise provided by law, the charter, or these Bylaws, the Chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in compliance with the procedures set forth in these Bylaws and, if he should determine that any proposed nomination or business is not in compliance with these Bylaws, he shall so declare to the meeting and any such nomination or business not properly brought before the meeting shall be disregarded or not be transacted.

(f) Notwithstanding the foregoing provisions of these Bylaws, a Noticing Shareholder also shall comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in these Bylaws; provided, however, that any references in these Bylaws to the Exchange Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to Article I, Section 9, Article I, Section 10, or Article I, Section 12.

(g) Nothing in these Bylaws shall be deemed to affect any rights of shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act. Notice of shareholder proposals that are, or that the Noticing Shareholder intends to be, governed by Rule 14a-8 under the Exchange Act are not governed by these Bylaws.

Section 11. Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee for election or reelection as a director of the Corporation by a Holder, a person must complete and deliver (in accordance with the time periods prescribed for delivery of notice under Article I, Section 10 or Article I, Section 12 of these Bylaws, as applicable) to the Secretary at the principal executive offices of the Corporation a written questionnaire providing the information requested about the background and qualifications of such person and the background of any other person or entity on whose behalf the nomination is being made and a written representation and agreement (the questionnaire, representation, and agreement to be in the form provided by the Secretary upon written request) that such person:

(a) is not and will not become a party to:

(i) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how the person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation, or

(ii) any Voting Commitment that could limit or interfere with the person's ability to comply, if elected as a director of the Corporation, with the person's fiduciary duties under applicable law,

(b) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement, or indemnification in connection with service or action as a director that has not been disclosed therein, and

(c) in the person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality, and stock ownership and trading policies and guidelines of the Corporation.

Section 12. Proxy Access for Director Nominations.

(a) Whenever the Board of Directors solicits proxies with respect to the election of directors at an annual meeting of shareholders of the Corporation then, subject to the provisions of this Section 12 of this Article I, the Corporation shall include in its proxy materials for such annual meeting of shareholders the name, together with the Required Information (as defined below), of any Shareholder Nominee (as defined below) nominated in a timely notice that satisfies the requirements of this Section 12 of this Article I (the "Notice of Proxy Access Nomination"), delivered by a Noticing Shareholder who at the time the Notice of Proxy Access Nomination is delivered satisfies, or by a group of no more than 20 Noticing Shareholders that satisfy, the ownership and other requirements of this Section 12 of this Article I (such Noticing Shareholder or such group of Noticing Shareholders, including as the context requires each group member thereof, referred to herein as an "Eligible Shareholder"), and who expressly elects at the time of providing the Notice of Proxy Access Nomination to have its nominee or nominees, as applicable, included in the Corporation's proxy materials pursuant to this Section 12 of this Article I.

(b) To be timely, a Notice of Proxy Access Nomination must be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 120<sup>th</sup> day, nor earlier than the close of business on the 150<sup>th</sup> day, prior to the first anniversary of the date that the Corporation commenced mailing of its definitive proxy materials (as stated in such materials) for the immediately preceding annual meeting of shareholders (the last day on which a Notice of Proxy Access Nomination may be delivered, the “Final Proxy Access Nomination Date”). In the event that no annual meeting of shareholders was held in the previous year or the date of the upcoming annual meeting of shareholders is more than 30 days before or more than 60 days after the anniversary date of the previous annual meeting of shareholders, to be timely, a Notice of Proxy Access Nomination must be so delivered not earlier than the close of business on the 150<sup>th</sup> day prior to the date of such annual meeting of shareholders and not later than the close of business on the later of the 120<sup>th</sup> day prior to the date of such annual meeting of shareholders or, if the first public announcement of the date of such annual meeting of shareholders is less than 130 days prior to the date of such annual meeting of shareholders, the 10<sup>th</sup> day following the day on which public announcement of the date of such annual meeting of shareholders is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting of shareholders or the announcement thereof commence a new time period (or extend any time period) for the giving of a Notice of Proxy Access Nomination as described above.

(c) For purposes of this Section 12 of this Article I, “Shareholder Nominee” shall mean a person timely and properly nominated for election to the Board of Directors by an Eligible Shareholder in accordance with this Section 12 of this Article I. The maximum number of Shareholder Nominees that may be included in the Corporation’s proxy materials pursuant to this Section 12 of this Article I (including Shareholder Nominees that were submitted by an Eligible Shareholder for inclusion in the Corporation’s proxy materials pursuant to this Section 12 of this Article I but either are subsequently withdrawn, disregarded, declared invalid or ineligible pursuant to this Section 12 of this Article I or that the Board of Directors decides to nominate as a nominee of the Board of Directors) shall not exceed 20% of the number of directors serving on the Board of Directors as of the Final Proxy Access Nomination Date, or if such amount is not a whole number, the closest whole number below 20% (the “Permitted Number”); provided, however, that in the event that one or more vacancies for any reason occurs on the Board of Directors at any time after the Final Proxy Access Nomination Date and before the date of the applicable annual meeting of shareholders and the Board of Directors determines to reduce the size of the Board of Directors in connection therewith, the Permitted Number shall be calculated based on the number of directors in office as so reduced.

