UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended February 2, 2018

Commission file number: 001-11421

DOLLAR GENERAL CORPORATION
(Exact name of registrant as specified in its charter)

TENNESSEE	**61-0502302**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

100 MISSION RIDGE
GOODLETTSVILLE, 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:

Title of each class	Name of the exchange on which registered
Common Stock, par value $0.875 per share	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or 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 ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
(Do not check if a 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 aggregate fair market value of the registrant's common stock outstanding and held by non-affiliates as of August 4, 2017 was $18.1 billion calculated using the closing market price of our common stock as reported on the NYSE on such date ($74.86). For this purpose, directors, executive officers and greater than 10% record shareholders are considered the affiliates of the registrant.

The registrant had 268,741,400 shares of common stock outstanding as of March 16, 2018.

DOCUMENTS INCORPORATED BY REFERENCE

Certain of the information required in Part III of this Form 10-K is incorporated by reference to the Registrant's definitive proxy statement to be filed for the Annual Meeting of Shareholders to be held on May 30, 2018.

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INTRODUCTION

General

This report contains references to years 2018, 2017, 2016, 2015, 2014, and 2013, which represent fiscal years ending or ended February 1, 2019, February 2, 2018, February 3, 2017, January 29, 2016, January 30, 2015, and January 31, 2014, respectively. Our fiscal year ends on the Friday closest to January 31. Our 2016 fiscal year consisted of 53 weeks, while each of the remaining years listed are or were 52-week years. All of the discussion and analysis in this report should be read with, and is qualified in its entirety by, the Consolidated Financial Statements and related notes.

Solely for convenience, our trademarks and tradenames may appear in this report without the ® or TM symbol which is not intended to indicate that we will not assert, to the fullest extent under applicable law, our rights or the right to these trademarks and tradenames.

Cautionary Disclosure Regarding Forward-Looking Statements

We include “forward-looking statements” within the meaning of the federal securities laws throughout this report, particularly under the headings “Business,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Note 7 – Commitments and Contingencies,” among others. You can identify these statements because they are not limited to historical fact or they use words such as “may,” “will,” “should,” “could,” “can,” “would,” “believe,” “anticipate,” “project,” “plan,” “expect,” “estimate,” “forecast,” “goal,” “seek,” “ensure,” “potential,” “opportunity,” “objective,” “intend,” “predict,” “committed,” “likely to,” “continue,” “scheduled to,” “focused on,” or “subject to” and similar expressions that concern our strategy, plans, initiatives, intentions or beliefs about future occurrences or results. For example, all statements relating to, among others, our estimated and projected expenditures, cash flows, results of operations, financial condition and liquidity; our plans and objectives for, and expectations regarding future operations, economic and competitive market conditions, growth or initiatives including but not limited to the number of planned store openings, remodels and relocations and planned opening dates for new distribution centers, progress of merchandising and other initiatives, trends in sales of consumable and non-consumable products, and the level of future costs and expenses; potential future stock repurchases and cash dividends; anticipated borrowing under our credit facilities and commercial paper program; or the expected outcome or effect of legislative or regulatory changes or initiatives, and our responses thereto, or of pending or threatened litigation or audits are forward-looking statements.

All forward-looking statements are subject to risks, uncertainties and other factors that may cause our actual results to differ materially from those which we expected. Many of these statements are derived 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 future results.

Important factors that could cause actual results to differ materially from the expectations expressed in or implied in our forward-looking statements are disclosed under “Risk Factors” in Part I, Item 1A and elsewhere in this document (including, without limitation, in conjunction with the forward-looking statements themselves and under the heading “Critical Accounting Policies and Estimates”). 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 SEC filings and public communications. You should evaluate forward-looking statements in the context of these risks and uncertainties and are cautioned not to place undue reliance on such statements. These factors may not contain all of the factors that are important to you. We cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. Forward-looking statements in this report are made only as of the date hereof. We undertake no obligation, and specifically disclaim any duty, to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

PART I

ITEM 1. BUSINESS

General

We are among the largest discount retailers in the United States by number of stores, with 14,609 stores located in 44 states as of March 2, 2018, with the greatest concentration of stores in the southern, southwestern, midwestern and eastern United States. We offer a broad selection of merchandise, including consumables, seasonal items, home products and 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.

Our History

J.L. Turner founded our Company in 1939 as J.L. Turner and Son, Wholesale. We were incorporated as a Kentucky corporation under the name J.L. Turner & Son, Inc. in 1955, when we opened our first Dollar General store. We changed our name to Dollar General Corporation in 1968 and reincorporated in 1998 as a Tennessee corporation. Our common stock was publicly traded from 1968 until July 2007, when we merged with an entity controlled by investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P., or KKR. In November 2009 our common stock again became publicly traded, and in December 2013 the entity controlled by investment funds affiliated with KKR sold its remaining shares of our common stock.

Our Business Model

Our long history of profitable growth is founded on a commitment to a relatively simple business model: providing a broad base of customers with their basic everyday and household needs, supplemented with a variety of general merchandise items, at everyday low prices in conveniently located, small-box stores. We continually evaluate the needs and demands of our customers and modify our merchandise selections and pricing accordingly, while remaining focused on increasing profitability, cash generation and returns for our shareholders.

Our long-term operating priorities remain: 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. For more information on these operating priorities, see the "Executive Overview" section of Management's Discussion and Analysis of Financial Condition and Results of Operations, included in Part II, Item 7 of this report.

In fiscal year 2017, we achieved our 28th consecutive year of positive same-store sales growth. We believe that this growth, which has taken place in a variety of economic conditions, is a result of our compelling value and convenience proposition, although no assurances can be given that we will achieve positive same-store sales growth in any given year.

Compelling Value and Convenience Proposition. Our ability to deliver highly competitive prices in convenient locations and our easy "in and out" shopping format create a compelling shopping experience that we believe distinguishes us from other discount retailers as well as convenience, drug, grocery, online and mass merchant retailers. Our slogan "Save time. Save money. Every day!" summarizes our appeal to customers. We believe our ability to effectively deliver both value and convenience allows us to succeed in small markets with limited shopping alternatives, as well as in larger and more competitive markets. Our value and convenience proposition is evidenced by the following attributes of our business model:

- *Convenient Locations.* Our stores are conveniently located in a variety of rural, suburban and urban communities. We seek to locate our stores in close proximity to our customers, which helps drive customer loyalty and trip frequency and makes us an attractive alternative to large discount and other large-box retail and grocery stores.

- *Time-Saving Shopping Experience.* We strive to provide customers with a highly convenient, easy to navigate shopping experience. Our small-box stores make it easier to get in and out quickly. Our product offering includes most necessities, such as basic packaged and refrigerated food and dairy products, cleaning supplies, paper products, health and beauty care items, greeting cards and other stationery items, basic apparel, housewares, hardware and automotive supplies, among others. Our convenient hours and broad merchandise offering allow our customers to fulfill their routine shopping requirements and minimize their need to shop elsewhere.

- *Everyday Low Prices on Quality Merchandise.* Our research indicates that we offer a price advantage over most food and drug retailers and that our prices are competitive with even the largest discount retailers. Our ability to offer everyday low prices on quality merchandise is supported by our low-cost operating structure and our strategy to maintain a limited number of items per merchandise category, which we believe helps us maintain strong purchasing power. We offer nationally advertised brands at these everyday low prices in addition to offering our own private brands at substantially lower prices.

Substantial Growth Opportunities. We believe we have substantial long-term growth potential in the U.S. We have identified significant opportunities to add new stores in both existing and new markets. In addition, we have opportunities to relocate or remodel locations within our existing store base to better serve our customers. Our attractive store economics, including a relatively low initial investment and simple, low-cost operating model have allowed us to grow our store base to current levels and provide us significant opportunities to continue our profitable store growth strategy.

Our Merchandise

We offer a focused assortment of everyday necessities, which we believe helps to drive frequent customer visits, and key items in a broad range of general merchandise categories. Our product assortment provides the opportunity for our customers to address most of their basic shopping needs with one trip. We offer a wide selection of nationally advertised brands from leading manufacturers. Additionally, our private brand products offer even greater value with options to purchase products that we believe to be of comparable quality to national brands as well as value items, each at substantial discounts to the national brands.

Consumables is our largest merchandise category and has become a larger percentage of our total sales in recent years as indicated in the table below. Consumables include paper and cleaning products (such as paper towels, bath tissue, paper dinnerware, trash and storage bags, laundry and other home cleaning supplies); packaged food (such as cereals, canned soups and vegetables, condiments, spices, sugar and flour); perishables (such as milk, eggs, bread, refrigerated and frozen food, beer and wine); snacks (such as candy, cookies, crackers, salty snacks and carbonated beverages); health and beauty (such as over-the-counter medicines and personal care products including soap, body wash, shampoo, dental hygiene and foot care products); pet (such as pet supplies and pet food); and tobacco products.

Seasonal products include decorations, toys, batteries, small electronics, greeting cards, stationery, prepaid phones and accessories, gardening supplies, hardware, automotive and home office supplies.

Home products include kitchen supplies, cookware, small appliances, light bulbs, storage containers, frames, candles, craft supplies and kitchen, bed and bath soft goods.

Apparel includes casual everyday apparel for infants, toddlers, girls, boys, women and men, as well as socks, underwear, disposable diapers, shoes and accessories.

The percentage of net sales of each of our four categories of merchandise for the fiscal years indicated below was as follows:

	2017	2016	2015
Consumables	76.9 %	76.4 %	75.9 %
Seasonal	12.1 %	12.2 %	12.4 %
Home products	6.0 %	6.2 %	6.3 %
Apparel	5.0 %	5.2 %	5.4 %

Our seasonal and home products categories typically account for the highest gross profit margins, and the consumables category typically accounts for the lowest gross profit margin.

The Dollar General Store

The typical Dollar General store is operated by a store manager, one or more assistant store managers, and three or more sales associates. Our stores generally feature a low-cost, no frills building with limited maintenance capital, low operating costs, and a focused merchandise offering within a broad range of categories, allowing us to deliver low retail prices while generating strong cash flows and capital investment returns. Our stores average approximately 7,400 square feet of selling space and approximately 75% of our stores are located in towns of 20,000 or fewer people. We generally have had good success in locating suitable store sites in the past, and we believe that there is ample opportunity for new store growth in existing and new markets. In addition, we believe we have significant opportunities available for our relocation and remodel programs.

Our store growth over the past three years is summarized in the following table:

Year	Stores at Beginning of Year	Stores Opened	Stores Closed	Net Store Increase	Stores at End of Year
2015	11,789	730	36	694	12,483
2016	12,483	900	63	837	13,320
2017	13,320	1,315	101	1,214	14,534

Our Customers

Our customers seek value and convenience. Depending on their financial situation and geographic proximity, customers' reliance on Dollar General varies from fill-in shopping, to making periodic trips to stock up on household items, to making weekly or more frequent trips to meet most essential needs. We generally locate our stores and plan our merchandise selections to best serve the needs of our core customers, the low and fixed income households often underserved by other retailers, and we are focused on helping them make the most of their spending dollars. At the same time, however, loyal Dollar General shoppers from a wide range of income brackets and life stages appreciate our quality merchandise as well as our attractive value and convenience proposition.

Our Suppliers

We purchase merchandise from a wide variety of suppliers and maintain direct buying relationships with many producers of national brand merchandise. Despite our broad offering, we maintain only a limited number of items per category, allowing us to keep our average costs low. Our largest and second largest suppliers each accounted for approximately 8% of our purchases in 2017. Our private brands come from a diversified supplier base. We directly imported approximately 5% of our purchases at cost in 2017.

We have consistently managed to obtain sufficient quantities of core merchandise and believe that, if one or more of our current sources of supply became unavailable, we generally would be able to obtain alternative sources; however, such alternative sources could increase our merchandise costs or reduce the quality of our merchandise, and an inability to obtain alternative sources could adversely affect our sales.

Distribution and Transportation

Our stores are currently supported by fifteen distribution centers located strategically throughout our geographic footprint. Our sixteenth and seventeenth distribution centers in Longview, Texas and Amsterdam, New York, respectively, are under construction and each is expected to be completed in 2019. We lease additional temporary warehouse space as necessary to support our distribution needs. We continually analyze and rebalance the network to ensure that it remains efficient and provides the service levels our stores require. See "—Properties" below for additional information pertaining to our distribution centers.

Most of our merchandise flows through our distribution centers and is delivered to our stores by third-party trucking firms, utilizing our trailers. We also own 79 semi-trailer trucks with which we transport our merchandise. In addition, vendors or third-party distributors ship certain food items and other merchandise directly to our stores.

Seasonality

Our business is somewhat seasonal. Generally, our most profitable sales mix occurs in the fourth quarter, which includes the Christmas selling season. In addition, our quarterly results can be affected by the timing of certain holidays, the timing of new store openings and store closings, and the amount of sales contributed by new and existing stores. We typically purchase substantial amounts of inventory in the third quarter and incur higher shipping and payroll costs in the third quarter in anticipation of increased sales activity during the fourth quarter. See Note 12 to the consolidated financial statements for additional information.

Our Competition

We operate in the basic discount consumer goods market, which is highly competitive with respect to price, store location, merchandise quality, assortment and presentation, in-stock consistency, and customer service. We compete with discount stores and with many other retailers, including mass merchandise, warehouse club, grocery, drug, convenience, variety, online, and certain specialty stores. These other retail companies operate stores in many of the areas where we operate, and many of them engage in extensive advertising and marketing efforts. Our direct competitors include Family Dollar, Dollar Tree, Big Lots, Fred's, 99 Cents Only and various local, independent operators, as well as Walmart, Target, Kroger, Aldi, Lidl, Walgreens, CVS, and RiteAid, among others. Certain of our competitors have greater financial, distribution, marketing and other resources than we do. Competition has intensified and we believe it will continue to do so as competitors move into or increase their presence in our geographic and product markets and increase the availability of mobile, web-based and other digital technology to facilitate a more convenient and competitive customer online and in-store shopping experience.

We believe that we differentiate ourselves from other forms of retailing by offering consistently low prices in a convenient, small-store format. We believe that our prices are competitive due in part to our low-cost operating structure and the relatively limited assortment of products offered. Purchasing large volumes of merchandise within our focused assortment in each merchandise category allows us to keep our average costs low, contributing to our ability to offer competitive everyday low prices to our customers. See "—Our Business Model" above for further discussion of our competitive situation.

Our Employees

As of March 2, 2018, we employed approximately 129,000 full-time and part-time employees, including divisional and regional managers, district managers, store managers, other store personnel and distribution center and administrative personnel. We have increasingly focused on recruiting, training, motivating and retaining employees, and we believe that the quality, performance and morale of our employees continue to be an important part of our success in recent years. We believe our overall relationship with our employees is good.

Our Trademarks

We own marks that are registered with the United States Patent and Trademark Office and are protected under applicable intellectual property laws, including, without limitation, the trademarks Dollar General®, Dollar General Market®, Clover Valley®, DG®, DG Deals®, DGX®, Forever Pals®, I*Magine®, OT Sport®, OT Revolution®, Smart & Simple®, trueliving®, Sweet Smiles®, Open Trails®, Beauty Cents®, Bobbie Brooks®, Comfort Bay®, Holiday Style®, Swiggles®, More Deals For Your Dollar. Every Day!®, The Fast Way To Save®, Zone Pro®, Operation Storm Force®, Ultimate Caffeine® and Save Time. Save Money. Every Day!®, along with variations and formatives of these trademarks as well as certain other trademarks including Ever Pet™ , DG GO! ™, Perfect Harvest™, In.Out.Save. ™, and the Good Choices – Smart Prices – Good & Smart stylized logo™. We attempt to obtain registration of our trademarks whenever practicable and to pursue vigorously any infringement of those marks. Our trademark registrations have various expiration dates; however, assuming that the trademark registrations are properly renewed, they have a perpetual duration.

We also hold an exclusive license to the Rexall brand through March 5, 2020.

Available Information

Our Internet website address is www.dollargeneral.com. The information on our website is not incorporated by reference into, and is not a part of, this Form 10-K. We file with or furnish to the Securities and Exchange Commission (the “SEC”) annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, proxy statements and annual reports to shareholders, and, from time to time, registration statements and other documents. These documents are available free of charge to investors on or through the Investor Information section of our website as soon as reasonably practicable after we electronically file them with or furnish them to the SEC. In addition, the public may read and copy any of the materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Washington DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers, such as Dollar General, that file electronically with the SEC. The address of that website is http://www.sec.gov.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below and the other information contained in this report and other filings that we make from time to time with the SEC, including our consolidated financial statements and accompanying notes. Any of the following risks could materially and adversely affect our business, financial condition, results of operations or liquidity. These risks are not the only risks we face. Our business, financial condition, results of operations or liquidity could also be adversely affected by additional factors that apply to all companies generally or by risks not currently known to us or that we currently view to be immaterial. We can provide no assurance and make no representation that our risk mitigation efforts, although we believe they are reasonable, will be successful.

Economic conditions and other economic factors may adversely affect our financial performance and other aspects of our business by negatively impacting our customers' disposable income or discretionary spending, affecting our ability to plan and execute our strategic initiatives, increasing our costs of goods sold and selling, general and administrative expenses, and adversely affecting our sales or profitability.

We believe many of our customers have fixed or low incomes and generally have limited discretionary spending dollars. Any factor that could adversely affect that disposable income would decrease our customers' confidence, spending, and number of trips to our stores, and could cause our customers to shift their spending to products other than those sold by us or to our less profitable product choices, all of which could result in lower net sales, decreases in inventory turnover, greater markdowns on inventory, a change in the mix of products we sell, and a reduction in profitability due to lower margins. Factors that could reduce our customers' disposable income and over which we exercise no influence include but are not limited to adverse economic conditions such as increased or sustained high unemployment or underemployment levels, inflation, increases in fuel or other energy costs and interest rates, lack of available credit, consumer debt levels, higher tax rates and other changes in tax laws, uncertainty regarding government mandated participation in health insurance programs, increasing healthcare and housing costs, and decreases in, or elimination of, government subsidies such as unemployment and food assistance programs.

Many of the factors identified above that affect disposable income, as well as commodity rates, transportation costs (including the costs of fuel), costs of labor, insurance and healthcare, foreign exchange rate fluctuations, lease costs, measures that create barriers to or increase the costs associated with international trade (including increased import duties or tariffs), or changes in other laws and regulations and other economic factors, also affect our ability to plan and execute our strategic initiatives, our cost of goods sold, our selling, general and administrative expenses, and our real estate costs, and may have other adverse consequences which we are unable to fully anticipate or control, all of which may adversely affect our sales or profitability. We have limited or no ability to control many of these factors.

Our plans depend significantly on strategies and initiatives designed to increase sales and profit and improve the efficiencies, costs and effectiveness of our operations, and failure to achieve or sustain these plans could affect our performance adversely.

We have short-term and long-term strategies and initiatives (such as those relating to merchandising, marketing, real estate and new store development, digital, sourcing, shrink, private brand, inventory management, distribution and transportation, store operations, store formats, budgeting and expense reduction, and technology) in various stages of testing, evaluation, and implementation, upon which we expect to rely to continue to improve our results of operations and financial condition and to achieve our financial plans. These initiatives are inherently risky and uncertain, even when tested successfully, in their application to our business in general. It is possible that successful testing can result partially from resources and attention that cannot be duplicated in broader implementation, particularly in light of the diverse geographic locations of our stores and the decentralized nature of our field management. General implementation also may be negatively affected by other risk factors described herein. Successful systemwide implementation relies on consistency of training, stability of workforce, ease of execution, and the absence of offsetting factors that can influence results adversely. Failure to achieve successful implementation of our initiatives or the cost of these initiatives exceeding management's estimates could adversely affect our business, results of operations and financial condition.

The success of our merchandising initiatives, particularly those with respect to non-consumable merchandise and store-specific products and allocations, depends in part upon our ability to predict consistently and successfully the products that our customers will demand and to identify and timely respond to evolving trends in demographic mixes in our markets and consumer preferences, expectations and needs. If we are unable to select products that are attractive to customers, to timely obtain such products at costs that allow us to sell them at an acceptable profit, or to effectively market such products, our sales, market share and profitability could be adversely affected. If our merchandising efforts in the non-consumables area or the higher margin areas within consumables are unsuccessful, we could be further adversely affected by our inability to offset the lower margins associated with our consumables business.

If we cannot open, relocate or remodel stores profitably and on schedule, our planned future growth will be impeded, which would adversely affect sales.

Our ability to open, relocate and remodel profitable stores is a key component of our planned future growth. Our ability to timely open stores and to expand into additional market areas depends in part on the following factors: the availability of attractive store locations; the absence of entitlement process or occupancy delays; the ability to negotiate acceptable lease and development terms; the ability to hire and train new personnel, especially store managers, in a cost effective manner; the ability to identify customer demand in different geographic areas; general economic conditions; and the availability of capital funding for expansion. Many of these factors also affect our ability to successfully relocate stores, and many of them are beyond our control.

Delays or failures in opening new stores or completing relocations or remodels, or achieving lower than expected sales in these projects, could materially adversely affect our growth and/or profitability. We also may not anticipate all of the challenges imposed by the expansion of our operations and, as a result, may not meet our targets for opening new stores, remodeling or relocating stores or expanding profitably. In addition, our construction costs could increase as a result of economic factors discussed above.

Some new stores and future new store opportunities may be located in areas, including but not limited to new states or metro urban areas, where we have limited or no meaningful experience or brand recognition. Those areas may have different competitive and market conditions, consumer tastes and discretionary spending patterns than our existing markets, as well as higher cost of entry. These factors may cause our new stores to be initially less successful than stores in our existing markets, which could slow future growth in these areas.