(d) The Permitted Number shall be reduced by the number of persons that the Board of Directors decides to recommend for re-election who were previously elected to the Board of Directors based on a nomination made pursuant to this Section 12 of this Article I or pursuant to an agreement, arrangement or other understanding with an Eligible Shareholder in lieu of such person being formally nominated as a director pursuant to this Section 12 of this Article I, in each case at one of the preceding two annual meetings of shareholders.

(e) Any Eligible Shareholder submitting more than one Shareholder Nominee for inclusion in the Corporation’s proxy materials pursuant to this Section 12 of this Article I shall rank in its Notice of Proxy Access Nomination such Shareholder Nominees based on the order that the Eligible Shareholder desires such Shareholder Nominee to be selected for inclusion in the Corporation’s proxy materials in the event that that the total number of Shareholder Nominees submitted by Eligible Shareholders pursuant to this Section 12 of this Article I exceeds the Permitted Number. In the event that the number of Shareholder Nominees submitted by Eligible

Shareholders pursuant to this Section 12 of this Article I exceeds the Permitted Number, the highest ranking Shareholder Nominee who meets the requirements of this Section 12 of this Article I from each Eligible Shareholder will be selected for inclusion in the Corporation's proxy materials until the Permitted Number is reached, beginning with the Eligible Shareholder with the largest number of shares disclosed as owned (as defined below) in its respective Notice of Proxy Access Nomination submitted to the Corporation and proceeding through each Eligible Shareholder in descending order of ownership. If the Permitted Number is not reached after the highest ranking Shareholder Nominee who meets the requirements of this Section 12 of this Article I from each Eligible Shareholder has been selected, this selection process shall continue as many times as necessary, following the same order each time, until the Permitted Number is reached.

(f) For purposes of this Section 12 of this Article I, the "Required Information" that the Corporation will include in its proxy statement is:

(i) the information concerning the Shareholder Nominee and the Eligible Shareholder (including each member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder) that, as determined by the Corporation, would be required to be disclosed in a proxy statement or other filings required to be filed pursuant to Regulation 14A under the Exchange Act or pursuant to any other rule, regulation or listing standard (the "Proxy Rules"); and

(ii) if the Eligible Shareholder so elects, a Statement (as defined below).

(g) An Eligible Shareholder must have owned (as defined below) that number of shares of stock of the Corporation as shall constitute three percent (3%) or more of the Corporation's outstanding capital stock eligible to vote generally in the election of directors (the "Required Shares") continuously for at least three (3) years as of both the date the Notice of Proxy Access Nomination is delivered to or mailed and received by the Secretary of the Corporation in accordance with this Section 12 of this Article I and the record date for determining shareholders entitled to vote at the annual meeting of shareholders, and must continue to own the Required Shares through the date of the annual meeting of shareholders. If and to the extent a Noticing Shareholder is acting on behalf of one or more beneficial owners in submitting the Notice of Proxy Access Nomination, only shares owned by such beneficial owner or owners, and not any other shares owned by such Noticing Shareholder, shall be counted for purposes of satisfying the foregoing ownership requirement.

For purposes of satisfying the foregoing ownership requirement under this Section 12 of this Article I, the shares of capital stock of the Corporation owned by one or more Eligible Shareholders may be aggregated, provided, that the number of Eligible Shareholders whose ownership of shares of stock of the Corporation is aggregated for such purpose shall not exceed 20. Two or more funds that are (i) under common management and investment control, (ii) under common management and funded primarily by the same employer or (iii) a "group of investment companies," as such term is defined in the Investment Company Act of 1940, as amended, shall be treated as one Eligible Shareholder for the purpose of satisfying the foregoing ownership requirements; provided that each fund otherwise meets the requirements set forth in this Section 12 of this Article I; and provided further that any such funds for which shares are aggregated for the purpose of satisfying the foregoing ownership requirements provide documentation reasonably satisfactory to the Corporation that demonstrates that the funds satisfy the criteria for being treated as one Eligible Shareholder within seven days after the Notice of Proxy Access Nomination is delivered to the Corporation. With respect to any one particular annual meeting of shareholders, no shareholder may be a member of more than one group of shareholders constituting an Eligible

Shareholder under this Section 12 of this Article I. For the avoidance of doubt, if a group of Noticing Shareholders aggregates ownership of shares in order to meet the Required Shares requirement hereunder, all shares held by each Noticing Shareholder that constitute part of the Required Shares must be held by that shareholder continuously for at least three years as of the date the Notice of Proxy Access Nomination is delivered to the Secretary of the Corporation and as of the record date and must continue to own the Required Shares through the date of the annual meeting of shareholders, as outlined above, and evidence of such continuous ownership shall be provided as specified in this Section 12 of this Article I.

(h) For purposes of this Section 12 of this Article I, an Eligible Shareholder (including each member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder) shall be deemed to “own” only those outstanding shares of the Corporation’s capital stock as to which the Eligible Shareholder possesses both:

- (i) the full voting and investment rights pertaining to the shares; and
- (ii) the full economic interest in (including the opportunity for profit and risk of loss on) such shares;

provided that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares (x) sold by such Eligible Shareholder or any of its affiliates in any transaction that has not been settled or closed, (y) borrowed by such Eligible Shareholder or any of its affiliates for any purposes or purchased by such shareholder or any of its affiliates pursuant to an agreement to resell, or (z) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such Eligible Shareholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of the Corporation’s capital stock, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of either (1) reducing in any manner, to any extent or at any time in the future, such Eligible Shareholder’s or affiliates’ full right to vote or direct the voting of any such shares and/or (2) hedging, offsetting or altering to any degree gain or loss arising from the full economic ownership of such shares by such Eligible Shareholder or affiliate. An Eligible Shareholder shall “own” shares held in the name of a nominee or other intermediary so long as the shareholder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares.