Many new stores will be located in areas where we have existing stores. Although we have experience in these areas, increasing the number of locations in these markets may result in inadvertent oversaturation and temporarily or permanently divert customers and sales from our existing stores, thereby adversely affecting our overall financial performance.

We face intense competition that could limit our growth opportunities and adversely impact our financial performance.

The retail business is highly competitive with respect to price, store location, merchandise quality, product assortment and presentation, in-stock consistency, customer service, promotional activity, customers, market share, and employees. We compete with discount stores and with many other retailers, including mass merchandise, warehouse club, grocery, drug, convenience, variety, online retailers, and certain specialty stores. This competitive environment subjects us to the risk of adverse impact to our financial performance because of the lower prices, and thus the lower margins, that may be required to maintain our competitive position. Also, as a discount retailer, due to customer demographics and other factors, we may have limited ability to increase prices in response to increased costs without losing competitive position. This limitation may adversely affect our margins and financial performance. Certain of our competitors have greater financial, distribution, marketing and other resources than we do and may be able to secure better arrangements with suppliers than we can. If we fail to respond effectively to competitive pressures and changes in the retail markets, it could adversely affect our financial performance.

Competition for customers has intensified as competitors have moved into, or increased their presence in, our geographic and product markets and increased the availability of mobile, web-based and other digital technology to facilitate a more convenient and competitive customer online and in-store shopping experience. We expect this competition to continue to increase. We remain vulnerable to the marketing power and high level of consumer recognition of larger competitors and to the risk that these competitors or others could venture into our industry in a significant way, including through the introduction of new store formats. Further, consolidation within the retail industry could significantly alter the competitive dynamics of the retail marketplace. This consolidation may result in competitors with greatly improved financial resources, improved access to merchandise, greater market penetration and other improvements in their competitive positions, as well as result in the provision of a wider variety of products and services at competitive prices by these consolidated companies, which could adversely affect our financial performance.

Our profitability may be negatively affected by inventory shrinkage.

We are subject to the risk of inventory loss and theft. We experience significant inventory shrinkage and cannot be sure that incidences of inventory loss and theft will decrease in the future or that the measures we are taking will effectively reduce the problem of inventory shrinkage. Although some level of inventory shrinkage is an unavoidable cost of doing business, if we were to experience higher rates of inventory shrinkage or incur increased security or other costs to combat inventory theft, our results of operations and financial condition could be affected adversely.

Our cash flows from operations may be negatively affected if we are not successful in managing our inventory balances.

Our inventory balance represented approximately 52% of our total assets exclusive of goodwill and other intangible assets as of February 2, 2018. Efficient inventory management is a key component of our business success and profitability. To be successful, we must maintain sufficient inventory levels and an appropriate product mix to meet our customers' demands without allowing those levels to increase to such an extent that the costs to store and hold the goods unduly impacts our financial results or that subjects us to the risk of increased inventory shrinkage. If our buying decisions do not accurately predict customer trends, we inappropriately price products or our expectations about customer spending levels are inaccurate, we may have to take unanticipated markdowns to dispose of the excess inventory, which also can adversely impact our financial results. We continue to focus on ways to reduce these risks, but we cannot make assurances that we will be successful in our inventory management. If we are not successful in managing our inventory balances, our cash flows from operations may be negatively affected.

Any failure to maintain the security of information we hold relating to proprietary business information or our customers, employees and vendors, whether as a result of cybersecurity attacks or otherwise, could expose us to litigation, government enforcement actions and costly response measures, and could materially disrupt our operations and harm our reputation and sales.

In connection with sales, we transmit confidential credit and debit card information. We also have access to, collect or maintain certain private or confidential information regarding our customers, employees and vendors, as well as our business. Some of this information is stored digitally in connection with our e-commerce website and our mobile applications, some of which may leverage third-party service providers. Additionally, under certain circumstances, we may share information with vendors that assist us in conducting our business (for example, third-party service providers assist us in the transmittal of credit and debit card information in connection with sales), as required by law, or otherwise in accordance with our privacy policy. While we have implemented procedures and technology intended to protect and safeguard our information and require appropriate controls of our service providers, it is possible that cyberattackers might compromise our security measures or those of our technology and other vendors or service providers in the future and obtain the personal information of our customers, employees and vendors that we hold or our business information, as cyberattacks are rapidly evolving and those threats and the means for obtaining access to information in digital and other storage media are becoming increasingly sophisticated and may not immediately produce signs of intrusion. Moreover, employee error or malfeasance or other irregularities may result in a defeat of our or our third-party vendors' security measures and breach our or our third-party vendors' information systems. If customer passwords are obtained through unrelated third-party breaches, cyberattackers also could gain access to our customers' accounts.

Because we accept debit and credit cards for payment, we are subject to industry data protection standards and protocols, such as the Payment Card Industry Data Security Standards ("PCI DSS"), issued by the Payment Card Industry Security Standards Council. Additionally, we have implemented technology in our stores to allow for the acceptance of Europay, Mastercard and Visa (EMV) credit transactions and point-to-point encryption. Complying with PCI DSS standards and implementing related procedures, technology and information security measures require significant resources and ongoing attention. However, even as we comply with PCI DSS standards and offer EMV and point-to-point encryption technology in our stores, we may be vulnerable to, and unable to detect and appropriately respond to, data security breaches and data loss, including cybersecurity attacks or other breach of cardholder data.

A security breach of any kind (whether experienced by us or one of our vendors), which could be undetected for a period of time, or any failure by us to comply with the applicable privacy and information security laws, regulations and standards could expose us to risks of data loss, litigation, government enforcement actions, fines or penalties, credit card brand assessments, and costly response measures (including, for example, providing notification to, and credit monitoring services for, affected customers, as well as further upgrades to our security measures) which may not be covered by or may exceed the coverage limits of our insurance policies, and could materially disrupt our operations. Any resulting negative media attention and publicity could significantly harm our reputation which could cause us to lose market share as a result of customers discontinuing the use of debit or credit cards in our stores or not shopping in our stores altogether and could have a material adverse effect on our business and financial performance.

A significant disruption to our distribution network, to the capacity of our distribution centers or to the timely receipt of inventory could adversely impact sales or increase our transportation costs, which would decrease our profits.

We rely on our distribution and transportation network to provide goods to our stores in a timely and cost-effective manner. Using various modes of transportation, including ocean, rail, and truck, we and our vendors move goods from vendor locations to our distribution centers. Deliveries to our stores occur from our distribution centers or directly from our vendors. Any disruption, unanticipated or unusual expense or operational failure related to this process could affect store operations negatively. For example, delivery delays or increases in transportation costs (including through increased fuel costs, increased carrier rates or driver wages as a result of driver shortages, a decrease in transportation capacity for overseas shipments, or work stoppages or slowdowns) could significantly decrease our ability to make sales and earn profits. Labor shortages or work stoppages in the transportation industry or long-term disruptions to the national and international transportation infrastructure that lead to delays or interruptions of deliveries or which would necessitate our securing alternative labor or shipping suppliers could also increase our costs or otherwise negatively affect our business.

We maintain a network of distribution facilities and are moving forward with plans to build new facilities to support our growth objectives. Delays in opening distribution centers could adversely affect our future financial performance by slowing store growth, which may in turn reduce revenue growth, or by increasing transportation costs. In addition, distribution-related construction or expansion projects entail risks that could cause delays and cost overruns, such as: shortages of materials or skilled labor; work stoppages; unforeseen construction, scheduling, engineering, environmental or geological problems; weather interference; fires or other casualty losses; and unanticipated cost increases. For these reasons, the completion date and ultimate cost of these projects could differ significantly from initial expectations, and we cannot guarantee that any project will be completed on time or within established budgets.

Risks associated with or faced by our suppliers could adversely affect our financial performance.

The products we sell are sourced from a wide variety of domestic and international suppliers, and we are dependent on our vendors to supply merchandise in a timely and efficient manner. In 2017, our largest and second largest suppliers each accounted for approximately 8% of our purchases. We have not experienced any difficulty in obtaining sufficient quantities of core merchandise and believe that, if one or more of our current sources of supply became unavailable, we would generally be able to obtain alternative sources. However, such alternative sources could increase our merchandise costs, result in a temporary reduction in store inventory levels, and reduce the quality of our merchandise, and an inability to obtain alternative sources could adversely affect our sales. Additionally, if a supplier fails to deliver on its commitments, whether due to financial difficulties or other reasons, we could experience merchandise out-of-stocks that could lead to lost sales and damage to our reputation.

We directly imported approximately 5% of our purchases (measured at cost) in 2017, but many of our domestic vendors directly import their products or components of their products. Changes to the prices and flow of these goods for any reason, such as political unrest or acts of war, currency fluctuations, disruptions in maritime lanes, port labor disputes, and economic conditions and instability in the countries in which foreign suppliers are located, the financial instability of suppliers, suppliers' failure to meet our standards, issues with labor practices of our suppliers or labor problems they may experience (such as strikes, stoppages or slowdowns, which could also increase labor costs during and following the disruption), the availability and cost of raw materials to suppliers, increased import duties, merchandise quality or safety issues, transport availability and cost, increases in wage rates and taxes, transport security, inflation, and other factors relating to the suppliers and the countries in which they are located or from which they import, are beyond our control and could adversely affect our operations and profitability. While we are working to diversify our sources of imported goods and reduce the percentage of goods imported from China, a substantial amount of our imported merchandise still comes from China, and thus, a change in the Chinese leadership, economic and market conditions, internal economic stimulus actions, or currency or other policies, as well as increases in costs of labor and wage taxes, could negatively impact our merchandise costs. In addition, the United States' foreign trade policies, duties, tariffs and other impositions on imported goods, trade sanctions imposed on certain countries, the limitation on the importation of certain types of goods or of goods containing certain materials from other countries and other factors relating to foreign trade and port labor agreements are beyond our control. These and other factors affecting our suppliers and our access to products could adversely affect our business and financial performance. As we increase our imports of merchandise from foreign vendors, the risks associated with these imports also will increase, and we may be exposed to additional or different risks as we increase imports of goods produced in countries other than China.

Product liability, product recall or other product safety or labeling claims could adversely affect our business, reputation and financial performance.

All of our vendors and their products must comply with applicable product safety laws and regulations (including those relating to product labeling), and we are dependent on them to ensure that the products we buy comply with all applicable safety and labeling standards. However, product liability, personal injury or other claims may be asserted against us relating to product contamination, product tampering, product expiration, mislabeling, recall and other safety or labeling issues with respect to the products that we sell.

We seek but may not be successful in obtaining contractual indemnification and insurance coverage from our vendors. If we do not have adequate contractual indemnification or insurance available, such claims could have a material adverse effect on our business, financial condition and results of operations. Our ability to obtain indemnification from foreign vendors may be hindered by our ability to obtain jurisdiction over such vendors to enforce contractual indemnification obligations. Even with adequate insurance and indemnification, such claims could significantly damage our reputation and consumer confidence in our products. Our litigation expenses could increase as well, which also could have a materially negative impact on our results of operations even if a product liability claim is unsuccessful or is not fully pursued.

Our private brands may not be successful in improving our gross profit rate and may increase certain of the risks we face.

The sale of private brand items is an important component of our sales growth and gross profit rate enhancement plans. We have invested in our development and procurement resources and marketing efforts relating to these private brand offerings. We believe that our success in maintaining broad market acceptance of our private brands depends on many factors, including pricing, our costs, quality, customer perception and the timely development and introduction of new products. We may not achieve or maintain our expected sales for our private brands. The sale and expansion of our private brand offerings also subjects us to certain risks, such as: potential product liability risks and mandatory or voluntary product recalls; potential supply chain and distribution chain disruptions for raw materials and finished products; our ability to successfully protect our proprietary rights and successfully navigate and avoid claims related to the proprietary rights of third parties; our ability to successfully administer and comply with applicable contractual obligations and legal and regulatory requirements; and other risks generally encountered by entities that source, sell and market exclusive branded offerings for retail. An increase in sales of our private brands may also adversely affect sales of our vendors' products, which, in turn, could adversely affect our relationship with certain of our vendors. Any failure to appropriately address some or all of these risks could have a significant adverse effect on our private brand initiatives and on our reputation, business, results of operations and financial condition.

We are subject to governmental regulations, procedures and requirements. A significant change in, or noncompliance with, these regulations could have a material adverse effect on our financial performance.

Our business is subject to numerous and frequently changing federal, state and local laws and regulations. We routinely incur significant costs in complying with these regulations. The complexity of the regulatory environment in which we operate and the related cost of compliance are increasing due to additional legal and regulatory requirements, our expanding operations, and increased enforcement efforts. Further, uncertainties exist regarding the future application of certain of these legal requirements to our business. New laws, regulations, policies and the related interpretations and enforcement practices, particularly those dealing with environmental compliance, product safety or labeling, food safety, information security and privacy, and labor and employment, among others, or changes in existing laws, regulations, policies and the related interpretations and enforcement practices, particularly those governing the sale of products or employee wages, may result in significant added expenses or may require extensive system and operating changes that may be difficult to implement and/or could materially increase our cost of doing business. Untimely compliance or noncompliance with applicable regulations or untimely or incomplete execution of a required product recall, can result in the imposition of penalties (including loss of licenses, eligibility to accept certain government benefits such as SNAP or significant fines or monetary penalties), class action litigation or other litigation, in addition to reputational damage. Additionally, changes in tax laws, the interpretation of existing laws, or our failure to sustain our reporting positions on examination could adversely affect our overall effective tax rate.

Litigation may adversely affect our business, results of operations and financial condition.

Our business is subject to the risk of litigation by employees, consumers, suppliers, competitors, shareholders, government agencies and others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to these lawsuits may remain unknown for substantial periods of time. In addition, certain of these lawsuits, if decided adversely to us or settled by us, may result in liability material to our financial statements as a whole or may negatively affect our operating results if changes to our business operations are required. The cost to defend future litigation may be significant. There also may be adverse publicity associated with litigation that could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation may adversely affect our business, results of operations and financial condition. See Note 7 to the consolidated financial statements for further details regarding certain of these pending matters.

Our current insurance program may expose us to unexpected costs and negatively affect our financial performance.

Our insurance coverage reflects deductibles, self-insured retentions, limits of liability and similar provisions that we believe are prudent based on the dispersion of our operations. However, there are types of losses we may incur but against which we cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of war, employee and certain other crime, certain wage and hour and other employment-related claims, including class actions, actions based on certain consumer protection laws, and some natural and other disasters or similar events. If we incur these losses and they are material, our business could suffer. Certain material events may result in sizable losses for the insurance industry and adversely impact the availability of adequate insurance coverage or result in excessive premium increases. To offset negative insurance market trends, we may elect to self-insure, accept higher deductibles or reduce the amount of coverage in response to these market changes. In addition, we self-insure a significant portion of expected losses under our workers' compensation, automobile liability, general liability (including claims made against certain of our landlords) and group health insurance programs. Unanticipated changes in any applicable actuarial assumptions and management estimates underlying our recorded liabilities for these losses, including expected increases in medical and indemnity costs, could result in materially different expenses than expected under these programs, which could have a material adverse effect on our results of operations and financial condition. Although we continue to maintain property insurance for catastrophic events at our store support center and distribution centers, we are effectively self-insured for other property losses. If we experience a greater number of these losses than we anticipate, our financial performance could be adversely affected.

Natural disasters and unusual weather conditions (whether or not caused by climate change), pandemic outbreaks, terrorist acts, and global political events could disrupt business and result in lower sales and otherwise adversely affect our financial performance.

The occurrence of one or more natural disasters, such as hurricanes, fires, floods, tornadoes and earthquakes, unusual weather conditions, pandemic outbreaks, terrorist acts or disruptive global political events, such as civil unrest in countries in which our suppliers are located, or similar disruptions could adversely affect our business and financial performance. Uncharacteristic or significant weather conditions can affect consumer shopping patterns, which could lead to lost sales or greater than expected markdowns and adversely affect our short-term results of operations. To the extent these events result in the closure of one or more of our distribution centers, a significant number of stores, or our corporate headquarters or impact one or more of our key suppliers, our operations and financial performance could be materially adversely affected through an inability to make deliveries or provide other support functions to our stores and through lost sales. In addition, these events could result in increases in fuel (or other energy) prices or a fuel shortage, delays in opening new stores, the temporary lack of an adequate work force in a market, the temporary or long-term disruption in the supply of products from some domestic and overseas suppliers, the temporary disruption in the transport of goods from overseas, delay or increased transportation costs in the delivery of goods to our distribution centers or stores, the inability of customers to reach or have transportation to our stores directly affected by such events, the temporary reduction in the availability of products in our stores and disruption of our utility services or to our information systems. These events also can have indirect consequences such as increases in the costs of insurance if they result in significant loss of property or other insurable damage.

Material damage or interruptions to our information systems as a result of external factors, staffing shortages or challenges or difficulties in maintaining or updating our existing technology or developing or implementing new technology could have a material adverse effect on our business or results of operations.

We depend on a variety of information technology systems for the efficient functioning of our business, including, without limitation the processing of transactions and the management of our employees, facilities, logistics, inventories, stores and customer-facing digital operations. We are continually improving our information processes and computer systems to better run our business. These technology initiatives may not deliver desired results or may do so on a delayed schedule. Additionally, such systems are subject to damage or interruption from power outages, facility damage, computer and telecommunications failures, computer viruses, cybersecurity breaches, cyber attacks (including malicious codes, worms, phishing and denial of service attacks, and ransomware), software upgrade failures or code defects, natural disasters and human error. Damage or interruption to, or defects of design related to, these systems may require a significant investment to fix or replace them, and we may suffer interruptions or disruptions in our operations in the interim, may experience loss or corruption of critical data and may receive negative publicity, all of which could have a material adverse effect on our business or results of operations.

We also rely heavily on our information technology staff. Failure to meet these staffing needs may negatively affect our ability to fulfill our technology initiatives while continuing to provide maintenance on existing systems. We rely on certain vendors and service providers to maintain and periodically upgrade many of these systems so that they can continue to support our business. The software programs supporting many of our systems were licensed to us by independent software developers. The inability of these vendors, developers or us to continue to maintain and upgrade these information systems and software programs might disrupt or reduce the efficiency of our operations if we were unable to convert to alternate systems in an efficient and timely manner and could expose us to greater risk of a cybersecurity breach or other cyber attack. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations.

Failure to attract, train and retain qualified employees while controlling labor costs, as well as other labor issues, could adversely affect our financial performance.

Our future growth and performance, positive customer experience and regulatory compliance depends on our ability to attract, train, retain and motivate qualified employees, many of whom are in positions with historically high rates of turnover. Our ability to meet our labor needs, while controlling our labor costs, is subject to many external factors, including competition for and availability of qualified personnel in a given market, unemployment levels within those markets, wage rates within particular markets, minimum wage laws, health and other insurance costs, changes in employment and labor laws (including changes in the process for our employees to join a union) or other workplace regulations (including changes in employee benefit programs such as health insurance and paid leave programs), employee activism, and our reputation and relevance within the labor market. If we are unable to attract and retain adequate numbers of qualified employees, our operations, customer service levels and support functions could suffer. In addition, to the extent a significant portion of our employee base unionizes, or attempts to unionize, our labor costs could increase. Our ability to pass along labor costs to our customers is constrained by our everyday low price model, and we may not be able to offset such increased costs elsewhere in our business.

Our success depends on our executive officers and other key personnel. If we lose key personnel or are unable to hire additional qualified personnel, our business may be harmed.

Our future success depends to a significant degree on the skills, experience and efforts of our executive officers and other key personnel. The unexpected loss of the services of any of our executive officers could have an adverse effect on our operations. There can be no assurance that our executive succession planning, retention or hiring efforts will be successful. Competition for skilled and experienced management personnel is intense, and our future success will also depend on our ability to attract and retain qualified personnel, and a failure to attract and retain new qualified personnel could have an adverse effect on our operations.

Because our business is somewhat seasonal, adverse events during the fourth quarter could materially affect our financial statements as a whole.

Primarily because of sales of Christmas-related merchandise, our most profitable sales mix generally occurs in the fourth quarter. In anticipation of this holiday, we purchase substantial amounts of seasonal inventory. Adverse events, such as deteriorating economic conditions, high unemployment rates, high gas prices, public transportation disruptions, or unusual or unanticipated adverse weather could result in lower-than-planned sales during the Christmas selling season, which in turn could reduce our operating profit. Additionally, an excess of seasonal merchandise inventory could result if our net sales during the Christmas selling season fall below seasonal norms or expectations, which could adversely affect our financial performance and operating results as a result of unanticipated markdowns.

Deterioration in market conditions or changes in our credit profile could adversely affect our business operations and financial condition.

We rely on the positive cash flow we generate from our operating activities and our access to the credit and capital markets to fund our operations, growth strategy, and return of cash to our shareholders through share repurchases and dividends. Changes in the credit and capital markets, including market disruptions, limited liquidity and interest rate fluctuations, may increase the cost of financing or restrict our access to these potential sources of future liquidity. Our continued access to these liquidity sources on favorable terms depends on multiple factors, including our operating performance and our credit ratings. Our debt securities currently have an investment grade rating, and a downgrade of this rating likely would negatively impact our access to the debt capital markets and increase our cost of borrowing. As a result, any disruptions or turmoil in the debt markets or any downgrade of our credit ratings could adversely affect our business operations and financial condition and our ability to return cash to our shareholders. There can be no assurances that our ability to obtain additional financing through the debt markets will not be adversely impacted by economic conditions or that we will be able to maintain or improve our current credit ratings.

New accounting guidance or changes in the interpretation or application of existing accounting guidance could adversely affect our financial performance.

The implementation of new accounting standards could require certain systems, internal process and other changes that could increase our operating costs, and also will result in changes to our financial statements. In particular, the implementation of accounting standards related to leases, as issued by the Financial Accounting Standards Board ("FASB") are requiring us to make significant changes to our lease management and other accounting systems, and will result in a material impact to our consolidated financial statements. Additionally, the FASB has issued accounting standards related to intra-entity transfers that will result in changes to our financial statements.

U.S. generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business involve many subjective assumptions, estimates and judgments by our management. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments by our management could significantly change our reported or expected financial performance. The outcome of such changes could include litigation or regulatory actions which could have an adverse effect on our financial condition and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of March 2, 2018, we operated 14,609 retail stores located in 44 states as follows:

State	Number of Stores	State	Number of Stores
Alabama	720	Nebraska	120
Arizona	109	Nevada	22
Arkansas	414	New Hampshire	30
California	202	New Jersey	121
Colorado	42	New Mexico	97
Connecticut	47	New York	439
Delaware	44	North Carolina	787
Florida	825	North Dakota	15
Georgia	827	Ohio	755
Illinois	521	Oklahoma	429
Indiana	494	Oregon	38
Iowa	224	Pennsylvania	675
Kansas	230	Rhode Island	13
Kentucky	500	South Carolina	518
Louisiana	536	South Dakota	47
Maine	46	Tennessee	733
Maryland	136	Texas	1,413
Massachusetts	41	Utah	11
Michigan	468	Vermont	35
Minnesota	119	Virginia	395
Mississippi	483	West Virginia	234
Missouri	501	Wisconsin	153

Most of our stores are located in leased premises. Individual store leases vary as to their terms, rental provisions and expiration dates. Many stores are subject to build-to-suit arrangements with landlords, which typically carry a primary lease term of up to 15 years with multiple renewal options. We also have stores subject to shorter-term leases and many of these leases have renewal options. A significant portion of our new stores are subject to build-to-suit arrangements.

As of March 2, 2018, we operated fifteen distribution centers, as described in the following table:

Location	Year Opened	Approximate Square Footage	Number of Stores Served
Scottsville, KY	1959	720,000	695
Ardmore, OK	1994	1,310,000	1,242
South Boston, VA	1997	1,250,000	1,055
Indianola, MS	1998	820,000	787
Fulton, MO	1999	1,150,000	1,204
Alachua, FL	2000	980,000	977
Zanesville, OH	2001	1,170,000	1,223
Jonesville, SC	2005	1,120,000	1,085
Marion, IN	2006	1,110,000	1,191
Bessemer, AL	2012	940,000	1,137
Lebec, CA	2012	600,000	385
Bethel, PA	2014	1,000,000	1,004
San Antonio, TX	2016	920,000	993
Janesville, WI	2016	1,000,000	895
Jackson, GA	2017	1,000,000	736

We lease the distribution centers located in California, Oklahoma, Mississippi and Missouri and own the remaining distribution centers in the table above. Approximately 7.25 acres of the land on which our Kentucky distribution center is located is subject to a ground lease. As of February 2, 2018, we leased approximately 1,082,000 square feet of additional temporary warehouse space to support our distribution needs.

Our executive offices are located in approximately 302,000 square feet of owned buildings and approximately 42,000 square feet of leased office space in Goodlettsville, Tennessee.

ITEM 3. LEGAL PROCEEDINGS

The information contained in Note 7 to the consolidated financial statements under the heading "Legal proceedings" contained in Part II, Item 8 of this report is incorporated herein by this reference.

ITEM 4. MINE SAFETY DISCLOSURES

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding our current executive officers as of March 23, 2018 is set forth below. Each of our executive officers serves at the discretion of our Board of Directors and is elected annually by the Board to serve until a successor is duly elected. There are no familial relationships between any of our directors or executive officers.

Name	Age	Position
Todd J. Vasos	56	Chief Executive Officer and Director
John W. Garratt	49	Executive Vice President and Chief Financial Officer
Jeffery C. Owen	48	Executive Vice President, Store Operations
Robert D. Ravener	59	Executive Vice President and Chief People Officer
Jason S. Reiser	49	Executive Vice President and Chief Merchandising Officer
Rhonda M. Taylor	50	Executive Vice President and General Counsel
Carman R. Wenkoff	50	Executive Vice President and Chief Information Officer
Anita C. Elliott	53	Senior Vice President and Chief Accounting Officer
Michael J. Kindy	52	Senior Vice President, Global Supply Chain

Mr. Vasos has served as Chief Executive Officer and a member of our Board since June 2015. He joined Dollar General in December 2008 as Executive Vice President, Division President and Chief Merchandising Officer. He was promoted to Chief Operating Officer in November 2013. Prior to joining Dollar General, Mr. Vasos served in executive positions with Longs Drug Stores Corporation for seven years, including Executive Vice President and Chief Operating Officer (February 2008 through November 2008) and Senior Vice President and Chief Merchandising Officer (2001 – 2008), where he was responsible for all pharmacy and front-end marketing, merchandising, procurement, supply chain, advertising, store development, store layout and space allocation, and the operation of three distribution centers. He also previously served in leadership positions at Phar-Mor Food and Drug Inc. and Eckerd Corporation.

Mr. Garratt has served as Executive Vice President and Chief Financial Officer since December 2015. He joined Dollar General in October 2014 as Senior Vice President, Finance & Strategy and subsequently served as Interim Chief Financial Officer from July 2015 to December 2015. Prior to joining Dollar General, Mr. Garratt held various positions of increasing responsibility with Yum! Brands, Inc., one of the world's largest restaurant companies, between May 2004 and October 2014, holding leadership positions in corporate strategy and financial planning. He served as Vice President, Finance and Division Controller for the KFC division and earlier for the Pizza Hut division and for Yum Restaurants International between October 2013 and October 2014. He also served as the Senior Director, Yum Corporate Strategy, from March 2010 to October 2013, reporting directly to the corporate Chief Financial Officer and leading corporate strategy as well as driving key cross-divisional initiatives. Mr. Garratt served in various other financial positions at Yum from May 2004 to March 2010. He served as Plant Controller for Alcoa Inc. between April 2002 and May 2004, and held various financial management positions at General Electric from March 1999 to April 2002. He began his career in May 1990 at Alcoa, where he served for approximately nine years.

Mr. Owen returned to Dollar General in June 2015 as Executive Vice President of Store Operations, with over 21 years of previous employment experience with the Company. Prior to his departure from Dollar General in July 2014, he was Senior Vice President, Store Operations. Prior to August 2011, Mr. Owen served as Vice President, Division Manager. From November 2006 to March 2007, he served as Retail Division Manager. Prior to November 2006, he was Senior Director, Operations Process Improvement. Mr. Owen served the Company in various operations roles of increasing importance and responsibility from December 1992 to September 2004. Mr. Owen has served as a director of Kirkland's Inc. since March 2015.

Mr. Ravener joined Dollar General as Senior Vice President and Chief People Officer in August 2008. He was promoted to Executive Vice President in March 2010. Prior to joining Dollar General, he served in human resources executive roles with Starbucks Corporation, a roaster, marketer and retailer of specialty coffee, from September 2005 until August 2008 as the Senior Vice President of U.S. Partner Resources and, prior to that, as the Vice President, Partner Resources—Eastern Division. As the Senior Vice President of U.S. Partner Resources at Starbucks, Mr. Ravener oversaw all aspects of human resources activity for more than 10,000 stores. Prior to serving at Starbucks, Mr. Ravener held Vice President of Human Resources roles for The Home Depot Inc., a home improvement retailer, at its Store Support Center and a domestic field division from April 2003 to September 2005. Mr. Ravener also served in executive roles in both human resources and operations at Footstar, Inc. and roles of increasing leadership at PepsiCo, Inc.

Mr. Reiser has served as Executive Vice President and Chief Merchandising Officer since July 12, 2017. Prior thereto, he served as the Executive Vice President and Chief Operating Officer of Vitamin Shoppe, Inc., a multi-channel specialty retailer and contract manufacturer of vitamins, minerals, herbs, specialty supplements, sports nutrition and other health and wellness products, from July 2016 to June 2017, where he was responsible for leading merchandising, operations, end-to-end supply chain, information technology, real estate and construction, planning, pricing and merchandising operations. He also previously served as Executive Vice President, Chief Merchandising Officer from January 2014 to June 2016 and as Senior Vice President, Hardlines Merchandising from July 2013 to January 2014, for Dollar Tree, Inc. (successor to Family Dollar Stores, Inc.). Prior to his employment with Family Dollar, Mr. Reiser was employed by Walmart Stores, Inc. for 17 years in a variety of roles, including Vice President, Merchandising, Health & Family Care of Sam's Club from November 2010 to June 2013; Vice President, Operations & Compliance, Health & Wellness of Sam's Club from May 2010 to November 2010; Divisional Merchandise Manager, Wellness, from May 2009 to May 2010; Senior Buyer Pharmacy/OTC of Sam's Club from November 2006 to May 2009; Director, Government Relations and Regulatory Affairs from August 2002 to November 2006; Pharmacy District Manager from August 2000 to August 2002; and Pharmacy Manager from October 1995 to August 2000.

Ms. Taylor has served as Executive Vice President and General Counsel since March 2015. She joined Dollar General as an Employment Attorney in March 2000 and was subsequently promoted to Senior Employment Attorney in 2001, Deputy General Counsel in 2004, Vice President and Assistant General Counsel in March 2010, and Senior Vice President and General Counsel in June 2013. Prior to joining Dollar General, she practiced law with Ogletree, Deakins, Nash, Smoak & Stewart, P.C., where she specialized in labor law and employment litigation. She has also held attorney positions with Ford & Harrison LLP and Stokes Bartholomew.

Mr. Wenkoff has served as Executive Vice President and Chief Information Officer since July 10, 2017. Prior thereto, he served as the Chief Information Officer (May 2012 – June 2017) and Chief Digital Officer (June 2016 – June 2017) of Franchise World Headquarters, LLC ("Subway"), where he was responsible for global technology and digital strategy, execution and operations for the Subway brand and all of its restaurants. He also owned a Subway franchise in Southport, Connecticut from July 2015 until October 2017. Prior to joining Subway, he served as the Chairman of the Board and Co-President of Retail Gift Card Association, a member organization of diverse, closed loop gift card retailers committed to promoting and protecting the use of gift cards, from February 2008 to May 2012. He also served as the Deputy Chief Information Officer for Independent Purchase Cooperative, Inc., an independent Subway franchisee-owned and operated purchasing and services cooperative, from May 2005 to May 2012, and as President of its subsidiary, Value Pay Services LLC, from May 2005 to February 2011. He was the founder and President of Stored Value Management, Inc., an independently owned program and consulting company, from January 2004 to May 2005 and the Vice President, Operations and Finance, as well as General Counsel of Ontain Corporation, a technology company focused on providing turn-key retail merchant solutions, from January 2000 to December 2004. Mr. Wenkoff began his career in 1993 as an articled student, and then attorney with Douglas Symes & Brissenden and served in various legal positions, including General Counsel, with Pivotal Corporation from 1997 to 2000.

Ms. Elliott has served as Senior Vice President and Chief Accounting Officer since December 2015. She joined Dollar General as Senior Vice President and Controller in August 2005. Prior to joining Dollar General, she served as Vice President and Controller of Big Lots, Inc., a closeout retailer, from May 2001 to August 2005, where she was responsible for accounting operations, financial reporting and internal audit. Prior to serving at Big

Lots, she served as Vice President and Controller for Jitney-Jungle Stores of America, Inc., a grocery retailer, from April 1998 to March 2001. At Jitney-Jungle, Ms. Elliott was responsible for the accounting operations and the internal and external financial reporting functions. Prior to serving at Jitney-Jungle, she practiced public accounting for 12 years, 6 of which were with Ernst & Young LLP.

Mr. Kindy joined Dollar General as Vice President, Distribution Centers in December 2008. He became Vice President, Transportation in May 2013 and was promoted to Senior Vice President, Global Supply Chain in June 2015. Prior to joining Dollar General, Mr. Kindy had 14 years of grocery distribution management and 5 years of logistics and distribution consulting experience. He served as Senior Director, Warehouse Operations, for ConAgra Foods, one of North America's largest packaged food companies, from November 2007 to December 2008. Since beginning his career in July 1989, Mr. Kindy also held various distribution and warehouse leadership positions at Safeway, Inc., Crum & Crum Logistics, and Specialized Distribution Management, Inc., and served as a principal consultant for PricewaterhouseCoopers.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on the New York Stock Exchange under the symbol "DG." The high and low sales prices during each quarter in fiscal 2017 and 2016 were as follows:

2017	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
High	$ 79.35	$ 79.28	$ 85.07	$ 105.82
Low	$ 67.94	$ 65.97	$ 70.30	$ 79.79

2016	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
High	$ 87.42	$ 96.88	$ 94.75	$ 80.67
Low	$ 67.90	$ 78.91	$ 66.50	$ 68.04

On March 16, 2018, our stock price at the close of the market was $95.43 and there were approximately 2,383 shareholders of record of our common stock.

Dividends

On March 14, 2018, our Board of Directors declared a quarterly cash dividend of $0.29 per share, which is payable on or before April 24, 2018 to shareholders of record of our common stock on April 10, 2018. We paid quarterly cash dividends of $0.26 per share in 2017 and $0.25 per share in 2016. Prior to March 2015, we had not declared or paid recurring dividends since March 2007. Although the Board currently expects to continue regular quarterly cash dividends, the declaration and amount of future cash dividends are subject to the Board's sole discretion and will depend upon, among other things, our results of operations, cash requirements, financial condition, contractual restrictions and other factors that the Board may deem relevant in its sole discretion.

Issuer Purchases of Equity Securities

The following table contains information regarding purchases of our common stock made during the quarter ended February 2, 2018 by or on behalf of Dollar General or any "affiliated purchaser," as defined by Rule 10b-18(a)(3) of the Securities Exchange Act of 1934:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(a)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(a)
11/04/17-11/30/17	—	$ —	—	$ 634,594,000
12/01/17-12/31/17	2,056,411	$ 92.38	2,056,411	$ 444,616,000
01/01/18-02/02/18	954,934	$ 95.29	954,934	$ 353,617,000
Total	3,011,345	$ 93.31	3,011,345	$ 353,617,000

(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 March 14, 2018 to increase the repurchase authorization by $1.0 billion, bringing the total value of authorized share repurchases under the program to $6.0 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. SELECTED FINANCIAL DATA

The following table sets forth selected consolidated financial and operating information of Dollar General Corporation as of the dates and for the periods indicated. The selected historical statement of income data and statement of cash flows data for the fiscal years ended February 2, 2018, February 3, 2017, and January 29, 2016, and balance sheet data as of February 2, 2018 and February 3, 2017, have been derived from our historical audited consolidated financial statements included elsewhere in this report. The selected historical statement of income data and statement of cash flows data for the fiscal years ended January 30, 2015 and January 31, 2014 and balance sheet data as of January 29, 2016, January 30, 2015, and January 31, 2014 presented in this table have been derived from audited consolidated financial statements not included in this report.

The information set forth below should be read in conjunction with, and is qualified by reference to, the Consolidated Financial Statements and related notes included in Part II, Item 8 of this report and the Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7 of this report. Certain financial disclosures relating to prior periods have been reclassified to conform to the current year presentation.

(Amounts in millions, excluding per share data, number of stores, selling square feet, and net sales per square foot)	Year Ended February 2, 2018	February 3, 2017(1)	January 29, 2016	January 30, 2015	January 31, 2014
Statement of Income Data:					
Net sales	$ 23,471.0	$ 21,986.6	$ 20,368.6	$ 18,909.6	$ 17,504.2
Cost of goods sold	16,249.6	15,204.0	14,062.5	13,107.1	12,068.4
Gross profit	7,221.4	6,782.6	6,306.1	5,802.5	5,435.7
Selling, general and administrative expenses	5,213.5	4,719.2	4,365.8	4,033.4	3,699.6
Operating profit	2,007.8	2,063.4	1,940.3	1,769.1	1,736.2
Interest expense	97.0	97.8	86.9	88.2	89.0
Other (income) expense	3.5	—	0.3	—	18.9
Income before income taxes	1,907.3	1,965.6	1,853.0	1,680.9	1,628.3
Income tax expense	368.3	714.5	687.9	615.5	603.2
Net income	$ 1,539.0	$ 1,251.1	$ 1,165.1	$ 1,065.3	$ 1,025.1
Earnings per share—basic	$ 5.64	$ 4.45	$ 3.96	$ 3.50	$ 3.17
Earnings per share—diluted	5.63	4.43	3.95	3.49	3.17
Dividends per share	1.04	1.00	0.88	—	—
Statement of Cash Flows Data:					
Net cash provided by (used in):					
Operating activities	$ 1,802.1	$ 1,605.0	$ 1,391.7	$ 1,326.9	$ 1,244.1
Investing activities	(645.0)	(550.9)	(503.4)	(371.7)	(250.0)
Financing activities	(1,077.6)	(1,024.1)	(1,310.2)	(880.9)	(629.3)
Total capital expenditures	(646.5)	(560.3)	(504.8)	(374.0)	(538.4)
Other Financial and Operating Data:					
Same store sales growth(2)	2.7 %	0.9 %	2.8 %	2.8 %	3.3 %
Same store sales(2)	$ 21,871.6	$ 20,348.1	$ 19,254.3	$ 17,818.7	$ 16,365.5
Number of stores included in same store sales calculation	13,150	12,383	11,706	11,052	10,387
Number of stores (at period end)	14,534	13,320	12,483	11,789	11,132
Selling square feet (in thousands at period end)	107,821	98,943	92,477	87,205	82,012
Net sales per square foot(3)	$ 227	$ 229	$ 226	$ 223	$ 220
Consumables sales	76.9 %	76.4 %	75.9 %	75.7 %	75.2 %
Seasonal sales	12.1 %	12.2 %	12.4 %	12.4 %	12.9 %
Home products sales	6.0 %	6.2 %	6.3 %	6.4 %	6.4 %
Apparel sales	5.0 %	5.2 %	5.4 %	5.5 %	5.5 %
Rent expense	$ 1,081.5	$ 942.4	$ 856.9	$ 785.2	$ 686.9
Balance Sheet Data (at period end):					
Cash and cash equivalents and short-term investments	$ 267.4	$ 187.9	$ 157.9	$ 579.8	$ 505.6
Total assets	12,516.9	11,672.3	11,257.9	11,208.6	10,848.2
Long-term debt(4)	3,006.0	3,211.5	2,970.6	2,725.1	2,799.5
Total shareholders' equity	6,125.8	5,406.3	5,377.9	5,710.0	5,402.2

(1) The fiscal year ended February 3, 2017 was comprised of 53 weeks.

(2) 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.

(3) Net sales per square foot was 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.

(4) Debt issuance costs are reflected as a deduction from the corresponding debt liability for all periods presented.

	Year Ended				
	February 2, 2018	**February 3, 2017(1)**	**January 29, 2016**	**January 30, 2015**	**January 31, 2014**
Ratio of earnings to fixed charges(2):	3.9 x	4.3 x	4.5 x	4.4 x	4.7 x

(1) The fiscal year ended February 3, 2017 was comprised of 53 weeks.

(2) For purposes of computing the ratio of earnings to fixed charges, (a) earnings consist of income (loss) before income taxes, plus fixed charges less capitalized expenses related to indebtedness (amortization expense for capitalized interest is not significant) and (b) fixed charges consist of interest expense (whether expensed or capitalized), the amortization of debt issuance costs and discounts related to indebtedness, and the interest portion of rent expense.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis should be read with, and is qualified in its entirety by, the Consolidated Financial Statements and the notes thereto. It also should be read in conjunction with the Cautionary Disclosure Regarding Forward-Looking Statements and the Risk Factors disclosures set forth in the Introduction and in Item 1A of this report, respectively.

Executive Overview

We are among the largest discount retailers in the United States by number of stores, with 14,609 stores located in 44 states as of March 2, 2018, 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.

Because the customers we serve are value-conscious, many with low or fixed incomes, we are intensely focused on helping them make the most of their spending dollars. 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 macroeconomic environments. Like other retailers, we have been operating for several years in an environment with ongoing macroeconomic challenges and uncertainties. Our core customers are often among the first to be affected by negative or uncertain economic conditions, and are among the last to feel the effects of improving economic conditions particularly when, as in the recent past, trends are inconsistent and their duration unknown. The primary macroeconomic factors that affect our core customers include the unemployment rate, the underemployment rate, wage growth, fuel prices, 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 and healthcare. We believe that at various times the overall effect of the factors listed above has negatively affected our customer traffic and could do so in the future.

During 2017, we continued to make progress on certain strategic initiatives to pursue long-term growth opportunities. Such opportunities include leveraging existing and developing additional digital tools and technology to provide our customers with additional shopping access points and even greater convenience, as well as an in-depth analysis of and refreshed approach to our non-consumables product offerings. These growth initiatives will be ongoing priorities in 2018, while ensuring that we maintain our brand heritage and build upon our organizational capabilities.

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 well as an ongoing focus on enhancing our gross margins while maintaining both everyday low price and affordability.