An Eligible Shareholder’s ownership of shares shall be deemed to continue during any period in which (A) the Eligible Shareholder has loaned such shares, provided that the Eligible Shareholder has the power to recall such loaned shares on no more than five business days’ notice and has recalled such loaned shares as of the record date for the determination of shareholders entitled to vote at the annual meeting of shareholders and through the date of the annual meeting of shareholders; or (B) the Eligible Shareholder has delegated any voting power by means of a proxy, power of attorney or other instrument or arrangement that is revocable at any time by the Eligible Shareholder.

Whether outstanding shares of the Corporation’s capital stock are “owned” for the purposes of this Section 12 of this Article I shall be determined by the Board of Directors. The Corporation also may require the Eligible Shareholder (including each member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder) to furnish such other information as may be reasonably required by the Corporation to permit the Board of Directors to make such determination, and if any such Eligible Shareholder (including any member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder) fails to provide such information, such Eligible Shareholder (or member of a group of Noticing



Shareholders that is an Eligible Shareholder hereunder) will be barred from making nomination or being considered a member of a group of Noticing Shareholders that is an Eligible Shareholder, as applicable. For purposes of this Section 12 of this Article I, the term “affiliate” or “affiliates” shall have the meaning ascribed thereto in the regulations promulgated under the Exchange Act. The terms “owned,” “owning” and other variations of the word “own” shall have correlative meanings.

(i) The Eligible Shareholder (including each member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder) must provide with its timely Notice of Proxy Access Nomination the following information in writing to the Secretary of the Corporation:

(i) all of the representations, agreements and other information required in a Noticing Shareholder’s notice pursuant to Section 10(b) of this Article I;

(ii) one or more written statements from the Record Holder(s) of the shares (and from each intermediary through which the shares are or have been held during the requisite three-year holding period) verifying that, as of a date within seven calendar days prior to the date the Notice of Proxy Access Nomination is delivered to or mailed and received by the Secretary of the Corporation, the Eligible Shareholder owns, and has owned continuously for the preceding three years, the Required Shares, as well as the Eligible Shareholder’s agreement to provide:

(A) within five business days after the record date for the annual meeting of shareholders, written statements from the Record Holder and any intermediaries through which the shares are held verifying the Eligible Shareholder’s continuous ownership of the Required Shares from the date(s) referenced in the written statements provided with the Notice of Proxy Access Nomination referenced immediately above through the record date (with such written statements being provided by each member of any group of Noticing Shareholders that is an Eligible Shareholder hereunder), and

(B) immediate notice if the Eligible Shareholder ceases to own any of the Required Shares prior to the date of the applicable annual meeting of shareholders;

(iii) a copy of the Schedule 14N that has been filed with the Securities and Exchange Commission (“SEC”) as required by Rule 14a-18 under the Exchange Act, as such rule may be amended;

(iv) in the case of a nomination by a group of Noticing Shareholders that is an Eligible Shareholder hereunder, the designation by all group members of one group member that is authorized to act on behalf of all members of the Eligible Shareholder with respect to the nomination and all matters related thereto, including withdrawal of the nomination and that such person intends to be present in person or by authorized representative to present the Shareholder Nominee at the annual meeting of shareholders;

(v) a representation and, where applicable, agreement that the Eligible Shareholder (including each member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder):

(A) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and does not presently have such intent,

(B) has not nominated and will not nominate for election to the Board of Directors at the annual meeting of shareholders any person other than the Shareholder Nominee(s) being nominated pursuant to this Section 12 of this Article I,

(C) has not engaged and will not engage in, and has not been and will not be, a “participant” (as defined in Schedule 14A of the Exchange Act) in, a “solicitation” within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting of shareholders other than a nominee of the Board of Directors,

(D) will not distribute to any shareholder any form of proxy for the annual meeting of shareholders other than the form distributed by the Corporation,

(E) will continue to own the Required Shares through the date of the annual meeting of shareholders, and

(F) is providing or will provide facts, statements and other information in all communications with the Corporation and its shareholders that are or will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(vi) a representation as to the intentions of the Eligible Shareholder (and each member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder) with respect to continuing to own the Required Shares for at least one year following the annual meeting of shareholders; and

(vii) an undertaking that the Eligible Shareholder (including each member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder) agrees to:

(A) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Shareholder’s communications with the Corporation’s shareholders or out of the information that the Eligible Shareholder provides or provided or that the Shareholder Nominee provides or provided to the Corporation (including without limitation any information that the Eligible Shareholder or the Shareholder Nominee omitted or failed to provide to the Corporation that was material or that was necessary to make the information provided not misleading),