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 profitable sales growth and an increase in average transaction amount. In addition, throughout 2017, our sales mix continued to shift slightly toward consumables, and, within consumables, slightly toward lower margin departments such as perishables and tobacco. We expect the trends of consumables, and lower margin consumables, comprising an increasingly larger percentage of our sales than non-consumables to continue throughout at least the beginning of 2018. Certain of our initiatives, including those related to the non-consumables categories, are intended to address these trends, although there can be no assurance we will be successful in their reversal.

We believe same-store sales growth is key to achieving our financial objectives. Accordingly, our initiatives are designed to increase customer traffic and average transaction amounts. We made significant progress in 2017 on many of these initiatives, which included the continued expansion of coolers, the rollout of additional strategies across many of our merchandise departments, including a redesign of our Health and Beauty department to drive further product awareness and market share, a continued focus on improving our in-stock position and the addition of a queue line containing items intended to drive impulse purchases in a portion of our existing store base. In 2018, we plan to continue expanding the cooler count, as well as to launch a second phase of the Health and Beauty initiative. Additionally, we plan to implement a redesign of the snack and beverage aisle to enhance customer awareness, particularly in immediate consumption items. We also plan to test an expanded assortment of "better-for-you" food choices across a select group of stores. In non-consumables, the planned introduction of new and expanded product classes will provide increased opportunities for our customers to take advantage of our value and convenience offering. Many of these initiatives support our plans to continue investing in our existing store base, with a goal to drive increased customer traffic and average transaction amount and, as a result, our same-store sales.

We demonstrate our commitment to the affordability needs of our core customer as more than 80% of our stock-keeping units were priced at $5 or less at the end of 2017. Even as we work to provide everyday low prices and meet our customers' affordability needs, we also 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. With respect to category management, we strive to maintain an appropriate mix of consumables and non-consumables sales because, as noted above, the mix of sales affects profitability due to the varying gross margins between, and even within, the consumables and non-consumables categories. We believe expanded and improved private brand offerings in 2018 will provide increased value offerings for our customers in addition to improving the profitability of certain product categories. To support our efforts to reduce inventory shrink, in 2018 we expect to continue to implement in-store defensive merchandising and technology-based tools, including a significant increase in the number of stores utilizing Electronic Article Surveillance ("EAS"), as the results from stores in which EAS has been implemented suggest these measures help reduce shrink and improve our in-stock position. Increasing carrier and fuel rates pressured our overall gross margin in the latter half of 2017, and we anticipate that these negative impacts will continue into and throughout 2018. However, we continue to seek to reduce our stem miles and optimize shipment loads to improve distribution and transportation efficiencies.

To support our other operating priorities, we remain focused on capturing growth opportunities. In 2017, we opened 1,315 new stores, along with remodeling or relocating 764 stores. For 2018, we plan to open approximately 900 new stores, remodel approximately 1,000 mature store locations, and relocate approximately 100 stores for an approximate total of 2,000 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, relocations and remodels in 2018. We expect a significant number of the planned 1,000 remodels in 2018 to include a greater cooler count for increased selection of perishable items. In addition, our smaller format store (less than 6,000 square feet) allows us to capture growth opportunities in metropolitan areas as well as in rural areas with a low number of households. We continue to incorporate into our existing store base lessons learned from our various store formats and layouts with a goal of driving increased customer traffic, average transaction amount, same-store sales and overall store productivity.

To support our new store growth and drive productivity, we continue to make investments in our distribution center network. Our fifteenth distribution center in Jackson, Georgia began shipping in October 2017. We began construction on our sixteenth and seventeenth distribution centers in Longview, Texas and Amsterdam, New York, respectively, in 2017 to continue to support our growth. We expect both of these distribution centers to open in 2019.

We have established a position as a low-cost operator, continuously seeking ways to reduce or control costs that do not affect our customers' shopping experience. We plan to continue enhancing this position over time as we aim to continually streamline our business while also employing ongoing cost discipline to reduce certain expenses as a percentage of sales. Although we did not leverage Selling, General & Administrative ("SG&A") expenses in 2017, as discussed in more detail below, it was largely because of specific planned investments such as store manager pay and training, and the increased store openings in the second half of the year, both of which will pressure SG&A comparisons in the first half of 2018.

In 2017, we installed LED lighting in a significant number of stores, which reduces utilities and maintenance costs across our store base in addition to fostering a more customer and environmentally friendly shopping experience. We anticipate the remaining stores in the chain that are eligible for our LED lighting program will be completed in 2018. Over the long term, we believe actions such as these will support our goal of leveraging SG&A expenses at a lower same store sales growth percentage. In addition, we remain committed to simplifying or eliminating store-level tasks and processes so that those time savings can be reinvested by our store managers and their teams in important areas such as enhanced customer service, higher in-stock levels and improved store standards.

Our employees are a competitive advantage, and we are always searching for ways to continue investing in them. We invest in our employees in an effort to create an environment that attracts and retains talented personnel, as we believe that, particularly at the store level, employees who are promoted from within our company generally have longer tenures and are greater contributors to improvements in our financial performance. Our store managers play an important role in our customer experience and individual store profitability, and beginning in March 2017 we implemented certain investments in compensation and training for this position in the form of increased SG&A expenses that we believe have already contributed to improved customer experience scores, higher sales and improved turnover metrics.

To further enhance shareholder return, we continued to repurchase shares of our common stock and paid quarterly cash dividends throughout 2017. In 2018, we intend to continue our share repurchase activity, at a significantly greater dollar amount than in 2017, and to pay quarterly cash dividends, subject to Board discretion and approval.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was signed into law. Among other impacts, the Act reduces the federal corporate tax rate to 21% from 35% effective January 1, 2018. The Act reduced our effective tax rate in 2017 primarily as a result of the one-time remeasurement of the federal portion of our deferred tax assets and liabilities to a lower rate, accompanied by a reduction in the current year federal corporate tax rate to 33.7%, due to our fiscal year ending approximately one month after the effective date of the Act. The Act will have a positive material impact on our effective tax rate in 2018 and subsequent years.

A continued focus on our four operating priorities as discussed above, coupled with strong cash flow management and share repurchases resulted in solid overall operating and financial performance in 2017 as compared to 2016, as set forth below. Basis points, as referred to below, are equal to 0.01% as a percentage of net sales.

- Net sales in 2017 increased 6.8% over 2016. Sales in same-stores increased 2.7%, due to an increase in average transaction amount and increased customer traffic. Average sales per square foot in 2017 were $227 compared to $229, including a $4 contribution from the 53rd week, in 2016.

- Our gross profit rate decreased by 8 basis points due primarily to a greater proportion of sales of consumables compared to non-consumables, higher markdowns, and increased transportation costs.

- The increase in SG&A, as a percentage of sales, was due primarily to increases in retail labor costs, occupancy costs and store closures and related costs.

- The decrease in the effective income tax rate to 19.3% in 2017 from 36.3% in 2016 was due primarily to changes (some of which are nonrecurring) to the federal income tax laws pursuant to the Act.

- We reported net income of $1.54 billion, or $5.63 per diluted share, for 2017 compared to net income of $1.25 billion, or $4.43 per diluted share, for 2016. Reduced income tax expense in 2017 due to the Act contributed to the increase in diluted earnings per share.

- We generated approximately $1.8 billion of cash flows from operating activities in 2017, an increase of 12.3% compared to 2016. We primarily utilized our cash flows from operating activities to invest in the growth of our business, repurchase our common stock, and pay quarterly cash dividends.

- Inventory turnover was 4.7 times on a rolling four-quarter basis. Inventories increased 1.5% on a per store basis compared to 2016.

- We repurchased approximately 7.1 million shares of our outstanding common stock for $580 million.

Readers should refer to the detailed discussion of our operating results below for additional comments on financial performance in the current year as compared with the prior years presented.

Results of Operations

Accounting Periods. The following text contains references to years 2017, 2016, and 2015, which represent fiscal years ended February 2, 2018, February 3, 2017, and January 29, 2016, respectively. Our fiscal year ends on the Friday closest to January 31. Fiscal year 2016 was a 53-week accounting period and fiscal years 2017 and 2015 were 52-week accounting periods.

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 achieved 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.

The following table contains results of operations data for fiscal years 2017, 2016 and 2015, and the dollar and percentage variances among those years.

(amounts in millions, except per share amounts)	2017	2016	2015	2017 vs. 2016 Amount Change	2017 vs. 2016 % Change	2016 vs. 2015 Amount Change	2016 vs. 2015 % Change
Net sales by category:							
Consumables	$18,054.8	$16,798.9	$15,457.6	*$ 1,255.9*	*7.5 %*	*$ 1,341.3*	*8.7 %*
% of net sales	*76.92 %*	*76.41 %*	*75.89 %*				
Seasonal	2,837.3	2,674.3	2,522.7	*163.0*	*6.1*	*151.6*	*6.0*
% of net sales	*12.09 %*	*12.16 %*	*12.39 %*				
Home products	1,400.6	1,373.4	1,289.4	*27.2*	*2.0*	*84.0*	*6.5*
% of net sales	*5.97 %*	*6.25 %*	*6.33 %*				
Apparel	1,178.3	1,140.0	1,098.8	*38.3*	*3.4*	*41.2*	*3.7*
% of net sales	*5.02 %*	*5.18 %*	*5.39 %*				
Net sales	$23,471.0	$21,986.6	$20,368.6	*$ 1,484.4*	*6.8 %*	*$ 1,618.0*	*7.9 %*
Cost of goods sold	16,249.6	15,204.0	14,062.5	*1,045.6*	*6.9*	*1,141.5*	*8.1*
% of net sales	*69.23 %*	*69.15 %*	*69.04 %*				
Gross profit	7,221.4	6,782.6	6,306.1	*438.7*	*6.5*	*476.5*	*7.6*
% of net sales	*30.77 %*	*30.85 %*	*30.96 %*				
Selling, general and administrative expenses	5,213.5	4,719.2	4,365.8	*494.4*	*10.5*	*353.4*	*8.1*
% of net sales	*22.21 %*	*21.46 %*	*21.43 %*				
Operating profit	2,007.8	2,063.4	1,940.3	*(55.6)*	*(2.7)*	*123.2*	*6.3*
% of net sales	*8.55 %*	*9.39 %*	*9.53 %*				
Interest expense	97.0	97.8	86.9	*(0.8)*	*(0.8)*	*10.9*	*12.5*
% of net sales	*0.41 %*	*0.44 %*	*0.43 %*				
Other (income) expense	3.5	—	0.3	*3.5*	—	*(0.3)*	*(100.0)*
% of net sales	*0.01 %*	*0.00 %*	*0.00 %*				
Income before income taxes	1,907.3	1,965.6	1,853.0	*(58.3)*	*(3.0)*	*112.6*	*6.1*
% of net sales	*8.13 %*	*8.94 %*	*9.10 %*				
Income tax expense	368.3	714.5	687.9	*(346.2)*	*(48.5)*	*26.6*	*3.9*
% of net sales	*1.57 %*	*3.25 %*	*3.38 %*				
Net income	$ 1,539.0	$ 1,251.1	$ 1,165.1	*$ 287.8*	*23.0 %*	*$ 86.1*	*7.4 %*
% of net sales	*6.56 %*	*5.69 %*	*5.72 %*				
Diluted earnings per share	$ 5.63	$ 4.43	$ 3.95	*$ 1.20*	*27.1 %*	*$ 0.48*	*12.2 %*

Net Sales. The net sales increase in 2017 reflects a same-store sales increase of 2.7% compared to 2016. Same-stores include stores that have been open for at least 13 months and remain open at the end of the reporting period. Changes in same-store sales are calculated based on the comparable calendar weeks in the prior year, and include stores that have been remodeled, expanded or relocated. In 2017, our 13,150 same-stores accounted for sales of $21.9 billion. The increase in same-store sales was due to increases in average transaction amount and customer traffic relative to 2016. Same-store sales in 2017 increased in the consumables and seasonal categories, and declined in the home products and apparel categories, compared to 2016. Same-store sales results in 2017 for the three non-consumables categories, when aggregated, were positive. Net sales for the 53rd week of 2016 totaled $398.7 million. The 2017 net sales increase was positively affected by new stores, modestly offset by sales from closed stores.

The net sales increase in 2016 reflects a same-store sales increase of 0.9% compared to 2015, primarily due to an increase in average transaction amount accompanied by customer traffic that was essentially unchanged as compared to the prior year. For 2016, there were 12,383 same-stores, which accounted for sales of $20.3 billion. Same-store sales results in 2016 reflect positive results in the consumables and home products categories, partially offset by negative results in the apparel and seasonal categories, compared to 2015. The remainder of the 2016 net sales increase was attributable to new stores, partially offset by sales from closed stores.

Of our four major merchandise categories, the consumables category, which generally has a lower gross profit rate than the other three categories, has grown most significantly over the past several years. Because of the impact of sales mix on gross profit, we continually review our merchandise mix and strive to adjust it when appropriate.

Gross Profit. For 2017, gross profit increased by 6.5%, and as a percentage of net sales decreased by 8 basis points to 30.8% compared to 2016. A greater proportion of sales of consumables, which generally have a lower gross profit rate than our other product categories, and sales of lower margin products comprising a higher proportion of consumables sales, reduced the gross profit rate. Higher markdowns, which were primarily for promotional activities, and increases in transportation costs also reduced the gross profit rate, and these factors were partially offset by higher initial markups on inventory purchases and an improved rate of inventory shrinkage.

For 2016, gross profit increased by 7.6%, and as a percentage of net sales decreased by 11 basis points to 30.8% compared to 2015. The gross profit rate decrease in 2016 as compared to 2015 primarily reflects increased markdowns which were driven by promotional and inventory clearance activity, sales of lower-margin consumables comprising a greater proportion of net sales, and increased inventory shrink, partially offset by higher initial inventory markups and lower transportation costs.

SG&A. SG&A as a percentage of sales was 22.2% in 2017 compared to 21.5% in 2016, an increase of 75 basis points. The 2017 results reflect increased retail labor expenses, which includes our investment in store manager compensation, increased occupancy costs, and higher incentive compensation, each of which increased at a rate greater than the increase in net sales. Partially offsetting these increased expenses were reduced advertising costs, and costs that increased at a rate less than the increase in net sales, including utilities and waste management costs primarily resulting from our recycling efforts. The 2017 results include costs of $24.0 million related to 35 underperforming stores closed prior to the end of the year, primarily expenses for remaining lease liabilities. The 2017 results also reflect an increase in hurricane and other disaster-related expenses of approximately $18.0 million compared to 2016. SG&A as a percentage of sales was favorably impacted in 2016 by increased sales including the 53rd week discussed above, among other factors.

SG&A was 21.5% as a percentage of net sales in 2016, increasing by 3 basis points over 2015. The 2016 results reflect increases in retail labor costs, which increased at a rate greater than the increase in net sales, partially offset by reductions in administrative payroll costs, incentive compensation expenses, and advertising costs. The 2016 results also reflect an increase in hurricane and other disaster-related expenses of $12.2 million over the comparable 2015 amounts.

Interest Expense. Interest expense decreased $0.8 million to $97.0 million in 2017 compared to 2016. Interest expense increased $10.9 million to $97.8 million in 2016 compared to 2015 primarily due to an increase in average debt outstanding and higher average interest rates. See the detailed discussion under "Liquidity and Capital Resources" regarding the financing of various long-term obligations.

We had consolidated outstanding variable-rate debt of $612.5 million and $924.3 million as of February 2, 2018 and February 3, 2017, respectively. The remainder of our outstanding indebtedness at February 2, 2018 and February 3, 2017 was fixed rate debt.

Other (income) expense. Other (income) expense in 2017 reflects expenses associated with the issuance and refinancing of long-term debt during the first quarter of 2017.

Income Taxes. The effective income tax rates for 2017, 2016 and 2015 were expenses of 19.3%, 36.3% and 37.1%, respectively.

Under accounting standards for income taxes, the impact of new tax legislation must be taken into account in the period in which the new legislation is enacted, including the remeasurement of deferred tax assets and liabilities at the tax rates at which such items are expected to reverse in future periods. Subsequent to the signing of the Act, the Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 118, which allows companies to record provisional amounts during a measurement period not to extend beyond one year after the enactment date while the accounting impact is still under analysis. Our 2017 provision for income taxes reflects such estimates due to the changes in income tax law, including a provisional tax benefit of $335 million. The provisional tax benefit consists of $310.8 million related to the one-time remeasurement of the federal portion of our deferred tax assets and liabilities at the 21% rate and $24.2 million related to the reduced statutory tax rate of 33.7%, compared to 35% in prior years. The ultimate impact may differ from these provisional amounts due to additional analysis, changes in interpretations and assumptions we have made, additional regulatory guidance that may be issued and actions we may take as a result of the Act. Any subsequent adjustments to provisional estimates will be reflected in our income tax provision during one or more periods in 2018.

The effective income tax rate for 2017 was 19.3% compared to a rate of 36.3% for 2016 which represents a net decrease of 17.0 percentage points. The effective income tax rate was lower in 2017 primarily due to the one-time remeasurement of the federal portions of our deferred tax assets and liabilities at 21%, accompanied by the changes in the federal income tax laws pursuant to the Act that lowered our statutory federal tax rate to 33.7% for the 2017 fiscal year, compared to 35% in 2016.

The effective income tax rate for 2016 was 36.3% compared to a rate of 37.1% for 2015 which represents a net decrease of 0.8 percentage points. The effective income tax rate was lower in 2016 due principally to the early adoption of a change in accounting guidance related to employee share-based payments requiring the recognition of excess tax benefits in the statement of income rather than in the balance sheet, as reported in prior years.

Off Balance Sheet Arrangements

We are not party to any material off balance sheet arrangements.

Effects of Inflation

In 2016, we experienced product cost deflation reflecting reductions in commodity costs primarily related to food products. We experienced minimal overall commodity cost inflation or deflation in 2017 and 2015.

Liquidity and Capital Resources

Current Financial Condition and Recent Developments

During the past three years, we have generated an aggregate of approximately $4.8 billion in cash flows from operating activities and incurred approximately $1.7 billion in capital expenditures. During that period, we expanded the number of stores we operate by 2,745, representing growth of approximately 23%, and we remodeled or relocated 2,551 stores, or approximately 22% of the stores we operated as of the beginning of the period. In 2018, we intend to continue our current strategy of pursuing store growth, remodels and relocations.

At February 2, 2018, we had a $1.4 billion unsecured credit agreement (the "Facilities"), $2.4 billion aggregate principal amount of senior notes, and a commercial paper program that may provide borrowing availability of up to $1.0 billion. At February 2, 2018, we had total outstanding debt (including the current portion of long-term obligations) of $3.0 billion, which includes balances under the Term Facility (as defined below), commercial paper, and senior notes, all of which are described in greater detail below. Our borrowing availability under the unsecured credit agreement may be effectively limited by borrowings under the commercial paper program as further described below. The information contained in Note 5 to the consolidated financial statements contained in Part II, Item 8 of this report is incorporated herein by reference.

We believe our cash flow from operations, including anticipated increases resulting from the Act, and our existing cash balances, combined with availability under the Facilities (as defined below), the commercial paper program and access to the debt markets will provide sufficient liquidity to fund our current obligations, projected working capital requirements, capital spending and anticipated dividend payments 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 fiscal 2018, we anticipate potential borrowings under the unsecured revolving credit facility described below and our commercial paper program to be a maximum of approximately $800 million outstanding at any one time, including any anticipated borrowings to fund repurchases of common stock.

Credit Facilities

On February 22, 2017, we entered into the Facilities, which consist of a $175.0 million senior unsecured term loan facility (the "Term Facility") and a $1.25 billion senior unsecured revolving credit facility (the "Revolving Facility") of which up to $175.0 million is available for the issuance of letters of credit. The Term Facility is scheduled to mature on October 20, 2020, and the Revolving Facility is scheduled to mature on February 22, 2022.

Borrowings under the Facilities 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 February 2, 2018 was 1.10% for LIBOR borrowings and 0.10% for base-rate borrowings. We must also pay a facility fee, payable on any used and unused commitment amounts of the Facilities, and customary fees on letters of credit issued under the Revolving Facility. As of February 2, 2018, the commitment fee rate was 0.15%. The applicable interest rate margins for borrowings, the facility fees and the letter of credit fees under the Facilities are subject to adjustment from time to time based on our long-term senior unsecured debt ratings. The weighted average all-in interest rate for borrowings under the Facilities was 2.7% as of February 2, 2018.

The Facilities can be voluntarily prepaid in whole or in part at any time without penalty. There is no required principal amortization under the Facilities. The Facilities contain 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 Facilities also contain financial covenants that require the maintenance of a minimum fixed charge coverage ratio and a maximum leverage ratio. As of February 2, 2018, we were in compliance with all such covenants. The Facilities also contain customary events of default.

As of February 2, 2018, the entire balance of the Term Facility was outstanding, and under the Revolving Facility, we had no outstanding borrowings, outstanding letters of credit of $9.1 million, and borrowing availability of $1.2 billion that, due to our intention to maintain borrowing availability related to the commercial paper program described below, could contribute incremental liquidity of $624.7 million at February 2, 2018. In addition, as of February 2, 2018 we had outstanding letters of credit of $37.5 million which were issued pursuant to separate agreements.

Commercial Paper

As of February 2, 2018, we had outstanding unsecured commercial paper notes (the "CP Notes") of $616.2 million, $186 million of which were held by a wholly-owned subsidiary. The consolidated balance of $430.2 million was classified as long-term obligations on the consolidated balance sheet due to our intent and ability to refinance these obligations as long-term debt. Under this program, 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. As of February 2, 2018, the outstanding CP Notes had a weighted average borrowing rate of 1.8%.

Senior Notes

In April 2013 we issued $400.0 million aggregate principal amount of 1.875% senior notes due 2018 (the "2018 Senior Notes") at a discount of $0.5 million, which are scheduled to mature on April 15, 2018 and $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. Collectively, the 2018 Senior Notes, the 2023 Senior Notes, 2025 Senior Notes, and 2027 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 2018 Senior Notes, 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 Senior Notes is payable in cash on May 1 and November 1 of each year. We expect to refinance the 2018 Senior Notes on or prior to their maturity utilizing proceeds from the issuance of additional senior notes, revolver borrowings or the issuance of commercial paper.

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.

Rating Agencies

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.

Contractual Obligations

The following table summarizes our significant contractual obligations and commercial commitments as of February 2, 2018 (in thousands):

	Payments Due by Period				
Contractual obligations	**Total**	**< 1 year**	**1 - 3 years**	**3 - 5 years**	**5+ years**
Long-term debt obligations	$ 3,012,535	$ 830,200	$ 176,080	$ 1,190	$ 2,005,065
Capital lease obligations	12,321	1,345	2,828	2,514	5,634
Interest(a)	552,891	87,849	155,553	147,248	162,241
Self-insurance liabilities(b)	231,055	96,438	91,657	28,966	13,994
Operating lease obligations(c)	9,108,164	1,088,538	2,011,558	1,723,759	4,284,309
Subtotal	$ 12,916,966	$ 2,104,370	$ 2,437,676	$ 1,903,677	$ 6,471,243

	Commitments Expiring by Period				
Commercial commitments(d)	**Total**	**< 1 year**	**1 - 3 years**	**3 - 5 years**	**5+ years**
Letters of credit	$ 16,831	$ 16,831	$ —	$ —	$ —
Purchase obligations(e)	1,036,737	1,005,939	30,798	—	—
Subtotal	$ 1,053,568	$ 1,022,770	$ 30,798	$ —	$ —
Total contractual obligations and commercial commitments(f)	$ 13,970,534	$ 3,127,140	$ 2,468,474	$ 1,903,677	$ 6,471,243

(a) Represents obligations for interest payments on long-term debt and capital lease obligations, and includes projected interest on variable rate long-term debt, using 2017 year end rates and balances. Variable rate long-term debt includes the Revolving Facility (although such facility had a balance of zero as of February 2, 2018), the CP Notes (which had a balance of $430.2 million as of February 2, 2018, net of $186 million held by a wholly-owned subsidiary), the balance of an outstanding tax increment financing of $7.3 million, and the balance of the Term Facility of $175 million.

(b) We retain a significant portion of the risk for our workers' compensation, employee health, general liability, property loss, automobile, and third-party landlord claims exposures. As these obligations do not have scheduled maturities, these amounts represent undiscounted estimates based upon actuarial assumptions. Substantially all amounts are reflected on an undiscounted basis in our consolidated balance sheets.

(c) Operating lease obligations are inclusive of amounts included in deferred rent in our consolidated balance sheets.

(d) Commercial commitments include information technology license and support agreements, supplies, fixtures, letters of credit for import merchandise, and other inventory purchase obligations.

(e) Purchase obligations include legally binding agreements for software licenses and support, supplies, fixtures, and merchandise purchases (excluding such purchases subject to letters of credit).

(f) We have potential payment obligations associated with uncertain tax positions that are not reflected in these totals. We are currently unable to make reasonably reliable estimates of the period of cash settlement with the taxing authorities for the $2.5 million of reserves for uncertain tax positions.

Share Repurchase Program

Our existing common stock repurchase program had a total remaining authorization of approximately $354 million at February 2, 2018. Our Board of Directors increased by $1.0 billion the authorization available under this common stock repurchase program on March 14, 2018. 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. For more detail about our share repurchase program, see Note 11 to the consolidated financial statements.

Other Considerations

On March 14, 2018, the Board of Directors declared a quarterly cash dividend of $0.29 per share which is payable on or before April 24, 2018 to shareholders of record of our common stock on April 10, 2018. We paid quarterly cash dividends of $0.26 per share in 2017. Although the Board currently expects to continue regular quarterly cash dividends, the declaration and amount of future cash dividends are subject to the Board's sole discretion and will depend upon, among other factors, our results of operations, cash requirements, financial condition, contractual restrictions and other factors that our Board may deem relevant in its sole discretion.

Our inventory balance represented approximately 52% of our total assets exclusive of goodwill and other intangible assets as of February 2, 2018. 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 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. We also have certain income tax-related contingencies as disclosed in Note 4 to the consolidated financial statements. Future negative developments could have a material adverse effect on our liquidity.

Cash Flows

Cash flows from operating activities. Cash flows from operating activities were $1.8 billion in 2017, which represents a $197.1 million increase compared to 2016. Net income increased by $287.8 million in 2017 over 2016, offset by changes in merchandise inventories which resulted in a $348.4 million decrease in 2017 as compared to a decrease of $171.9 million in 2016. Changes in accounts payable resulted in a $427.9 million increase in 2017 compared to a $56.5 million increase in 2016, due primarily to the timing of receipts and payments which was partially impacted by certain changes in payment terms.

Cash flows from operating activities were $1.6 billion in 2016, an increase of $213.4 million compared to 2015. Significant components of the increase in cash flows from operating activities in 2016 compared to 2015 include increased net income due primarily to increased sales and operating profit in 2016 as described in more detail above under "Results of Operations." Changes in merchandise inventories resulted in a reduction in working capital usage in 2016 compared to 2015 as described in greater detail below. Accounts payable increased by $56.5 million in 2016 compared to a $105.6 million increase in 2015, due primarily to the timing of merchandise receipts and related payments which were impacted by certain changes in payment terms.

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 increased by 11% in 2017, by 6% in 2016, and by 10% in 2015. Inventory levels in the consumables category increased by $322.9 million, or 16%, in 2017, by $54.5 million, or 3% in 2016, and by $218.4 million, or 13%, in 2015. The seasonal category increased by $14.9 million, or 2%, in 2017, by $79.5 million, or 15%, in 2016, and by $63.2 million, or 13%, in 2015. The home products category increased by $10.6 million, or 3%, in 2017, by $40.8 million, or 14%, in 2016, and by $12.8 million, or 5%, in 2015. The apparel category increased by $1.9 million, or 1%, in 2017, increased by $9.9 million, or 3%, in 2016, and decreased by $2.7 million, or 1%, in 2015.

Cash flows from investing activities. Significant components of property and equipment purchases in 2017 included the following approximate amounts: $231 million for improvements, upgrades, remodels and relocations of existing stores; $203 million for new leased stores; $176 million for distribution and transportation-related projects; and $30 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 2017, we opened 1,315 new stores and remodeled or relocated 764 stores.

Significant components of property and equipment purchases in 2016 included the following approximate amounts: $201 million for distribution and transportation-related projects; $168 million for improvements, upgrades, remodels and relocations of existing stores; $120 million for new leased stores; $38 million for stores purchased or built by us; and $26 million for information systems upgrades and technology-related projects. During 2016, we opened 900 new stores and remodeled or relocated 906 stores.

Significant components of property and equipment purchases in 2015 included the following approximate amounts: $168 million for improvements, upgrades, remodels and relocations of existing stores; $144 million for distribution and transportation-related projects; $99 million for new leased stores; $53 million for stores built by us; and $34 million for information systems upgrades and technology-related projects. During 2015, we opened 730 new stores and remodeled or relocated 881 stores.

Capital expenditures during 2018 are projected to be in the range of $725 to $800 million. We anticipate funding 2018 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 senior notes or CP Notes. We plan to continue to invest in store growth and development of approximately 900 new stores and approximately 1,100 stores to be remodeled or relocated. Capital expenditures in 2018 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 initiatives; as well as routine and ongoing capital requirements.

Cash flows from financing activities. In 2017, we had net proceeds from the issuance of the 2027 Senior Notes of $599.6 million, we redeemed the 2017 Senior Notes for $500.0 million, and made a principal payment on the Term Facility of $250.0 million. We had a net decrease in consolidated commercial paper borrowings in 2017 of $60.3 million and had no borrowings or repayments under the Revolving Facility. We repurchased 7.1 million outstanding shares of our common stock in 2017 at a total cost of $579.7 million, and paid cash dividends of $282.9 million.

In 2016, we repurchased 12.4 million outstanding shares of our common stock at a total cost of $990.5 million. Net repayments under the 2015 Revolving Facility during 2016 were $251.0 million. We had net commercial paper borrowings during 2016 of $490.5 million. We also paid cash dividends of $281.1 million.

In 2015, we repurchased 17.6 million outstanding shares of our common stock at a total cost of $1.3 billion. We made repayments of $500.0 million on our term loan facilities, and had proceeds of $499.2 million from the issuance of senior notes. Net borrowings under our revolving credit facilities during 2015 were $251.0 million. We also paid cash dividends of $258.3 million.

Accounting Standards

In May 2014, the Financial Accounting Standards Board (“FASB”) issued comprehensive new accounting standards related to the recognition of revenue, which specified an effective date for annual reporting periods beginning after December 15, 2016, with early adoption not permitted. In August 2015, the FASB deferred the effective date to annual reporting periods beginning after December 15, 2017, with earlier adoption permitted only for annual reporting periods beginning after December 15, 2016. The new guidance allows companies to use either a full retrospective or a modified retrospective approach in the adoption of this guidance. We formed a project team to assess and implement the standard by compiling a list of the applicable revenue streams, evaluating relevant contracts and comparing our current accounting policies to the new standard. As a result of the efforts of this project team, we identified customer incentives and gross versus net considerations as the areas in which we would most likely be affected by the new guidance. We have assessed the impacts of the new standard and the related design of internal control over financial reporting. Based upon the terms of our agreements and the materiality of our transactions related to customer incentives and gross versus net considerations, the adoption had no effect on our consolidated results of operations, financial position or cash flows. We adopted this guidance on February 3, 2018.

In February 2016, the FASB issued new guidance related to lease accounting, which when effective will require a dual approach for lessee accounting under which a lessee will account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability on its balance sheet, with differing methodology for income statement recognition. This guidance is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2018, and early adoption is permitted. Currently, a modified retrospective approach is required for all leases existing or entered into after the beginning of the earliest comparative period in the consolidated financial statements. The FASB has proposed guidance which would allow companies to record the cumulative effect of applying the new standard as an adjustment to the opening balance of retained earnings, although such guidance has not yet been formally issued. We formed a project team to assess and implement the standard, which is evaluating existing contractual arrangements for embedded leases, and comparing our current accounting policies to the new standard. As a result of the efforts of this project team, we have identified store leases as the area in which we would most likely be affected by the new guidance. Our assessment of the impact that adoption of this guidance will have on our consolidated financial statements is ongoing and we are anticipating a material impact because we are party to a significant number of lease contracts for our stores.

In October 2016, the FASB issued amendments to existing guidance related to accounting for intra-entity transfers of assets other than inventory. These amendments require an entity to recognize the income tax consequences of such transfers when the transfer occurs and affects our historical accounting for intra-entity transfers of certain intangible assets. This guidance is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2017, and early adoption is permitted subject to certain guidelines. The amendments should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. We adopted this guidance on February 3, 2018 which will result in an increase in deferred income tax liabilities and a decrease in retained earnings of approximately $33.6 million in the first quarter of 2018.

In January 2017, the FASB issued amendments to existing guidance related to the subsequent measurement of goodwill. These amendments modify the concept of impairment from the condition that exists when the carrying amount of goodwill exceeds its implied fair value to the condition that exists when the carrying amount of a reporting unit exceeds its fair value. Subsequent to adoption, an entity 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 should be applied on a prospective basis. An entity is required to disclose the nature of and reason for the change in accounting principle upon transition. Our assessment of the impact that adoption of this guidance will have on our consolidated financial statements is ongoing, but we do not anticipate a material effect on our consolidated results of operations, financial position or cash flows.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") requires management to make estimates and assumptions that affect reported amounts and related disclosures. In addition to the estimates presented below, there are other items within our financial statements that require estimation, but are not deemed critical as defined below. We believe these estimates are reasonable and appropriate. However, if actual experience differs from the assumptions and other considerations used, the resulting changes could have a material effect on the financial statements taken as a whole.

Management believes the following policies and estimates are critical because they involve significant judgments, assumptions, and estimates. Management has discussed the development and selection of the critical accounting estimates with the Audit Committee of our Board of Directors, and the Audit Committee has reviewed the disclosures presented below relating to those policies and estimates. See Note 1 to the consolidated financial statements for a detailed discussion of our principal accounting policies.

Merchandise Inventories. Merchandise inventories are stated at the lower of cost or market ("LCM") with cost determined using the retail last in, first out ("LIFO") method. We use the retail inventory method ("RIM") to calculate gross profit and the resulting valuation of inventories at cost, which are computed utilizing a calculated cost-to-retail inventory ratio at an inventory department level. We apply the RIM to these departments, which are groups of products that are fairly uniform in terms of cost, selling price relationship and turnover. The RIM will result in valuing inventories at LCM if permanent markdowns are currently taken as a reduction of the retail value of inventories. Inherent in the retail inventory method calculation are certain management judgments and estimates that may impact the ending inventory valuation at cost, as well as the gross profit recognized. These judgments include ensuring departments consist of similar products, recording estimated shrinkage between physical inventories, and timely recording of markdowns needed to sell inventory.

We perform an annual LIFO analysis whereby all merchandise units are considered for inclusion in the index formulation. 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. In contrast, interim LIFO calculations are based on management's annual estimates of sales, the rate of inflation or deflation, and year-end inventory levels. We also perform analyses for determining obsolete inventory, adjusting inventory on a quarterly basis to an LCM value based on various management assumptions including estimated below cost markdowns not yet recorded, but required to liquidate such inventory in future periods.

Factors considered in the determination of markdowns include current and anticipated demand based on changes in competitors' practices, consumer preferences, consumer spending and unseasonable weather patterns. Certain of these factors are outside of our control and may result in greater than estimated markdowns to entice consumer purchases of excess inventory. The amount and timing of markdowns may vary significantly from year to year.

We perform physical inventories in virtually all of our stores on an annual basis. We calculate our shrink provision based on actual physical inventory results during the fiscal period and an accrual for estimated shrink occurring subsequent to a physical inventory through the end of the fiscal reporting period. This accrual is calculated as a percentage of sales at each retail store, at a department level, based on the store's most recent historical shrink rate. To the extent that subsequent physical inventories yield different results than the estimated accrual, our effective shrink rate for a given reporting period will include the impact of adjusting to the actual results.

We believe our estimates and assumptions related to the application of the RIM results in a merchandise inventory valuation that reasonably approximates cost on a consistent basis.

Goodwill and Other Intangible Assets. The qualitative and quantitative assessments related to the valuation and any potential impairment of goodwill and other intangible assets are each subject to judgments and/or assumptions. The analysis of qualitative factors may include determining the appropriate factors to consider and the relative importance of those factors along with other assumptions. If required, judgments in the quantitative testing process may include projecting future cash flows, determining appropriate discount rates, correctly applying valuation techniques, correctly computing the implied fair value of goodwill if necessary, and other assumptions. Future cash flow projections are based on management's projections and represent best estimates taking into account recent financial performance, market trends, strategic plans and other available information, which in recent years have been materially accurate. Changes in these estimates and assumptions could materially affect the determination of fair value or impairment, however, such a conclusion is not indicated by recent analyses. Future indicators of impairment could result in an asset impairment charge. If these judgments or assumptions are incorrect or flawed, the analysis could be negatively impacted.

Our most recent evaluation of our goodwill and indefinite lived trade name intangible assets was completed during the third quarter of 2017. No indicators of impairment were evident and no assessment of or adjustment to these assets was required. We are not currently projecting a decline in cash flows that could be expected to have an adverse effect such as a violation of debt covenants or future impairment charges.

Property and Equipment. Property and equipment are recorded at cost. We group our assets into relatively homogeneous classes and generally provide for depreciation on a straight-line basis over the estimated average useful life of each asset class, except for leasehold improvements, which are amortized over the lesser of the applicable lease term or the estimated useful life of the asset. Certain store and warehouse fixtures, when fully depreciated, are removed from the cost and related accumulated depreciation and amortization accounts. The valuation and classification of these assets and the assignment of depreciable lives involves judgments and the use of estimates, which we believe have been materially accurate in recent years.

Impairment of Long-lived Assets. Impairment of long-lived assets results when the carrying value of the assets exceeds the estimated undiscounted future cash flows generated by the assets. Our estimate of undiscounted future store cash flows is based upon historical operations of the stores and estimates of future profitability which encompasses many factors that are subject to variability and are difficult to predict. If our estimates of future cash flows are not materially accurate, our impairment analysis could be impacted accordingly. If a long-lived asset is found to be impaired, the amount recognized for impairment is equal to the difference between the carrying value and the asset's estimated fair value. The fair value is estimated based primarily upon projected future cash flows (discounted at our credit adjusted risk-free rate) or other reasonable estimates of fair market value. Although not currently anticipated, changes in these estimates, assumptions or projections could materially affect the determination of fair value or impairment.

Insurance Liabilities. We retain a significant portion of the risk for our workers' compensation, employee health, general liability, property loss, automobile and third-party landlord claim exposures. These represent significant costs primarily due to our large employee base and number of stores. Provisions are made for these liabilities on an undiscounted basis. Certain of these liabilities are based on actual claim data and estimates of incurred but not reported claims developed using actuarial methodologies based on historical claim trends, which have been and are anticipated to continue to be materially accurate. If future claim trends deviate from recent historical patterns, or other unanticipated events affect the number and significance of future claims, we may be required to record additional expenses or expense reductions, which could be material to our future financial results.

Contingent Liabilities – Income Taxes. Income tax reserves are determined using the methodology established by accounting standards relating to uncertainty in income taxes. These standards require companies to assess each income tax position taken using a two-step process. 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. Uncertain tax positions require determinations and liabilities to be estimated based on provisions of the tax law which may be subject to change or varying interpretation. If our determinations and estimates prove to be inaccurate, the resulting adjustments could be material to our future financial results.

Contingent Liabilities - Legal Matters. We are subject to legal, regulatory and other proceedings and claims. We establish liabilities as appropriate for these claims and proceedings based upon the probability and estimability of losses and to fairly present, in conjunction with the disclosures of these matters in our financial statements and SEC filings, management's view of our exposure. We review outstanding claims and proceedings with external counsel, as needed, to assess probability and estimates of loss, which includes an analysis of whether such loss estimates are probable, reasonably possible, or remote. We re-evaluate these assessments on a quarterly basis or as new and significant information becomes available to determine whether a liability should be established or if any existing liability should be adjusted. The actual cost of resolving a claim or proceeding ultimately may be substantially different than the amount of the recorded liability. In addition, because it is not permissible under U.S. GAAP to establish a litigation liability until the loss is both probable and estimable, in some cases there may be insufficient time to establish a liability prior to the actual incurrence of the loss (upon verdict and judgment at trial, for example, or in the case of a quickly negotiated settlement).

Lease Accounting and Excess Facilities. Many of our stores are subject to build-to-suit arrangements with landlords, which typically carry a primary lease term of up to 15 years with multiple renewal options. We also have stores subject to shorter-term leases and many of these leases have renewal options. Certain of our stores have provisions for contingent rentals based upon a percentage of defined sales volume. We recognize contingent rental expense when the achievement of specified sales targets is considered probable. We record minimum rental expense on a straight-line basis over the base, non-cancelable lease term commencing on the date that we take physical possession of the property from the landlord, which normally includes a period prior to store opening to make necessary leasehold improvements and install store fixtures. When a lease contains a predetermined fixed escalation of the minimum rent, we recognize the related rent expense on a straight-line basis and record the difference between the recognized rental expense and the amounts payable under the lease as deferred rent. Tenant allowances, to the extent received, are recorded as deferred incentive rent and amortized as a reduction to rent expense over the term of the lease. We reflect as a liability any difference between the calculated expense and the amounts actually paid. Improvements of leased properties are amortized over the shorter of the life of the applicable lease term or the estimated useful life of the asset.

Share-Based Payments. Our stock option awards are valued on an individual grant basis using the Black-Scholes-Merton closed form option pricing model. We believe that this model fairly estimates the value of our stock option awards. The application of this valuation model involves assumptions that are judgmental in the valuation of stock options, which affects compensation expense related to these options. These assumptions include the term that the options are expected to be outstanding, the historical volatility of our stock price, applicable interest rates and the dividend yield of our stock. Other factors involving judgments that affect the expensing of share-based payments include estimated forfeiture rates of share-based awards. Historically, these estimates have been materially accurate; however, if our estimates differ materially from actual experience, we may be required to record additional expense or reductions of expense, which could be material to our future financial results.

Fair Value Measurements. Accounting standards for the measurement of fair value of assets and liabilities 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). Therefore, Level 3 inputs are typically based on an entity's own assumptions, as there is little, if any, related market activity, and thus require the use of significant judgment and estimates. Currently, we have no assets or liabilities that are valued based solely on Level 3 inputs.

Our fair value measurements are primarily associated with our outstanding debt instruments. We use various valuation models in determining the values of these liabilities. We believe that in recent years these methodologies have produced materially accurate valuations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial Risk Management

We are exposed to market risk primarily from adverse changes in interest rates, and to a lesser degree commodity prices. To minimize this risk, we may periodically use financial instruments, including derivatives. All derivative financial instrument transactions must be authorized and executed pursuant to approval by the Board of Directors. As a matter of policy, we do not buy or sell financial instruments for speculative or trading purposes, and any such derivative financial instruments are intended to be used to reduce risk by hedging an underlying economic exposure. Our objective is to correlate derivative financial instruments and the underlying exposure being hedged, so that fluctuations in the value of the financial instruments are generally offset by reciprocal changes in the value of the underlying economic exposure.