(B) indemnify and hold harmless the Corporation and each of its directors, officers, employees and agents individually against any liability, loss or damages in connection with any action, suit or proceeding (whether threatened, pending or completed), whether legal, administrative, investigative or otherwise, against the Corporation or any of its directors, officers, employees or agents arising out of or relating to any nomination, solicitation or other activity by the Eligible Shareholder in connection with its efforts to elect its Shareholder Nominee pursuant to this Section 12 of this Article I or by the Shareholder Nominee pursuant to this Section 12 of this Article I,

(C) file with the SEC any solicitation or other communication with the Corporation’s shareholders relating to the annual meeting of shareholders at which the Shareholder Nominee will be nominated, regardless of whether any such filing

is required under the Proxy Rules or whether any exemption from filing is available for such solicitation or other communication under the Proxy Rules; provided however, that only other communications that both (i) relate to the nomination and (ii) are intended to reach shareholders of the Corporation holding 5% or more of the Corporation's outstanding shares of capital stock are required to be filed pursuant to this provision,

(D) comply with all other applicable laws, rules, regulations and listing standards relating to the nomination of each Shareholder Nominee pursuant to this Section 12 of this Article I, and

(E) timely provide to the Corporation any additional information that the Corporation in its sole, final, conclusive and binding discretion determines is necessary for the Corporation to make any necessary determination according to this Section 12 of this Article I.

(j) The Eligible Shareholder (but not each member of any group of Noticing Shareholders that is an Eligible Shareholder hereunder) may include, at its option, with its timely Notice of Proxy Access Nomination one written statement for inclusion in the Corporation's proxy statement for the annual meeting of shareholders, not to exceed 500 words (including without limitation any heading), in support of the Shareholder Nominee's candidacy (the "Statement"). For the avoidance of doubt, the Statement shall be limited to 500 words and shall not include any images, charts, pictures, graphic presentations or similar items. Notwithstanding anything to the contrary contained in this Section 12 of this Article I, the Corporation may omit from its proxy materials any information or Statement (or portion thereof) that it, in good faith, believes:

(i) could violate any applicable law, rule, regulation or listing standard;

(ii) is not true and correct in all material respects or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(iii) directly or indirectly impugns the character, integrity or personal reputation of, or directly or indirectly makes charges concerning improper, illegal or immoral conduct or associations with respect to, without factual foundation, any person.

(k) Within the time period specified in this Section 12 of this Article I for providing a Notice of Proxy Access Nomination, each Shareholder Nominee must deliver to the Secretary of the Corporation:

(i) All of the representations, agreements and other information required to be provided with respect to director nominees under Section 10(b) and Section 11 of this Article I;

(ii) written consent to be named in the proxy statement as a nominee and to serve as a director, if elected, and to public disclosure of the information provided by the Eligible Shareholder and to the information provided by the Shareholder Nominee in connection with the nomination and any additional consents or information as may be required from time to time by state or federal law; and

(iii) a written representation and agreement that such Shareholder Nominee:

(A) is not and will not become a party to any Voting Commitment, whether written or oral;

(B) is not and will not become a party either directly or indirectly to any compensatory, payment or other financial agreement, arrangement or other understanding, whether written or oral, with any person or entity other than the Corporation that has not been disclosed to the Corporation, including any agreement to indemnify such Shareholder Nominee for obligations arising as a result of his or her nomination, service or action taken as a director of the Corporation, and has not and will not receive either directly or indirectly any such compensation or other payment from any person or entity other than the Corporation that has not been disclosed to the Corporation, in each case in connection with such Shareholder Nominee's nomination, service or action as a director of the Corporation;

(C) would be in compliance, if elected as a director of the Corporation, and will comply with all applicable laws, regulations and listing standards, all of the Corporation's policies and guidelines pertaining to corporate governance, conflicts of interest, confidentiality and stock ownership, holding and trading, the Corporation's Code of Business Conduct and Ethics (the "Code") and any other policies and guidelines applicable to directors from time to time; and

(D) is providing, or will provide, facts, statements and other information in all communications with the Corporation and its shareholders that are or will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

(l) At the request of the Corporation, each Shareholder Nominee must fully complete, sign and submit all questionnaires the Corporation requires of its directors and officers within the timeframe requested by the Corporation. The Corporation also may require any Shareholder Nominee (and if so required, such Shareholder Nominee must fully furnish such information within the timeframe requested by the Corporation) to furnish such other information as the Corporation reasonably believes is necessary or advisable to permit the Board of Directors to determine whether:

(i) such Shareholder Nominee is independent for purposes of service on the Board of Directors and each committee thereof under all applicable law, applicable listing standards, any applicable rules or regulations of the SEC and any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the Corporation's directors (the "Applicable Independence Standards") or that the Corporation reasonably believes could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such Shareholder Nominee;

(ii) such Shareholder Nominee had or has any direct or indirect material interest in any transaction with the Corporation or any of its subsidiaries that would be reportable under Item 404 of Regulation S-K under the Securities Act of 1933, as amended (the "Securities Act"), or any amended or successor provision;

(iii) such Shareholder Nominee has any conflict of interest with the Corporation or any of its subsidiaries that would cause such Shareholder Nominee to violate the Code or any other issue that would result in the Shareholder Nominee's violation of any provision of the Code;

(iv) such Shareholder Nominee is or has been subject to:

(A) any event specified in Item 401(f) of Regulation S-K under the Securities Act, or any amended or successor provision, or

(B) any order of the type specified in Rule 506(d) of Regulation D under the Securities Act or any amended or successor provision.

(m) In the event that any information or communications provided by an Eligible Shareholder (including information or communications provided by any member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder) or any Shareholder Nominee to the Corporation or its shareholders is not or ceases to be true and correct in any material respect or omitted or omits a fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Eligible Shareholder or Shareholder Nominee, as the case may be, shall promptly notify the Secretary of the Corporation of any such inaccuracy, omission or defect in such previously provided information and of the information that is required to make such information or communication true and correct, it being understood that providing any such notification and information shall not be deemed to cure any defect or limit the Corporation's right to omit a Shareholder Nominee from its proxy materials as provided in this Section 12 of this Article I.

(n) Notwithstanding anything to the contrary set forth in this Section 12 of this Article I, the Corporation shall not be required to include, pursuant to this Section 12 of this Article I, a Shareholder Nominee in its proxy materials (or, if the proxy statement has already been filed, then the Board of Directors or the person presiding at the annual meeting of shareholders may declare a nomination by an Eligible Shareholder to be invalid and that such nomination shall be disregarded and no vote on any such Shareholder Nominee shall occur, notwithstanding that proxies in respect of such vote may have been received by the Corporation), and no replacement nominee or nominees shall be included in the Corporation's proxy materials or otherwise submitted for election as a director in substitution thereof.

(i) if the Shareholder Nominee or the Eligible Shareholder (or any member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder) who nominated the Shareholder Nominee fails to provide any of the information required or requested by the Corporation pursuant to any provision of this Section 12 of this Article I in the timeframe and manner set forth herein;

(ii) for any annual meeting of shareholders for which the Secretary of the Corporation receives a notice that the Eligible Shareholder (or any member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder) or any other Noticing Shareholder has nominated or intends to nominate a person for election to the Board of Directors pursuant to Section 10 of this Article I;

(iii) if any person is nominated pursuant to an agreement, arrangement or other understanding with one or more shareholders or beneficial owners, as the case may be, in lieu of such person being formally proposed as a nominee for election to the Board of Directors pursuant to Section 10 of this Article I or if any director then in office was

previously nominated pursuant to Section 10 of this Article I or pursuant to an agreement, arrangement or other understanding with one or more shareholders or beneficial owners, as the case may be, in lieu of such person being formally proposed as a nominee for election to the Board pursuant to Section 10 of this Article I, in each case at one of the previous two annual meetings;

(iv) if the Eligible Shareholder (or any member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder) has or is currently engaged in, or has been or is a “participant” (as defined in Schedule 14A of the Exchange Act) in, a “solicitation” within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting of shareholders other than a nominee of the Board of Directors;

(v) if the Eligible Shareholder (or any member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder) or if the Shareholder Nominee is or becomes a party to any compensatory, payment or other financial agreement, arrangement or understanding, whether written or oral, with any person or entity other than the Corporation that has not been disclosed to the Corporation, including any agreement to indemnify such Shareholder Nominee for obligations arising as a result of his or her nomination, service or action taken as a director of the Corporation;

(vi) who is not independent under the Applicable Independence Standards, as determined by the Board of Directors;

(vii) whose election as a member of the Board of Directors would cause the Corporation to be in violation of these Bylaws, the Corporation’s Charter, the listing standards of the principal exchange upon which the Corporation’s capital stock is traded, or any applicable state or federal law, rule or regulation, in each case as may be in effect from time to time;

(viii) who is or has been, within the past three years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, as amended;

(ix) who has or would have a conflict of interest with the Corporation or any of its subsidiaries that would cause such Shareholder Nominee to violate the Code or any fiduciary duties of directors established pursuant to the Act, including but not limited to, the duty of loyalty and duty of care, as determined by the Board of Directors;

(x) who is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding;

(xi) who is subject to any order of the type specified in Rule 506(d) of Regulation D under the Securities Act;

(xii) if such Shareholder Nominee or the applicable Eligible Shareholder (or any member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder) shall have provided information to the Corporation or shareholders required or requested pursuant to this Section 12 of this Article I that was untrue in any material respect or omitted to state a material fact necessary in order to make the statement made, in light of the circumstances under which they were made, not misleading, as determined by the Board of Directors;

(xiii) if the Eligible Shareholder (or a qualified representative thereof) does not appear at the annual meeting of shareholders to present the Shareholder Nominee for election pursuant to this Section 12 of this Article I;

(xiv) if the Eligible Shareholder (or any member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder) becomes ineligible to nominate a director pursuant to this Section 12 of this Article I or withdraws its nomination or if the Shareholder Nominee becomes unwilling, unavailable or ineligible to serve on the Board of Directors, whether before or after the mailing of the definitive proxy statement; or

(xv) if such Shareholder Nominee or the applicable Eligible Shareholder (or any member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder) otherwise breaches or contravenes any of the agreements, representations or undertakings made by such Shareholder Nominee or Eligible Shareholder or fails to comply with its obligations pursuant to this Section 12 of this Article I in any way, as determined in the discretion of the Board of Directors of the Corporation or the person presiding at the annual meeting of shareholders, which determination shall be final and binding.