Interest Rate Risk

We manage our interest rate risk through the strategic use of fixed and variable interest rate debt and, from time to time, derivative financial instruments. Our principal interest rate exposure relates to outstanding amounts under our unsecured debt facilities as well as our commercial paper program. As of February 2, 2018, we had variable rate borrowings of $175 million under our Term Facility, consolidated borrowings of $430.2 million under our commercial paper program, and no borrowings outstanding under our Revolving Facility. In order to mitigate a portion of the variable rate interest exposure under the credit facilities, in prior years we have entered into various interest rate swaps. As of February 2, 2018, no such interest rate swaps were outstanding and, as a result, we are exposed to fluctuations in variable interest rates under the credit facilities and our commercial paper program. For a detailed discussion of our credit facilities and our commercial paper program, see Note 5 to the consolidated financial statements.

A change in interest rates on variable rate debt impacts our pre-tax earnings and cash flows; whereas a change in interest rates on fixed rate debt impacts the economic fair value of debt but not our pre-tax earnings and cash flows. Based on our variable rate borrowing levels as of February 2, 2018 and February 3, 2017, the annualized effect of a one percentage point increase in variable interest rates would have resulted in a pretax reduction of our earnings and cash flows of approximately $6.1 million in 2017 and $9.2 million in 2016.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Dollar General Corporation and subsidiaries (the Company) as of February 2, 2018 and February 3, 2017, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended February 2, 2018, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at February 2, 2018 and February 3, 2017, and the results of its operations and its cash flows for each of the three years in the period ended February 2, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of February 2, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 23, 2018, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. 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 Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2001.

Nashville, Tennessee
March 23, 2018

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)

	February 2, 2018	February 3, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 267,441	$ 187,915
Merchandise inventories	3,609,025	3,258,785
Income taxes receivable	108,265	11,050
Prepaid expenses and other current assets	263,121	220,021
Total current assets	4,247,852	3,677,771
Net property and equipment	2,701,282	2,434,456
Goodwill	4,338,589	4,338,589
Other intangible assets, net	1,200,428	1,200,659
Other assets, net	28,760	20,823
Total assets	$ 12,516,911	$ 11,672,298
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term obligations	$ 401,345	$ 500,950
Accounts payable	2,009,771	1,557,596
Accrued expenses and other	549,658	500,866
Income taxes payable	4,104	63,393
Total current liabilities	2,964,878	2,622,805
Long-term obligations	2,604,613	2,710,576
Deferred income taxes	515,702	652,841
Other liabilities	305,944	279,782
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, 1,000 shares authorized	—	—
Common stock; $0.875 par value, 1,000,000 shares authorized, 268,733 and 275,212 shares issued and outstanding at February 2, 2018 and February 3, 2017, respectively	235,141	240,811
Additional paid-in capital	3,196,462	3,154,606
Retained earnings	2,698,352	2,015,867
Accumulated other comprehensive loss	(4,181)	(4,990)
Total shareholders' equity	6,125,774	5,406,294
Total liabilities and shareholders' equity	$ 12,516,911	$ 11,672,298

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

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)

	For the Year Ended		
	February 2, 2018	February 3, 2017	January 29, 2016
Net sales	$ 23,470,967	$ 21,986,598	$ 20,368,562
Cost of goods sold	16,249,608	15,203,960	14,062,471
Gross profit	7,221,359	6,782,638	6,306,091
Selling, general and administrative expenses	5,213,541	4,719,189	4,365,797
Operating profit	2,007,818	2,063,449	1,940,294
Interest expense	97,036	97,821	86,944
Other (income) expense	3,502	—	326
Income before income taxes	1,907,280	1,965,628	1,853,024
Income tax expense	368,320	714,495	687,944
Net income	$ 1,538,960	$ 1,251,133	$ 1,165,080
Earnings per share:			
Basic	$ 5.64	$ 4.45	$ 3.96
Diluted	$ 5.63	$ 4.43	$ 3.95
Weighted average shares outstanding:			
Basic	272,751	281,317	294,330
Diluted	273,362	282,261	295,211
Dividends per share	$ 1.04	$ 1.00	$ 0.88

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

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	For the Year Ended		
	February 2, 2018	February 3, 2017	January 29, 2016
Net income	$ 1,538,960	$ 1,251,133	$ 1,165,080
Unrealized net gain (loss) on hedged transactions, net of related income tax expense (benefit) of $509, $527 and $971, respectively	809	817	1,520
Comprehensive income	$ 1,539,769	$ 1,251,950	$ 1,166,600

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

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands except per share amounts)

	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances, January 30, 2015	303,447	$265,514	$3,048,806	$ 2,403,045	$ (7,327)	$ 5,710,038
Net income	—	—	—	1,165,080	—	1,165,080
Dividends paid, $0.88 per common share	—	—	—	(258,328)	—	(258,328)
Unrealized net gain (loss) on hedged transactions	—	—	—	—	1,520	1,520
Share-based compensation expense	—	—	38,547	—	—	38,547
Repurchases of common stock	(17,556)	(15,361)	—	(1,284,252)	—	(1,299,613)
Tax benefit from stock option exercises	—	—	13,698	—	—	13,698
Other equity and related transactions	803	702	6,232	—	—	6,934
Balances, January 29, 2016	286,694	$250,855	$3,107,283	$ 2,025,545	$ (5,807)	$ 5,377,876
Net income	—	—	—	1,251,133	—	1,251,133
Dividends paid, $1.00 per common share	—	—	—	(281,147)	—	(281,147)
Unrealized net gain (loss) on hedged transactions	—	—	—	—	817	817
Share-based compensation expense	—	—	36,967	—	—	36,967
Repurchases of common stock	(12,354)	(10,810)	—	(979,664)	—	(990,474)
Other equity and related transactions	872	766	10,356	—	—	11,122
Balances, February 3, 2017	275,212	$240,811	$3,154,606	$ 2,015,867	$ (4,990)	$ 5,406,294
Net income	—	—	—	1,538,960	—	1,538,960
Dividends paid, $1.04 per common share	—	—	—	(282,941)	—	(282,941)
Unrealized net gain (loss) on hedged transactions	—	—	—	—	809	809
Share-based compensation expense	—	—	34,323	—	—	34,323
Repurchases of common stock	(7,060)	(6,178)	—	(573,534)	—	(579,712)
Other equity and related transactions	581	508	7,533	—	—	8,041
Balances, February 2, 2018	268,733	$235,141	$3,196,462	$ 2,698,352	$ (4,181)	$ 6,125,774

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

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	For the Year Ended February 2, 2018	February 3, 2017	January 29, 2016
Cash flows from operating activities:			
Net income	$ 1,538,960	$ 1,251,133	$ 1,165,080
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	404,231	379,931	352,431
Deferred income taxes	(137,648)	12,359	12,126
Loss on debt retirement	3,502	—	326
Noncash share-based compensation	34,323	36,967	38,547
Other noncash (gains) and losses	11,088	(3,625)	7,797
Change in operating assets and liabilities:			
Merchandise inventories	(348,363)	(171,908)	(290,001)
Prepaid expenses and other current assets	(49,406)	(25,046)	(24,626)
Accounts payable	427,911	56,477	105,637
Accrued expenses and other liabilities	75,647	42,937	44,949
Income taxes	(156,504)	26,316	(19,675)
Other	(1,633)	(500)	(905)
Net cash provided by (used in) operating activities	1,802,108	1,605,041	1,391,686
Cash flows from investing activities:			
Purchases of property and equipment	(646,456)	(560,296)	(504,806)
Proceeds from sales of property and equipment	1,428	9,360	1,423
Net cash provided by (used in) investing activities	(645,028)	(550,936)	(503,383)
Cash flows from financing activities:			
Issuance of long-term obligations	599,556	—	499,220
Repayments of long-term obligations	(752,676)	(3,138)	(502,401)
Net increase (decrease) in commercial paper outstanding	(60,300)	490,500	—
Borrowings under revolving credit facilities	—	1,584,000	2,034,100
Repayments of borrowings under revolving credit facilities	—	(1,835,000)	(1,783,100)
Costs associated with issuance and retirement of debt	(9,524)	—	(6,991)
Repurchases of common stock	(579,712)	(990,474)	(1,299,613)
Payments of cash dividends	(282,931)	(281,135)	(258,328)
Other equity and related transactions	8,033	11,110	6,934
Net cash provided by (used in) financing activities	(1,077,554)	(1,024,137)	(1,310,179)
Net increase (decrease) in cash and cash equivalents	79,526	29,968	(421,876)
Cash and cash equivalents, beginning of period	187,915	157,947	579,823
Cash and cash equivalents, end of period	$ 267,441	$ 187,915	$ 157,947
Supplemental cash flow information:			
Cash paid for:			
Interest	$ 88,749	$ 92,952	$ 76,354
Income taxes	$ 660,510	$ 679,633	$ 697,357
Supplemental schedule of noncash investing and financing activities:			
Purchases of property and equipment awaiting processing for payment, included in Accounts payable	$ 63,178	$ 38,914	$ 32,020

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

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presentation and accounting policies

Basis of presentation

These notes contain references to the years 2017, 2016, and 2015, which represent fiscal years ended February 2, 2018, February 3, 2017, and January 29, 2016, respectively. The Company had a 53-week accounting period in 2016, while 2017 and 2015 were each 52-week accounting periods. The Company's fiscal year ends on the Friday closest to January 31. The consolidated financial statements include all subsidiaries of the Company, except for its not-for-profit subsidiary which the Company does not control. Intercompany transactions have been eliminated.

The Company sells general merchandise on a retail basis through 14,534 stores (as of February 2, 2018) in 44 states with the greatest concentration of stores in the southern, southwestern, midwestern and eastern United States. The Company has owned distribution centers ("DCs") in Scottsville, Kentucky; South Boston, Virginia; Alachua, Florida; Zanesville, Ohio; Jonesville, South Carolina; Marion, Indiana; Bessemer, Alabama; Bethel, Pennsylvania; San Antonio, Texas; Janesville, Wisconsin; and Jackson, Georgia, and leased DCs in Ardmore, Oklahoma; Fulton, Missouri; Indianola, Mississippi; and Lebec, California.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with insignificant interest rate risk and original maturities of three months or less when purchased. Such investments primarily consist of money market funds, bank deposits, certificates of deposit, and commercial paper. The carrying amounts of these items are a reasonable estimate of their fair value due to the short maturity of these investments.

Payments due from processors for electronic tender transactions classified as cash and cash equivalents totaled approximately $90.4 million and $73.9 million at February 2, 2018 and February 3, 2017, respectively.

Investments in debt and equity securities

The Company accounts for investments in debt and marketable equity securities as held-to-maturity, available-for-sale, or trading, depending on their classification. Debt securities categorized as held-to-maturity are stated at amortized cost. Debt and equity securities categorized as available-for-sale are stated at fair value, with any unrealized gains and losses, net of deferred income taxes, reported as a component of Accumulated other comprehensive loss. Trading securities are stated at fair value, with changes in fair value recorded as a component of Selling, general and administrative ("SG&A") expense. The cost of securities sold is based upon the specific identification method.

Merchandise inventories

Inventories are stated at the lower of cost or market ("LCM") with cost determined using the retail last-in, first-out ("LIFO") method as this method results in a better matching of costs and revenues. Under the Company's retail inventory method ("RIM"), the calculation of gross profit and the resulting valuation of inventories at cost are computed by applying a calculated cost-to-retail inventory ratio to the retail value of sales at a department level. The use of the RIM will result in valuing inventories at LCM if markdowns are currently taken as a reduction of the retail value of inventories. Costs directly associated with warehousing and distribution are capitalized into inventory.

The excess of current cost over LIFO cost was approximately $78.5 million and $80.7 million at February 2, 2018 and February 3, 2017, respectively. Current cost is determined using the RIM on a first-in, first-out basis. Under the LIFO inventory method, the impacts of rising or falling market price changes increase or decrease cost of sales (the LIFO provision or benefit). The Company recorded a LIFO provision (benefit) of $(2.2) million in 2017, $(12.2) million in 2016, and $(2.3) million in 2015, which is included in cost of goods sold in the consolidated statements of income.

The Company purchases its merchandise from a wide variety of suppliers. The Company's largest and second largest suppliers each accounted for approximately 8% of the Company's purchases in 2017.

Vendor rebates

The Company accounts for all cash consideration received from vendors in accordance with applicable accounting standards pertaining to such arrangements. Cash consideration received from a vendor is generally presumed to be a rebate or an allowance and is accounted for as a reduction of merchandise purchase costs as earned. However, certain specific, incremental and otherwise qualifying SG&A expenses related to the promotion or sale of vendor products may be offset by cash consideration received from vendors, in accordance with arrangements such as cooperative advertising, when earned for dollar amounts up to but not exceeding actual incremental costs.

Prepaid expenses and other current assets

Prepaid expenses and other current assets include prepaid amounts for rent, maintenance, business licenses, advertising, and insurance, and amounts receivable for certain vendor rebates (primarily those expected to be collected in cash) and coupons.

Property and equipment

In 2007, the Company's property and equipment was recorded at estimated fair values as the result of a merger transaction. Property and equipment acquired subsequent to the merger has been recorded at cost. The Company records depreciation and amortization on a straight-line basis over the assets' estimated useful lives. The Company's property and equipment balances and depreciable lives are summarized as follows:

(In thousands)	Depreciable Life	February 2, 2018	February 3, 2017
Land	Indefinite	$ 212,033	$ 199,171
Land improvements	20	79,597	74,209
Buildings	39 - 40	1,116,872	1,013,227
Leasehold improvements	(a)	507,894	438,711
Furniture, fixtures and equipment	3 - 10	3,186,406	2,797,144
Construction in progress		72,490	72,540
		5,175,292	4,595,002
Less accumulated depreciation and amortization		2,474,010	2,160,546
Net property and equipment		$ 2,701,282	$ 2,434,456

(a) Amortized over the lesser of the life of the applicable lease term or the estimated useful life of the asset.

Depreciation expense related to property and equipment was approximately $403.3 million, $378.3 million and $350.6 million for 2017, 2016 and 2015, respectively. Amortization of capital lease assets is included in depreciation expense. Interest on borrowed funds during the construction of property and equipment is capitalized where applicable. Interest costs of $2.0 million, $1.4 million, and $1.4 million were capitalized in 2017, 2016 and 2015, respectively.

Impairment of long-lived assets

When indicators of impairment are present, the Company evaluates the carrying value of long-lived assets, excluding goodwill and other indefinite-lived intangible assets, in relation to the operating performance and future cash flows or the appraised values of the underlying assets. Generally, the Company's policy is to review for impairment stores open more than three years for which current cash flows from operations are negative. Impairment results when the carrying value of the assets exceeds the undiscounted future cash flows expected to be generated by the assets. The Company's estimate of undiscounted future cash flows is based upon historical operations of the stores and estimates of future store profitability which encompasses many factors that are subject to variability and difficult to predict. If a long-lived asset is found to be impaired, the amount recognized for impairment is equal to the difference between the carrying value and the asset's estimated fair value. The fair value is estimated based primarily upon estimated future cash flows over the asset's remaining useful life (discounted at the Company's credit adjusted risk-free rate) or other reasonable estimates of fair market value. Assets to be disposed of are adjusted to the fair value less the cost to sell if less than the book value.

The Company recorded impairment charges included in SG&A expense of approximately $7.8 million in 2017, $6.3 million in 2016 and $5.9 million in 2015, to reduce the carrying value of certain of its stores' assets. Such action was deemed necessary based on the Company's evaluation that such amounts would not be recoverable primarily due to insufficient sales or excessive costs resulting in the carrying value of the assets exceeding the estimated undiscounted future cash flows generated by the assets at these locations.

Goodwill and other intangible assets

The Company amortizes intangible assets over their estimated useful lives unless such lives are deemed indefinite. Goodwill and intangible assets with indefinite lives are tested for impairment annually or more frequently if indicators of impairment are present. Definite lived intangible assets are tested for impairment if indicators of impairment are present. Impaired assets are written down to fair value as required. No impairment of intangible assets has been identified during any of the periods presented.

In accordance with accounting standards for goodwill and indefinite-lived intangible assets, an entity has the option first to assess qualitative factors to determine whether events and circumstances indicate that it is more likely than not that goodwill or an indefinite-lived intangible asset is impaired. If after such assessment an entity concludes that the asset is not impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the asset using a quantitative impairment test, and if impaired, the associated assets must be written down to fair value as described in further detail below.

The quantitative goodwill impairment test is a two-step process that would require management to make judgments in determining what assumptions to use in the calculation. The first step of the process consists of estimating the fair value of an entity's reporting units based on valuation techniques (including a discounted cash flow model using revenue and profit forecasts) and comparing that estimated fair value with the recorded carrying value, which includes goodwill. If the estimated fair value is less than the carrying value, a second step is performed to compute the amount of the impairment by determining an "implied fair value" of goodwill. The determination of the implied fair value of goodwill would require the entity to allocate the estimated fair value of its reporting unit to its assets and liabilities. Any unallocated fair value would represent the implied fair value of goodwill, which would be compared to its corresponding carrying value.

The quantitative impairment test for intangible assets compares the fair value of the intangible asset with its carrying amount. If the carrying amount of an intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Other assets

Noncurrent Other assets consist primarily of qualifying prepaid expenses for maintenance, beer and wine licenses, and utility, security and other deposits.

Accrued expenses and other liabilities

Accrued expenses and other consist of the following:

(In thousands)	February 2, 2018	February 3, 2017
Compensation and benefits	$ 118,755	$ 91,243
Insurance	95,411	85,240
Taxes (other than taxes on income)	164,451	175,099
Other	171,041	149,284
	$ 549,658	$ 500,866

Included in other accrued expenses are liabilities for utilities, interest, maintenance, freight expense and credit card processing fees.

Insurance liabilities

The Company retains a significant portion of risk for its workers' compensation, employee health, general liability, property, automobile, and third-party landlord liability claim exposures. Accordingly, provisions are made for the Company's estimates of such risks. The undiscounted future claim costs for the workers' compensation, general liability, landlord liability, and health claim risks are derived using actuarial methods and are recorded as self-insurance reserves pursuant to Company policy. To the extent that subsequent claim costs vary from those estimates, future results of operations will be affected as the reserves are adjusted.

Ashley River Insurance Company ("ARIC"), a Tennessee-based wholly owned captive insurance subsidiary of the Company, charges the operating subsidiary companies premiums to insure the retained workers' compensation, medical stop-loss, and non-property general liability exposures. Pursuant to Tennessee insurance regulations, ARIC maintains certain levels of cash and cash equivalents related to its self-insured exposures.

Operating leases and related liabilities

Rent expense is recognized over the term of the lease. The Company records minimum rental expense on a straight-line basis over the base, non-cancelable lease term commencing on the date that the Company takes physical possession of the property from the landlord, which normally includes a period prior to the store opening to make necessary leasehold improvements and install store fixtures. When a lease contains a predetermined fixed escalation of the minimum rent, the Company recognizes the related rent expense on a straight-line basis and records the difference between the recognized rental expense and the amounts payable under the lease as deferred rent. Tenant allowances, to the extent received, are recorded as deferred incentive rent and are amortized as a reduction to rent expense over the term of the lease. The difference between the calculated expense and the amounts paid result in a liability classified in other long-term liabilities in the consolidated balance sheets, and totaled approximately $65.9 million and $61.1 million at February 2, 2018 and February 3, 2017, respectively.

The Company recognizes contingent rental expense when the achievement of specified sales targets is considered probable. The amount expensed but not paid as of February 2, 2018 and February 3, 2017 was approximately $2.7 million and $3.5 million, respectively, and is included in Accrued expenses and other in the consolidated balance sheets.

Other liabilities

Noncurrent Other liabilities consist of the following:

(In thousands)	February 2, 2018	February 3, 2017
Insurance	$ 134,256	$ 137,743
Deferred rent	65,856	61,082
Deferred gain on sale leaseback	44,781	49,259
Lease liabilities for closed stores	24,174	3,483
Other	36,877	28,215
	$ 305,944	$ 279,782

Fair value accounting

The Company utilizes accounting standards for fair value, which include the definition of fair value, the framework for measuring fair value, and disclosures about fair value measurements. 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).

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which are based on an entity's own assumptions, as there is little, if any, observable market activity. In instances where the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Other comprehensive income

The Company previously recorded a loss on the settlement of treasury locks associated with the issuance of long-term debt in 2013 which was deferred to other comprehensive income and is being amortized as an increase to interest expense over the 10-year period of the debt's maturity.

Revenue and gain recognition

The Company recognizes retail sales in its stores at the time the customer takes possession of merchandise. All sales are net of discounts and are presented net of taxes assessed by governmental authorities that are imposed concurrent with those sales. The Company records gain contingencies when realized.

The Company recognizes gift card sales revenue at the time of redemption. The liability for gift cards is established for the cash value at the time of purchase of the gift card. The liability for outstanding gift cards was approximately $4.2 million and $3.4 million at February 2, 2018 and February 3, 2017, respectively, and is recorded in Accrued expenses and other liabilities. Estimated breakage revenue, a percentage of gift cards that will never be redeemed based on historical redemption rates, is recognized over time in proportion to actual gift card redemptions. The Company recorded breakage revenue of $0.6 million, $0.5 million and $0.6 million in 2017, 2016 and 2015, respectively.

Advertising costs

Advertising costs are expensed upon performance, “first showing” or distribution, and are reflected in SG&A expenses net of earned cooperative advertising amounts provided by vendors which are specific, incremental and otherwise qualifying expenses related to the promotion or sale of vendor products for dollar amounts up to but not exceeding actual incremental costs. Advertising costs were $68.8 million, $82.7 million and $89.3 million in 2017, 2016 and 2015, respectively. These costs primarily include promotional circulars, targeted circulars supporting new stores, television and radio advertising, in-store signage, and costs associated with the sponsorships of certain automobile racing activities in 2016 and 2015. Vendor funding for cooperative advertising offset reported expenses by $33.8 million, $35.9 million and $36.7 million in 2017, 2016 and 2015, respectively.

Share-based payments

The Company recognizes compensation expense for share-based compensation based on the fair value of the awards on the grant date. Forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. This estimate may be adjusted periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the prior estimate. The forfeiture rate is the estimated percentage of share-based awards granted that are expected to be forfeited or canceled before becoming fully vested. The Company bases this estimate on historical experience or estimates of future trends, as applicable. An increase in the forfeiture rate will decrease compensation expense.

The fair value of each option grant is separately estimated and amortized into compensation expense on a straight-line basis between the applicable grant date and each vesting date. The Company has estimated the fair value of all stock option awards as of the grant date by applying the Black-Scholes-Merton option pricing valuation model. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense.

The Company calculates compensation expense for restricted stock, share units and similar awards as the difference between the market price of the underlying stock or similar award on the grant date and the purchase price, if any. Such expense is recognized on a straight-line basis for time-based awards and generally on an accelerated basis for performance awards over the period in which the recipient earns the awards.

Store pre-opening costs

Pre-opening costs related to new store openings and the related construction periods are expensed as incurred.

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. Deferred income tax expense or benefit is the net change during the year in the Company’s deferred income tax assets and liabilities.

The Company includes income tax related interest and penalties as a component of the provision for income tax expense.

Income tax reserves are determined using a methodology which requires companies to assess each income tax position taken using a two-step process. 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. Uncertain tax positions require determinations and estimated liabilities to be made based on provisions of the tax law which may be subject to change or varying interpretation. If the Company's determinations and estimates prove to be inaccurate, the resulting adjustments could be material to the Company's future financial results.

Management estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Accounting standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued comprehensive new accounting standards related to the recognition of revenue, which specified an effective date for annual reporting periods beginning after December 15, 2016, with early adoption not permitted. In August 2015, the FASB deferred the effective date to annual reporting periods beginning after December 15, 2017, with earlier adoption permitted only for annual reporting periods beginning after December 15, 2016. The new guidance allows companies to use either a full retrospective or a modified retrospective approach in the adoption of this guidance. The Company formed a project team to assess and implement the standard by compiling a list of the applicable revenue streams, evaluating relevant contracts and comparing the Company's current accounting policies to the new standard. As a result of the efforts of this project team, the Company has identified customer incentives and gross versus net considerations as the areas in which it would most likely be affected by the new guidance. The Company has assessed the impacts of the new standard and the related design of internal control over financial reporting. Based upon the terms of the Company's agreements and the materiality of transactions related to customer incentives and gross versus net considerations, the adoption had no effect on the Company's consolidated results of operations, financial position or cash flows. The Company adopted this guidance on February 3, 2018.

In February 2016, the FASB issued new guidance related to lease accounting, which when effective will require a dual approach for lessee accounting under which a lessee will account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability on its balance sheet, with differing methodology for income statement recognition. This guidance is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2018, and early adoption is permitted. Currently, a modified retrospective approach is required for all leases existing or entered into after the beginning of the earliest comparative period in the consolidated financial statements. The FASB has proposed guidance which would allow companies to record the cumulative effect of applying the new standard as an adjustment to the opening balance of retained earnings, although such guidance has not yet been formally issued. The Company formed a project team to assess and implement the standard, which is evaluating existing contractual arrangements for embedded leases, and comparing the Company's current accounting policies to the new standard. As a result of the efforts of this project team, the Company has identified its store leases as the area in which it would most likely be affected by the new guidance. The Company's assessment of the impact that adoption of this guidance will have on its consolidated financial statements is ongoing and the Company is anticipating a material impact because it is party to a significant number of lease contracts for its stores.

In October 2016, the FASB issued amendments to existing guidance related to accounting for intra-entity transfers of assets other than inventory. These amendments require an entity to recognize the income tax consequences of such transfers when the transfer occurs and affects the Company's historical accounting for intra-entity transfers of certain intangible assets. This guidance is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2017, and early adoption is permitted subject to certain guidelines. The amendments should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company adopted this guidance on February 3, 2018 which resulted in an increase in deferred income tax liabilities and a decrease in retained earnings of approximately $33.6 million.

In January 2017, the FASB issued amendments to existing guidance related to the subsequent measurement of goodwill. These amendments modify the concept of impairment from the condition that exists when the carrying amount of goodwill exceeds its implied fair value to the condition that exists when the carrying amount of a reporting unit exceeds its fair value. Subsequent to adoption, an entity 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 should be applied on a prospective basis. An entity is required to disclose the nature of and reason for the change in accounting principle upon transition. The Company's assessment of the impact that adoption of this guidance will have on its consolidated financial statements is ongoing, but the Company currently does not anticipate a material effect on consolidated results of operations, financial position or cash flows.

Reclassifications

Certain financial disclosures relating to prior periods have been reclassified to conform to the current year presentation where applicable.

2. Goodwill and other intangible assets

The Company's other intangible assets primarily consist of trade names and trademarks of $1.2 billion which have an indefinite life. The Company's goodwill balance has an indefinite life and is not expected to be deductible for tax purposes.

3. Earnings per share

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

	2017		
	Net Income	Weighted Average Shares	Per Share Amount
Basic earnings per share	$ 1,538,960	272,751	$ 5.64
Effect of dilutive share-based awards		611	
Diluted earnings per share	$ 1,538,960	273,362	$ 5.63

	2016		
	Net Income	Weighted Average Shares	Per Share Amount
Basic earnings per share	$ 1,251,133	281,317	$ 4.45
Effect of dilutive share-based awards		944	
Diluted earnings per share	$ 1,251,133	282,261	$ 4.43

	2015		
	Net Income	Weighted Average Shares	Per Share Amount
Basic earnings per share	$ 1,165,080	294,330	$ 3.96
Effect of dilutive share-based awards		881	
Diluted earnings per share	$ 1,165,080	295,211	$ 3.95

Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the year. 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 options would be antidilutive, were 2.1 million, 1.7 million and 1.3 million in 2017, 2016 and 2015, respectively.

4. Income taxes

The provision (benefit) for income taxes consists of the following:

(In thousands)	2017	2016	2015
Current:			
Federal	$ 426,933	$ 613,009	$ 590,120
Foreign	105	135	1,678
State	79,011	88,990	84,021
	506,049	702,134	675,819
Deferred:			
Federal	(159,728)	11,053	6,410
Foreign	(22)	—	—
State	22,021	1,308	5,715
	(137,729)	12,361	12,125
	$ 368,320	$ 714,495	$ 687,944

A reconciliation between actual income taxes and amounts computed by applying the federal statutory rate to income before income taxes is summarized as follows:

(Dollars in thousands)	2017		2016		2015	
U.S. federal statutory rate on earnings before income taxes	$ 643,326	33.7 %	$ 687,969	35.0 %	$ 648,558	35.0 %
Impact of tax rate changes	(310,756)	(16.3)	—	—	—	—
State income taxes, net of federal income tax benefit	61,201	3.2	60,168	3.1	59,700	3.2
Jobs credits, net of federal income taxes	(26,759)	(1.4)	(18,952)	(1.0)	(21,366)	(1.2)
Increase (decrease) in valuation allowances, net of federal taxes	4,435	0.2	(1,474)	(0.1)	(1,371)	(0.1)
Stock-based compensation programs	(2,227)	(0.1)	(9,915)	(0.5)	—	—
Decrease in income tax reserves	(1,837)	(0.1)	(2,161)	(0.1)	(2,037)	(0.1)
Other, net	937	0.1	(1,140)	(0.1)	4,460	0.3
	$ 368,320	19.3 %	$ 714,495	36.3 %	$ 687,944	37.1 %

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was signed into law. Among other changes, the Act reduces the federal corporate tax rate to 21% from 35% effective January 1, 2018, including a reduction in the Company's current year federal corporate tax rate for 2017 to 33.7% as a result of the Company's 2017 fiscal year ending approximately one month after the effective date of the Act.

Under accounting standards for income taxes, the impact of new tax legislation must be taken into account in the period in which the new legislation is enacted, including the remeasurement of deferred tax assets and liabilities at the tax rates that such items are expected to reverse in future periods. Subsequent to the Act, the Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 118, allowing companies to record provisional amounts during a measurement period not to exceed one year after the enactment date while the accounting impact remains under analysis. The Company's 2017 provision for income taxes reflects such estimates due to the changes in income tax law, including a provisional tax benefit of $335 million. The provisional tax benefit consists of $310.8 million related to the one-time remeasurement of the federal portion of the Company's deferred tax assets and liabilities at the 21% rate and $24.2 million related to the reduced statutory tax rate of 33.7%, compared to 35% in prior years. The ultimate impact may differ from these provisional amounts due to additional analysis, changes in interpretations and assumptions the Company has made, additional regulatory guidance that may be issued and actions the Company may take as a result of the Act. Any subsequent adjustments to provisional estimates will be reflected in the Company's income tax provision during one or more periods in 2018.

The effective income tax rate for 2017 was 19.3% compared to a rate of 36.3% for 2016 which represents a net decrease of 17 percentage points. The effective income tax rate was lower in 2017 primarily due to the one-time remeasurement of the federal portion of the Company's deferred tax assets and liabilities at 21%, and the changes in the federal income tax laws pursuant to the Act that lowered the Company's federal statutory tax rate to 33.7% for 2017, compared to 35% in 2016.

The 2016 effective tax rate was an expense of 36.3%. This expense was greater than the federal statutory tax rate of 35% due primarily to the inclusion of state income taxes in the total effective tax rate. The effective income tax rate was lower in 2016 due principally to the adoption of a change in accounting guidance related to employee share-based payments, requiring the recognition of excess tax benefits in the statement of income rather than in the balance sheet, as reported in prior years.

The 2015 effective tax rate was an expense of 37.1%. This expense was greater than the federal statutory tax rate of 35% primarily due to the inclusion of state income taxes in the total effective tax rate.

Deferred taxes reflect the effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

(In thousands)	February 2, 2018	February 3, 2017
Deferred tax assets:		
Deferred compensation expense	$ 6,522	$ 7,626
Accrued expenses	3,324	6,958
Accrued rent	23,418	24,077
Accrued insurance	8,630	72,990
Accrued incentive compensation	6,394	15,170
Share based compensation	13,442	18,908
Interest rate hedges	1,765	3,175
Tax benefit of income tax and interest reserves related to uncertain tax positions	365	746
Deferred gain on sale-leaseback	12,847	20,872
Other	3,900	12,591
State tax net operating loss carryforwards, net of federal tax	602	—
State tax credit carryforwards, net of federal tax	8,350	8,765
	89,559	191,878
Less valuation allowances, net of federal taxes	(4,435)	—
Total deferred tax assets	85,124	191,878
Deferred tax liabilities:		
Property and equipment	(255,215)	(334,430)
Inventories	(46,244)	(65,844)
Trademarks	(269,820)	(434,045)
Prepaid insurance	(22,875)	—
Other	(6,672)	(10,400)
Total deferred tax liabilities	(600,826)	(844,719)
Net deferred tax liabilities	$ (515,702)	$ (652,841)

The Company has state tax credit carryforwards of approximately $10.6 million that will expire beginning in 2022 through 2027 and the Company has approximately $17.6 million of state apportioned net operating loss carryforwards, which will begin to expire in 2033 and will continue through 2038.

The Company established a valuation allowance for the state tax credit carryforwards, in the amount of $4.4 million (net of federal benefit) increasing income tax expense in 2017. Management believes that results from operations will not generate sufficient taxable income to realize certain state tax credits before they expire. In 2016, the Company reversed all of the previously recorded valuation allowance for state tax credit carryforwards in the amount of $1.5 million, which was recorded as a reduction in income tax expense.

Based upon expected future income, management believes that it is more likely than not that the results of operations will generate sufficient taxable income to realize the remaining deferred tax assets.

The Company's 2013 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 2014 through 2017 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 2014 and later tax years remain open for examination by the various state taxing authorities.

As of February 2, 2018, accruals for uncertain tax benefits, interest expense related to income taxes and potential income tax penalties were $1.0 million, $0.7 million and $0.8 million, respectively, for a total of $2.5 million. This total amount is reflected in noncurrent Other liabilities in the consolidated balance sheet.

As of February 3, 2017, accruals for uncertain tax benefits, interest expense related to income taxes and potential income tax penalties were $3.1 million, $0.8 million and $0.9 million, respectively, for a total of $4.8 million. This total amount is reflected in noncurrent Other liabilities in the consolidated balance sheet.

The Company’s reserve for uncertain tax positions will not be reduced in the coming twelve months as a result of expiring statutes of limitations. As of February 2, 2018, approximately $1.0 million of the 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 amounts associated with uncertain tax positions included in income tax expense consists of the following:

(In thousands)	2017	2016	2015
Income tax expense (benefit)	$ (2,076)	$ (3,795)	$ (2,379)
Income tax related interest expense (benefit)	(123)	(31)	(23)
Income tax related penalty expense (benefit)	(9)	50	373

A reconciliation of the uncertain income tax positions from January 30, 2015 through February 2, 2018 is as follows:

(In thousands)	2017	2016	2015
Beginning balance	$ 3,117	$ 6,964	$ 9,343
Increases—tax positions taken in the current year	66	41	214
Increases—tax positions taken in prior years	27	52	17
Decreases—tax positions taken in prior years	—	(1,435)	(106)
Statute expirations	(2,169)	(2,453)	(2,504)
Settlements	—	(52)	—
Ending balance	$ 1,041	$ 3,117	$ 6,964

5. Current and long-term obligations

Consolidated current and long-term obligations consist of the following:

(In thousands)	February 2, 2018	February 3, 2017
Senior unsecured credit facilities		
Term Facility	$ 175,000	$ 425,000
Revolving Facility	—	—
4.125% Senior Notes due July 15, 2017	—	500,000
1.875% Senior Notes due April 15, 2018 (net of discount of $16 and $111)	399,984	399,889
3.250% Senior Notes due April 15, 2023 (net of discount of $1,322 and $1,552)	898,678	898,448
4.150% Senior Notes due November 1, 2025 (net of discount of $632 and $700)	499,368	499,300
3.875% Senior Notes due April 15, 2027 (net of discount of $413)	599,587	—
Unsecured commercial paper notes	430,200	490,500
Capital lease obligations	12,321	3,643
Tax increment financing due February 1, 2035	7,335	8,840
Debt issuance costs, net	(16,515)	(14,094)
	3,005,958	3,211,526
Less: current portion	(401,345)	(500,950)
Long-term portion	$ 2,604,613	$ 2,710,576

At February 2, 2018, the Company's senior unsecured credit facilities (the "Facilities") consisted of a $175.0 million senior unsecured term loan facility (the "Term Facility") and a $1.25 billion senior unsecured revolving credit facility (the "Revolving Facility") that provides for the issuance of letters of credit up to $175.0 million. The Term Facility is scheduled to mature on October 20, 2020, and the Revolving Facility is scheduled to mature on February 22, 2022.

Borrowings under the Facilities 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 February 2, 2018 was 1.10% for LIBOR borrowings and 0.10% for base-rate borrowings. The Company is also required to pay a facility fee, payable on any used and unused commitment amounts of the Facilities, and customary fees on letters of credit issued under the Revolving Facility. As of February 2, 2018, the commitment fee rate was 0.15%. The applicable interest rate margins for borrowings, the facility fees and the letter of credit fees under the Facilities are subject to adjustment from time to time based on the Company's long-term senior unsecured debt ratings. The weighted average all-in interest rate for borrowings under the Facilities was 2.7% as of February 2, 2018.

The Facilities can be voluntarily prepaid in whole or in part at any time without penalty. There is no required principal amortization under the Facilities. The Facilities contain 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 Facilities also contain financial covenants which require the maintenance of a minimum fixed charge coverage ratio and a maximum leverage ratio. As of February 2, 2018, the Company was in compliance with all such covenants. The Facilities also contain customary events of default.

As of February 2, 2018, the entire balance of the Term Facility was outstanding and, under the Revolving Facility, the Company had no outstanding borrowings, outstanding letters of credit of $9.1 million, and borrowing availability of $1.2 billion that, due to its intention to maintain borrowing availability related to the commercial paper program described below, could contribute incremental liquidity of $624.7 million. In addition, the Company had outstanding letters of credit of $37.5 million which were issued pursuant to separate agreements.

As of February 2, 2018, 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 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 amended and restated revolving credit facilities in an amount at least equal to the amount of CP Notes outstanding at any time. As of February 2, 2018, the Company's consolidated balance sheet reflected outstanding CP notes of $430.2 million, which were classified as long-term obligations due to the Company's intent and ability to refinance these obligations as long-term debt. An additional $186 million of outstanding CP Notes were held by a wholly-owned subsidiary of the Company and are therefore not reflected on the consolidated balance sheet. The weighted average interest rate for borrowings under the commercial paper program was 1.8% as of February 2, 2018.

On April 11, 2017, the Company 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. Interest on the 2027 Senior Notes is payable in cash on April 15 and October 15 of each year, and commenced on October 15, 2017. The Company incurred $5.2 million of debt issuance costs associated with the issuance of the 2027 Senior Notes. The net proceeds from the sale of the 2027 Senior Notes were used to repay all of the Company's outstanding senior notes due in 2017 as discussed below and for general corporate purposes. Collectively, the 2027 Senior Notes and the Company's other Senior Notes due 2018, 2023 and 2025 as reflected in the table above 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").

On April 27, 2017, the Company redeemed $500.0 million aggregate principal amount of outstanding 4.125% senior notes due 2017 (the "2017 Senior Notes"), resulting in a pretax loss of $3.4 million which is reflected in Other (income) expense in the consolidated statement of income for the year ended February 2, 2018.

The Company may redeem some or all of its 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 the Senior Notes has the right to require the Company 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, the ability of the Company and its subsidiaries to (subject to certain exceptions): consolidate, merge, sell or otherwise dispose of all or substantially all of the Company's assets; and 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 the Senior Notes to become or to be declared due and payable, as applicable.

Scheduled debt maturities at February 2, 2018, including capital lease obligations, for the Company's fiscal years listed below are as follows (in thousands): 2018 - $831,545; 2019 - $1,950; 2020 - $176,958; 2021 - $1,913; 2022 - $1,791; thereafter - $2,010,699.

6. Assets and liabilities measured at fair value

The following table presents the Company's assets and liabilities required to be measured at fair value as of February 2, 2018, 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 February 2, 2018
Liabilities:				
Long-term obligations (a)	$ 2,440,495	$ 624,856	$ —	$ 3,065,351
Deferred compensation (b)	24,956	—	—	24,956

(a) Included in the consolidated balance sheet at book value as Current portion of long-term obligations of $401,345 and Long-term obligations of $2,604,613.

(b) Reflected at fair value in the consolidated balance sheet as a component of Accrued expenses and other current liabilities of $2,283 and a component of noncurrent Other liabilities of $22,673.

The carrying amounts reflected in the consolidated balance sheets for cash, cash equivalents, short-term investments, receivables and payables approximate their respective fair values. The Company does not have any recurring fair value measurements using significant unobservable inputs (Level 3) as of February 2, 2018.

7. Commitments and contingencies

Leases

As of February 2, 2018, the Company was committed under operating lease agreements for most of its retail stores. Many of the Company's stores are subject to build-to-suit arrangements with landlords which typically carry a primary lease term of up to 15 years with multiple renewal options. The Company also has stores subject to shorter-term leases and many of these leases have renewal options. Certain of the Company's leased stores have provisions for contingent rent based upon a specified percentage of defined sales volume.

The land and buildings of the Company's DCs in Missouri, Mississippi and California are subject to operating lease agreements and the leased Oklahoma DC is subject to a financing arrangement. Certain leases contain restrictive covenants, and as of February 2, 2018, the Company is not aware of any material violations of such covenants.

The Company is accounting for the Oklahoma DC as a financing obligation as a result of, among other things, the lessor's ability to put the property back to the Company under certain circumstances. The property and equipment, along with the related lease obligation associated with this transaction are recorded in the consolidated balance sheets. The Company is the owner of a secured promissory note (the "Ardmore Note") which represents debt issued by the third party entity from which the Company leases the Oklahoma DC and therefore the Company holds the debt instrument pertaining to its lease financing obligation. Because a legal right of offset exists, the Company is accounting for the Ardmore Note as a reduction of its outstanding financing obligation in its consolidated balance sheets.

Future minimum payments as of February 2, 2018 for operating leases are as follows:

(In thousands)	
2018	$ 1,088,538
2019	1,041,729
2020	969,829
2021	897,913
2022	825,846
Thereafter	4,284,309
Total minimum payments	$ 9,108,164

As of February 2, 2018, total future minimum payments for capital leases were $15.2 million, with a present value of $12.3 million. The gross amount of property and equipment recorded under capital leases and financing obligations at February 2, 2018 and February 3, 2017, was $36.2 million and $29.8 million, respectively. Accumulated depreciation on property and equipment under capital leases and financing obligations at February 2, 2018 and February 3, 2017, was $12.4 million and $14.3 million, respectively.