(o) Any Shareholder Nominee who is included in the Corporation's proxy materials for a particular annual meeting of shareholders, but to whom either (i) or (ii) below applies, shall be ineligible to be a Shareholder Nominee pursuant to this Section 12 of this Article I for the next two annual meetings of shareholders following the annual meeting of shareholders for which the Shareholder Nominee has been nominated for election:

(i) the Shareholder Nominee withdraws from or becomes ineligible or unavailable for election at the annual meeting of shareholders, including without limitation for the failure to comply with any provision of these Bylaws (provided that in no event shall any such withdrawal, ineligibility or unavailability commence a new time period (or extend any time period) for the giving of a Notice of Proxy Access Nomination), or

(ii) the Shareholder Nominee does not receive a number of votes cast in favor of his or her election equal to at least 25% of the number of shares present in person or represented by proxy at the annual meeting of shareholders and entitled to vote on the Shareholder Nominee's election.

(p) The Board of Directors (and any other person or body authorized by the Board of Directors) shall have the power and authority to interpret this Section 12 of this Article I and to make any and all determinations necessary or advisable to apply this Section 12 of this Article I to any persons, facts or circumstances, including without limitation the power to determine:

(i) whether a person or group of persons qualifies as an Eligible Shareholder;

(ii) whether a group of funds satisfies the criteria to be treated as one shareholder for purposes of determining the number of shareholders whose ownership is aggregated according to this Section 12 of this Article I;

(iii) whether outstanding shares of the Corporation's capital stock are "owned" for purposes of meeting the ownership requirements of this Section 12 of this Article I;

(iv) whether a notice is timely and otherwise complies with the requirements of this Section 12 of this Article I;

(v) whether a person satisfies the qualifications and requirements to be a Shareholder Nominee;

(vi) whether inclusion of the Required Information in the Corporation's proxy statement is consistent with all applicable laws, rules, regulations and listing standards; and

(vii) whether any and all requirements of Section 12 of this Article I have been satisfied.

The Board of Directors (and any other person or body authorized by the Board of Directors) may require an Eligible Shareholder (including each member of a group of Noticing Shareholders that is an Eligible Shareholder hereunder) or a Shareholder Nominee to furnish any additional information as may be reasonably required by the Corporation (as determined solely and exclusively by the Corporation, with such determination being final and binding) to permit the Board of Directors (and any other person or body authorized by the Board of Directors) to make any such interpretation or determination. Any such interpretation or determination adopted in good faith by the Board of Directors (or any other person or body authorized by the Board of Directors) shall be final, conclusive and binding on all persons, including without limitation the Corporation, all record or beneficial owners of stock of the Corporation, all persons purporting to own stock of the Corporation, and all persons nominated or attempted to be nominated pursuant to this Section 12 of this Article I.

## ARTICLE II DIRECTORS

Section 1. Number, Election and Removal of Directors. The Board of Directors of the Corporation shall consist of not less than one (1) nor more than fifteen (15) members. The number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by the Board of Directors pursuant to and in compliance with any applicable shareholders' agreement. The Directors shall be elected by shareholders at their annual meeting or a special meeting called for that purpose in compliance with these Bylaws. Subject to the provisions contained in any applicable shareholders' agreement, a Director may be removed only for cause by the affirmative vote of the holders of a majority of the voting power of the then outstanding shares of capital stock entitled to vote generally in the election of directors voting together as a single class.

Section 2. Vacancies. Any vacancies and newly created directorships resulting from any increase in the number of Directors may be filled, subject to compliance with the Shareholders Agreement, by Directors entitled to cast that number of votes constituting a majority of votes that may be cast by Directors then in office, although less than a quorum, or by the sole remaining Director. Each director so chosen shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as herein provided. Any director may resign at any time upon written notice to the corporation.

Section 3. Voting. Each director shall be entitled to one vote. Except as otherwise provided by law, the Charter of the Corporation, these Bylaws or any contract or agreement to which the Corporation and its shareholders are parties, at a meeting at which a quorum is present, the vote of a majority of the Directors present shall be the act of the Board of Directors.



Section 4. Meetings. Regular meetings of the Board of Directors shall be held at such times and places as may from time to time be fixed by the Board of Directors by resolution, and if so fixed no further notice thereof need be given, provided that unless all the Directors are present at the meeting at which said resolution is passed, the first meeting held pursuant to said resolution shall not be held for at least five (5) days following the date on which the resolution is passed. Special meetings of the Board of Directors may be held at any time upon the call of the Chairman and shall be called by the Chairman and Secretary if directed by the Board of Directors or if requested by any two Directors.

Section 5. Notice. Meetings (other than regular meetings the dates and times of which are established as provided in Section 4 of this Article II) of the Board of Directors must be preceded by at least twenty-four (24) hours notice to each Director. Notice of any special meeting of the Board of Directors shall be delivered personally, by telephone, by mail, by private carrier, by telecopier, by electronic mail or by any other means of communication reasonably calculated to give notice, at such times and at such places as shall from time to time be determined by the Board of Directors, or the Chairman thereof (if any), as applicable. Telephone notice shall be deemed to be given when the Director is personally given such notice in a telephone call to which such Director is a party. Telegraph, teletype, facsimile or other electronic transmission (e.g., e-mail) notice shall be deemed to be given upon completion of the transmission of the message. Notice of a special meeting need not be given to any Director if a written waiver of notice, executed by such Director before or after the meeting, is filed with the records of the meeting, or to any Director who attends the meeting without protesting the lack of notice prior thereto or at its commencement.

Section 6. Quorum. At all duly called meetings of the Board of Directors, except as otherwise provided by law, the Charter of the Corporation, these Bylaws or any contract or agreement to which the Corporation and its shareholders are parties, the presence of a majority of the Directors shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the Board of Directors, the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until such a quorum is present.

Section 7. Committees. The Board of Directors may, by resolution adopted pursuant to Section 3 of this Article II and otherwise in accordance with the terms of any applicable shareholders' agreement, designate one or more committees, including, without limitation, an Executive Committee, an Audit Committee, a Nominating and Corporate Governance Committee and/or a Compensation Committee, to have such composition and to exercise such power and authority as the Board of Directors shall specify. At a meeting at which a quorum is present, the vote of a majority of the committee members present shall be the act of the committee. Each committee of the board of directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the board of directors designating such committee and subject to the rules and regulations of the New York Stock Exchange.

Section 8. Actions of Board Without Meeting. Unless otherwise provided by the Charter of the Corporation, these Bylaws or applicable law, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all the members of the Board of Directors or committee, as the case may be, consent to taking such action without a meeting, in which case, subject to Article II, Section 3 of these Bylaws, the vote of a majority of the Directors or committee members, as the case may be, is the act of the Board of Directors or any such committee. The action must be evidenced by one or more written consents describing the action taken, signed, in one or more counterparts, by that number of Directors specified pursuant to the immediately preceding sentence, indicating each such Director's vote or abstention on the action, and be included with the minutes of proceedings of the Board of Directors or committee.

Section 9. Presence through Communications Equipment. Meetings of the Board of Directors, and any meeting of any Board committee, may be held through any communications equipment (e.g., conference telephone) if all persons participating can hear each other, and participation in a meeting pursuant to this section shall constitute presence at that meeting.

### ARTICLE III OFFICERS

The officers of the Corporation shall consist of a President, a Vice President, a Secretary and a Treasurer, and such other additional officers with such titles as the Board of Directors shall determine, all of which shall be chosen by and shall serve at the pleasure of the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary. Such officers shall have the usual powers and shall perform all the usual duties incident to their respective offices. All officers shall be subject to the supervision and direction of the Board of Directors. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors with or without cause. Each officer shall serve until the earlier of his or her removal, the expiration of the term for which he or she is elected or until his or her successor has been elected and qualified. Election of an officer or agent shall not itself create contract rights between the Corporation and such officer or agent.

### ARTICLE IV SHARES OF STOCK

Section 1. Shares with or without Certificates. The Board of Directors may authorize that some or all of the shares of any or all of the Corporation's classes or series of stock be evidenced by a certificate or certificates of stock. The Board of Directors may also authorize the issue of some or all of the shares of any or all of the Corporation's classes or series of stock without certificates. The rights and obligations of shareholders with the same class and/or series of stock shall be identical whether or not their shares are represented by certificates.

Section 2. Shares with Certificates. If the Board of Directors chooses to issue shares of stock evidenced by a certificate or certificates, each individual certificate shall include the following on its face: (i) the Corporation's name, (ii) the fact that the Corporation is organized under the laws of the State of Tennessee, (iii) the name of the person to whom the certificate is issued, (iv) the number of shares represented thereby, (v) the class of shares and the designation of the series, if any, which the certificate represents, and (vi) such other information as applicable law may require or as may be lawful.

If the Corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences and limitations determined for each series (and the authority of the Board of Directors to determine variations for future series) shall be summarized on the front or back of each certificate. Alternatively, each certificate shall state on its front or back that the Corporation will furnish the shareholder this information in writing, without charge, upon request.

Each certificate of stock issued by the Corporation shall be signed (either manually or in facsimile) by any two officers of the Corporation. If the person who signed a certificate no longer holds office when the certificate is issued, the certificate is nonetheless valid.

Section 3. Shares without Certificates. If the Board of Directors chooses to issue shares of stock without certificates, the Corporation, if required by the Act, shall, within a reasonable time after the issue or transfer of shares without certificates, send the shareholder a written statement of the information required on certificates by Article IV, Section 2 of these Bylaws and any other information required by the Act. The Corporation may adopt a system of issuance, recordation and transfer of its shares

of stock by electronic or other means not involving the issuance of certificates, provided the use of such system by the Corporation is permitted in accordance with applicable law.

Section 4. Subscriptions for Shares. Subscriptions for shares of the Corporation shall be valid only if they are in writing. Unless the subscription agreement provides otherwise, subscriptions for shares, regardless of the time when they are made, shall be paid in full at such time, or in such installments and at such periods, as shall be determined by the Board of Directors. All calls for payment on subscriptions shall be uniform as to all shares of the same class or of the same series, unless the subscription agreement specifies otherwise.

Section 5. Transfers. Transfers of shares of the capital stock of the Corporation shall be made only on the books of the Corporation by (i) the holder of record thereof, (ii) by his or her legal representative, who, upon request of the Corporation, shall furnish proper evidence of authority to transfer, or (iii) his or her attorney, authorized by a power of attorney duly executed and filed with the Secretary of the Corporation or a duly appointed transfer agent. Such transfers shall be made only upon surrender, if applicable, of the certificate or certificates for such shares properly endorsed and with all taxes thereon paid.

Section 6. Lost, Destroyed or Stolen Certificates. In case of loss, mutilation or destruction of a certificate of stock, a duplicate certificate may be issued upon the terms prescribed by the Board of Directors, including provision for indemnification of the Corporation secured by a bond or other security sufficient to protect the Corporation against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft, or destruction of the certificate or the issuance of the replacement certificate.

#### ARTICLE V GENERAL PROVISIONS

Section 1. Fiscal Year. The fiscal year of the Corporation shall be fixed by the Board of Directors.

Section 2. Corporate Books. The books of the Corporation may be kept at such place within or outside the State of Tennessee as the Board of Directors may from time to time determine.

Section 3. Waiver of Notice. Whenever any notice is required to be given pursuant to the Charter of the Corporation or these Bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except when such person attends the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Any waiver of notice shall be filed with the minutes of the corporate records.

Section 4. Amendment of Bylaws. Subject to the provisions of the Charter of the Corporation, these Bylaws may be altered, amended, or repealed or new bylaws may be adopted by the majority vote of the entire Board of Directors at any regular or special meeting of the Board of Directors. Subject to the provisions of the Charter of the Corporation and notwithstanding any other provisions of these Bylaws or any provision of law which might otherwise permit a lesser vote of the shareholders, these Bylaws may be altered, amended, or repealed or new bylaws may be adopted by the affirmative vote of the holders of at least a majority of the voting power of all the then outstanding shares of stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE VI  
INDEMNIFICATION

Section 1. Indemnification and Advancement of Expenses. The Corporation shall indemnify and advance expenses to each director and officer of the Corporation, or any person who may have served at the request of the Corporation's Board of Directors or its President or Chief Executive Officer as a director or officer of another corporation (and, in either case, such person's heirs, executors and administrators), to the full extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted. The Corporation may indemnify and advance expenses to any employee or agent of the Corporation who is not a director or officer (and such person's heirs, executors and administrators) to the same extent as to a director or officer, if the Board of Directors determines that doing so is in the best interests of the Corporation.

Section 2. Non-Exclusivity of Rights. The indemnification and expense advancement provisions of Section 1 of this Article VI shall not be exclusive of any other right which any person (and such person's heirs, executors and administrators) may have or hereafter acquire under any statute, provision of the Charter, provision of these Bylaws, resolution adopted by the shareholders, resolution adopted by the Board of Directors, agreement, or insurance (purchased by the Corporation or otherwise), both as to action in such person's official capacity and as to action in another capacity.

Section 3. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any individual who is or was a director, officer, employee or agent of the Corporation, or who, while a director, officer, employee or agent of the Corporation, is or was serving at the request of the Corporation's Board of Directors or its Chief Executive Officer as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any expense, liability or loss whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under this Article or the Act.

**Amended and Restated Bylaws of Dollar General Corporation (effective May 27, 2020) (redline version of amended section)**

Article V  
General Provisions

...

Section 4. Amendment of Bylaws. Subject to the provisions of the Charter of the Corporation, these Bylaws may be altered, amended, or repealed or new bylaws may be adopted by the majority vote of the entire Board of Directors at any regular or special meeting of the Board of Directors. Subject to the provisions of the Charter of the Corporation and notwithstanding any other provisions of these Bylaws or any provision of law which might otherwise permit a lesser vote of the shareholders, these Bylaws may be altered, amended, or repealed or new bylaws may be adopted by the affirmative vote of the holders of at least **a majority 80%** of the voting power of all the then outstanding shares of stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

---

May 28, 2020

Shareholders and Board of Directors  
Dollar General Corporation

We are aware of the incorporation by reference in the Registration Statements (Nos. 333-151047, 333-151049, 333-151655, and 333-163200 on Form S-8 and No. 333-237519 on Form S-3) of Dollar General Corporation of our report dated May 28, 2020, relating to the unaudited condensed consolidated interim financial statements of Dollar General Corporation that are included in its Form 10-Q for the quarter ended May 1, 2020.

/s/ Ernst & Young LLP  
Nashville, Tennessee

---

## CERTIFICATIONS

I, Todd J. Vasos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dollar General Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 28, 2020

/s/ Todd J. Vasos

\_\_\_\_\_  
Todd J. Vasos  
Chief Executive Officer

---

I, John W. Garratt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dollar General Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 28, 2020

/s/ John W. Garratt

---

John W. Garratt  
Chief Financial Officer

---



**CERTIFICATIONS**  
**Pursuant to 18 U.S.C. Section 1350**

Each of the undersigned hereby certifies that to his knowledge the Quarterly Report on Form 10-Q for the fiscal quarter ended May 1, 2020 of Dollar General Corporation (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Todd J. Vasos*

\_\_\_\_\_  
Name: Todd J. Vasos

Title: Chief Executive Officer

Date: May 28, 2020

*/s/ John W. Garratt*

\_\_\_\_\_  
Name: John W. Garratt

Title: Chief Financial Officer

Date: May 28, 2020

---