Rent expense under all operating leases is as follows:

(In thousands)	2017	2016	2015
Minimum rentals	$ 1,075,984	$ 935,663	$ 849,115
Contingent rentals	5,532	6,748	7,793
	$ 1,081,516	$ 942,411	$ 856,908

Legal proceedings

From time to time, the Company is a party to various legal matters involving claims incidental to the conduct 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.

Except as described below, the Company believes, based upon information currently available, that such 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. Future developments could cause these actions or claims to have a material adverse effect on the Company's results of operations, cash flows, or financial position. In addition, certain of these matters, if decided adversely to the Company or settled by the Company, may result in liability material to the Company's financial position or may negatively affect operating results if changes to the Company's business operation are required.

Wage and Hour Litigation

The Company is defending the following wage and hour matters (collectively the "Wage/Hour Litigation"):

- California Wage/Hour Litigation: Plaintiffs allege, on behalf of themselves and other similarly situated current and former "key carriers", that the Company failed to comply with California law, including the Private Attorney General Act (the "PAGA"), in one or more of the following ways: failure to provide meal and rest periods, failure to pay for all time worked, failure to pay timely wages, and failure to provide accurate wage statements and termination pay. The plaintiffs seek to recover alleged unpaid wages, injunctive relief, consequential damages, pre-judgment interest, statutory penalties and attorneys' fees and costs.

- Pennsylvania Wage/Hour Litigation: Plaintiff alleges that he and other similarly situated current and former hourly employees were subjected to unlawful policies and practices and were denied regular and overtime wages in violation of federal and Pennsylvania law. The plaintiff seeks to proceed on a nationwide collective basis under federal law and a statewide class basis under Pennsylvania law and to recover alleged unpaid wages, liquidated damages, statutory damages, and attorneys' fees and costs.

- Tennessee Wage/Hour Litigation: Plaintiffs allege that they and other similarly situated current and former "key holders" were not paid for all hours worked in violation of federal, Illinois and Tennessee law. The plaintiffs seek to proceed on a nationwide collective basis under federal law and a statewide class basis under Tennessee and Illinois law and to recover alleged unpaid wages, statutory and common law damages, liquidated damages, pre- and post-judgment interest and attorneys' fees and costs. The Company has reached a preliminary agreement with the plaintiffs, which must be submitted to and approved by the Court, to resolve this matter for an amount not material to the Company's financial statements as a whole.

The Company is vigorously defending the Wage/Hour Litigation and believes that its policies and practices comply with federal and state laws and that these actions are not appropriate for class or similar treatment. At this time, it is not possible to predict whether these matters will be permitted to proceed as a class or other similar action, or the size of any putative class or classes. Likewise, except as to the resolution of the Tennessee Wage/Hour Litigation, at this time it is not possible to estimate the value of the claims asserted, and no assurances can be given that the Company will be successful in its defense of these matters on the merits or otherwise. For these reasons, except as to the resolution of the Tennessee Wage/Hour Litigation, the Company is unable to estimate any potential loss or range of loss in these matters; however, if the Company is not successful in its defense efforts, the resolution of these actions could have a material adverse effect on the Company's consolidated financial statements as a whole.

Other Employment Litigation

The Company is defending the following employment-related matters (collectively the "Employment Litigation"):

- California Suitable Seating Litigation: The plaintiff alleges that the Company failed to provide her and other current and former California store employees with "suitable seats" in violation of California law. The plaintiff seeks to recover penalties under the PAGA, injunctive relief, and attorneys' fees and costs.

- EEOC Litigation: The United States Equal Employment Opportunity Commission ("EEOC") filed suit against the Company alleging the Company's use of post offer, pre-employment physical assessments, as applied to candidates for the general warehouse position in the Bessemer, Alabama distribution center, violates the Americans with Disabilities Act and the Genetic Information Nondiscrimination Act.

The Company is vigorously defending the Employment Litigation and believes that its employment policies and practices comply with federal and state law and that these matters are not appropriate for class or similar treatment. At this time, it is not possible to predict whether these matters will be permitted to proceed as a class or in a similar fashion, or the size of any putative class or classes. Likewise, at this time, it is not possible to estimate the value of the claims asserted, and no assurances can be given that the Company will be successful in its defense of these matters on the merits or otherwise. For these reasons, the Company is unable to estimate any potential loss or range of loss in these matters; however if the Company is not successful in its defense efforts, the resolution of these matters could have a material adverse effect on the Company's consolidated financial statements as a whole.

Consumer/Product Litigation

In December 2015 the Company was first notified of several lawsuits in which the plaintiffs allege violation of 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 "the Motor Oil Lawsuits").

On June 2, 2016, the United States Judicial Panel on Multidistrict Litigation ("JPML") granted the Company's motion to centralize the Motor Oil Lawsuits 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"). Subsequently, the plaintiffs in the Motor Oil MDL filed a consolidated amended complaint, in which they seek 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. 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 the plaintiffs in the Motor Oil MDL.

On May 25, 2017, in response to the Notice of Proposed Action, the Company filed an action in New Mexico federal court seeking a declaratory judgment that the New Mexico AG is prohibited by, among other things, the United States Constitution, from pursuing the New Mexico Motor Oil Matter and an order enjoining the New Mexico AG from pursuing such an action. (*Dollar General Corporation v. Hector H. Balderas*, D.N.M., Case No. 1:17-cv-00588). Thereafter, 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). The Company removed this matter to New Mexico federal court on July 26, 2017, and filed a motion to dismiss the action. The matter was transferred to the Motor Oil MDL and the New Mexico AG has moved to remand it to state court. (*Hector H. Balderas v. Dolgencorp, LLC*, D.N.M., Case No. 1:17-cv-772). The Company's and the New Mexico AG's above-referenced motions are pending.

On September 1, 2017, the Mississippi Attorney General (the "Mississippi AG"), who also is represented by the counsel for the plaintiffs in the Motor Oil MDL, filed an action in the Chancery Court of the First Judicial District of Hinds County, Mississippi which alleges 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). 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 ("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 19th Judicial District Court for the Parish of East Baton Rouge, Louisiana seeking to set aside the Louisiana AG's CID. (*In re Dollar General Corp. and Dolgencorp, LLC*, Case No. 666499). The Company's petition is pending.

A mediation held in the Motor Oil MDL on February 26, 2018, was unsuccessful.

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, it is not possible to predict whether these matters will be permitted to proceed as a class or in a similar fashion, whether on a statewide or nationwide basis, or the size of any putative class or classes. Likewise, at this time, it is not possible to estimate the value of the claims asserted, and no assurances can be given that the Company will be successful in its defense of these matters on the merits or otherwise. For these reasons, the Company is unable to estimate the potential loss or range of loss in these matters; however, if the Company is not successful in its defense efforts, the resolution of the Motor Oil MDL, the New Mexico Motor Oil Matter, the Mississippi Motor Oil Matter or the Louisiana Motor Oil Matter could have a material adverse effect on the Company's consolidated financial statements as a whole.

Shareholder Litigation

The Company is defending litigation filed in January and February 2017 in which the plaintiffs, on behalf of themselves and a putative class of shareholders, allege that between March 10, 2016 and December 1, 2016, the Company and certain of its officers (the "Individual Defendants") violated federal securities laws by misrepresenting the impact to sales of changes to certain federal programs that provide supplemental nutritional assistance to individuals. (*Iron Workers Local Union No. 405 Annuity Fund v. Dollar General Corporation, et al.*, M.D. Tenn., Case No. 3:17-cv-00063; *Julia Askins v. Dollar General Corporation, et al*., M.D. Tenn., Case No. 3:17-cv-00276; *Bruce Velan v. Dollar General Corporation, et al*., M.D. Tenn., Case No. 3:17-cv-00275) (collectively "the Shareholder Litigation"). The plaintiffs in the Shareholder Litigation seek the following relief: compensatory damages, unspecified equitable relief, pre- and post-judgment interest and attorneys' fees and expenses. The court has consolidated the cases, appointed a lead plaintiff and entered a preliminary scheduling order. On March 8, 2018, the court granted the Company's and the Individual Defendants' motion to dismiss the Shareholder Litigation and entered judgment in the Company's and the Individual Defendants' favor. The plaintiffs have 30 days from the entry of the dismissal order within which to file an appeal with the federal appeals court.

The Company believes that the statements at issue in the Shareholder Litigation complied with the federal securities laws and intends to vigorously defend this matter. At this time, it is not possible to predict whether the Shareholder Litigation will be permitted to proceed as a class or the size of any putative class. Likewise, at this time, it is not possible to estimate the value of the claims asserted in this action, and no assurances can be given that the Company will be successful in its defense on the merits or otherwise. For these reasons, the Company is unable to estimate the potential loss or range of loss in this matter; however if the Company is not successful in its defense efforts, the resolution of the Shareholder Litigation could have a material adverse effect on the Company's consolidated financial statements as a whole.

The Company is also defending shareholder derivative actions filed in April, July and August 2017, in which each plaintiff asserts, purportedly on behalf of the Company, some or all of the following claims against the Company's board of directors and certain of its officers based upon factual allegations substantially similar to those in the Shareholder Litigation: alleged breach of fiduciary duties, unjust enrichment, violation of federal securities laws, abuse of control, and gross mismanagement. (*Robert Anderson v. Todd Vasos, et al.*, M.D. Tenn., Case No. 3:17-cv-00693; *Sharon Shaver v. Todd J. Vasos, et al*., Chancery Court for the Twentieth Judicial District of Davidson County, Tennessee, Case No. 17-797-I; *Glenn Saito v. Todd Vasos, et al*., M.D. Tenn., Case No. 3:17-cv-01138) (collectively "the Derivative Litigation"). The plaintiffs in the Derivative Litigation seek, purportedly on behalf of the Company, some or all of the following relief: compensatory damages, injunctive relief, disgorgement, restitution and attorneys' fees and expenses. The *Anderson* and *Saito* cases have been consolidated and stayed pending resolution of the motion to dismiss in the Shareholder Litigation, and a similar stay has been ordered in the *Shaver* action. At this time, the stays in the Derivative Litigation have not been lifted.

8. Benefit plans

The Dollar General Corporation 401(k) Savings and Retirement Plan, which became effective on January 1, 1998, is a safe harbor defined contribution plan and is subject to the Employee Retirement and Income Security Act (“ERISA”).

A participant’s right to claim a distribution of his or her account balance is dependent on the plan, ERISA guidelines and Internal Revenue Service regulations. All active participants are fully vested in all contributions to the 401(k) plan. During 2017, 2016 and 2015, the Company expensed approximately $17.5 million, $16.0 million and $15.0 million, respectively, for matching contributions.

The Company also has a nonqualified supplemental retirement plan (“SERP”) and compensation deferral plan (“CDP”), known as the Dollar General Corporation CDP/SERP Plan, for a select group of management and other key employees. The Company incurred compensation expense for these plans of approximately $0.7 million, $0.7 million and $1.1 million in 2017, 2016 and 2015, respectively.

The CDP/SERP Plan assets are invested in accounts selected by the Company’s Compensation Committee or its delegate, and the associated deferred compensation liability is reflected in the consolidated balance sheets as further disclosed in Note 6.

9. Share-based payments

The Company accounts for share-based payments in accordance with applicable accounting standards, under which the fair value of each award is separately estimated and amortized into compensation expense over the service period. The fair value of the Company’s stock option grants are estimated on the grant date using the Black-Scholes-Merton valuation model. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense. The fair value of the Company’s other share-based awards discussed below are estimated using the Company’s closing stock price on the grant date. Forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period.

On July 6, 2007, the Company’s Board of Directors adopted the 2007 Stock Incentive Plan, which plan was subsequently amended and restated on several occasions (as so amended and restated, the “Plan”). The Plan allows the granting of stock options, stock appreciation rights, and other stock-based awards or dividend equivalent rights to key employees, directors, consultants or other persons having a service relationship with the Company, its subsidiaries and certain of its affiliates. The number of shares of Company common stock authorized for grant under the Plan is 31,142,858.

Since May 2011, most of the share-based awards issued by the Company have been in the form of stock options, restricted stock, restricted stock units and performance share units. With limited exceptions, stock options and restricted stock units granted to employees generally vest ratably on an annual basis over four-year and three-year periods, respectively. Awards granted to board members generally vest over a one-year period. The number of performance share units earned are based on performance criteria measured in the year of grant or over a period of two or three years, and such awards generally vest over a three-year period. With limited exceptions, the performance share unit and restricted stock unit awards are payable in shares of common stock on the vesting date. At February 2, 2018, the Company also had a limited number of outstanding stock options issued prior to June 2011 (“Old Options”).

The weighted average for key assumptions used in determining the fair value of all stock options granted in the years ended February 2, 2018, February 3, 2017, and January 29, 2016, and a summary of the methodology applied to develop each assumption, are as follows:

	February 2, 2018	February 3, 2017	January 29, 2016
Expected dividend yield	1.3 %	1.3 %	1.2 %
Expected stock price volatility	25.5 %	25.4 %	25.3 %
Weighted average risk-free interest rate	2.1 %	1.6 %	1.8 %
Expected term of options (years)	6.3	6.3	6.4

Expected dividend yield - This is an estimate of the expected dividend yield on the Company's stock. An increase in the dividend yield will decrease compensation expense.

Expected stock price volatility - This is a measure of the amount by which the price of the Company's common stock has fluctuated or is expected to fluctuate. An increase in the expected volatility will increase compensation expense.

Weighted average risk-free interest rate - This is the U.S. Treasury rate for the week of the grant having a term approximating the expected life of the option. An increase in the risk-free interest rate will increase compensation expense.

Expected term of options - This is the period of time over which the options granted are expected to remain outstanding. The Company has estimated the expected term as the mid-point between the vesting date and the contractual term of the option. An increase in the expected term will increase compensation expense.

A summary of the Company's stock option activity, excluding Old Options, during the year ended February 2, 2018 is as follows:

(Intrinsic value amounts reflected in thousands)	Options Issued	Average Exercise Price	Remaining Contractual Term in Years	Intrinsic Value
Balance, February 3, 2017	2,698,658	70.64		
Granted	1,031,608	71.70		
Exercised	(303,530)	62.38		
Canceled	(349,823)	75.13		
Balance, February 2, 2018	3,076,913	$ 71.31	7.6	$ 86,568
Exercisable at February 2, 2018	916,545	$ 61.09	6.1	$ 35,146

The weighted average grant date fair value per share of options granted was $17.66, $20.06, and $18.48 during 2017, 2016 and 2015, respectively. The intrinsic value of options exercised during 2017, 2016, and 2015, excluding Old Options, was $7.3 million, $17.3 million and $20.8 million, respectively.

The number of performance share unit awards earned is based upon the Company's financial performance as specified in the award agreement. A summary of performance share unit award activity during the year ended February 2, 2018 is as follows:

(Intrinsic value amounts reflected in thousands)	Units Issued	Intrinsic Value
Balance, February 3, 2017	174,383	
Granted	145,141	
Converted to common stock	(80,464)	
Canceled	(29,970)	
Balance, February 2, 2018	209,090	$ 20,792

The balance of performance share unit awards at February 2, 2018 includes 34,864 unvested awards, the number of which was computed based upon the performance targets specified in the awards. The number of such awards which will ultimately vest will be based in part on the Company's financial performance in 2018 and 2019. The weighted average grant date fair value per share of performance share units granted was $70.68, $84.67 and $74.72 during 2017, 2016, and 2015, respectively.

A summary of restricted stock unit award activity during the year ended February 2, 2018 is as follows:

(Intrinsic value amounts reflected in thousands)	Units Issued	Intrinsic Value
Balance, February 3, 2017	501,961	
Granted	327,167	
Converted to common stock	(261,108)	
Canceled	(76,052)	
Balance, February 2, 2018	491,968	$ 48,921

The weighted average grant date fair value per share of restricted stock units granted was $70.90, $84.56, and $74.67 during 2017, 2016 and 2015, respectively.

At February 2, 2018, 51,308 Old Options were outstanding, all of which were exercisable, with an average exercise price of $22.31, an average remaining contractual term of 2.1 years, and an aggregate intrinsic value of $4.0 million. The intrinsic value of Old Options exercised during 2017, 2016, and 2015 was $6.9 million, $10.8 million and $11.5 million, respectively.

At February 2, 2018, the total unrecognized compensation cost related to unvested stock-based awards was $60.6 million with an expected weighted average expense recognition period of 2.2 years.

The fair value method of accounting for share-based awards resulted in share-based compensation expense (a component of SG&A expenses) and a corresponding reduction in income before and net of income taxes as follows:

(In thousands)	Stock Options	Performance Share Units	Restricted Stock Units	Total
Year ended February 2, 2018				
Pre-tax	$ 11,599	$ 6,159	$ 16,565	$ 34,323
Net of tax	$ 7,223	$ 3,835	$ 10,315	$ 21,373
Year ended February 3, 2017				
Pre-tax	$ 12,008	$ 7,258	$ 17,701	$ 36,967
Net of tax	$ 7,325	$ 4,427	$ 10,798	$ 22,550
Year ended January 29, 2016				
Pre-tax	$ 11,113	$ 4,856	$ 22,578	$ 38,547
Net of tax	$ 6,779	$ 2,962	$ 13,772	$ 23,513

10. Segment reporting

The Company manages its business on the basis of one reportable operating segment. See Note 1 for a brief description of the Company's business. As of February 2, 2018, all of the Company's operations were located within the United States with the exception of certain subsidiaries in Hong Kong and China and a liaison office in India, which collectively are not material with regard to assets, results of operations or otherwise, to the 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)	2017	2016	2015
Classes of similar products:			
Consumables	$ 18,054,785	$ 16,798,881	$ 15,457,611
Seasonal	2,837,310	2,674,319	2,522,701
Home products	1,400,618	1,373,397	1,289,423
Apparel	1,178,254	1,140,001	1,098,827
Net sales	$ 23,470,967	$ 21,986,598	$ 20,368,562

11. 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. On March 14, 2018, the Company's Board of Directors authorized a $1.0 billion increase to the existing common stock repurchase program and as of such date, a cumulative total of $6.0 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 Facilities and issuance of CP Notes discussed in further detail in Note 5.

During the years ended February 2, 2018, February 3, 2017, and January 29, 2016, the Company repurchased approximately 7.1 million shares of its common stock at a total cost of $0.6 billion, approximately 12.4 million shares of its common stock at a total cost of $1.0 billion, and approximately 17.6 million shares of its common stock at a total cost of $1.3 billion, respectively, pursuant to its common stock repurchase programs.

The Company paid quarterly cash dividends of $0.26 per share in 2017. On March 14, 2018, the Company's Board of Directors declared a quarterly cash dividend of $0.29 per share, which is payable on or before April 24, 2018 to shareholders of record on April 10, 2018. 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.

12. Quarterly financial data (unaudited)

The following is selected unaudited quarterly financial data for the fiscal years ended February 2, 2018 and February 3, 2017. Each quarterly period listed below was a 13-week accounting period, with the exception of the fourth quarter of 2016, which was a 14-week accounting period. The sum of the four quarters for any given year may not equal annual totals due to rounding.

(In thousands)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2017:				
Net sales	$ 5,609,625	$ 5,828,305	$ 5,903,606	$ 6,129,431
Gross profit	1,698,983	1,790,522	1,766,456	1,965,398
Operating profit	473,795	493,146	417,431	623,446
Net income	279,489	294,783	252,533	712,155
Basic earnings per share	1.02	1.08	0.93	2.63
Diluted earnings per share	1.02	1.08	0.93	2.63

(In thousands)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2016:				
Net sales	$ 5,265,432	$ 5,391,891	$ 5,320,029	$ 6,009,246
Gross profit	1,612,614	1,681,767	1,587,510	1,900,747
Operating profit	480,743	509,097	392,991	680,618
Net income	295,124	306,518	235,315	414,176
Basic earnings per share	1.03	1.08	0.84	1.50
Diluted earnings per share	1.03	1.08	0.84	1.49

In 2017, the Company purchased 15 retail store locations and assumed the lease obligations on approximately 300 retail store locations, and relocated certain of its existing stores to the acquired locations. As a result, the Company incurred expenses, primarily related to costs for remaining lease liabilities, of $7.3 million ($4.4 million net of tax, or $0.02 per diluted share), which was recognized in Selling, general, and administrative expense in the second quarter of 2017.

In the fourth quarter of 2017, the Company closed an incremental 35 stores as result of a strategic review process. The Company incurred $28.3 million of costs ($17.6 million net of tax, or $0.07 per diluted share) related to these store closings, most of which was in the form of SG&A expenses for remaining lease liabilities.

In 2016, the Company acquired 42 retail store locations and closed 40 of its own locations as part of relocating stores to the purchased locations. As a result, the Company incurred expenses, primarily related to costs for remaining lease liabilities, of $11.0 million ($6.7 million net of tax, or $0.02 per diluted share), which was recognized in SG&A expense in the third quarter of 2016.

In the fourth quarter of 2016, the Company sold or assigned the leases for 12 of its own locations which were closed as part of the relocation process to the acquired locations. As a result, the Company incurred a reduction of expenses of $4.5 million ($2.8 million net of tax, or $0.01 per diluted share), which was recognized in SG&A expense.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. 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 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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) Management's Annual Report on Internal Control Over Financial Reporting. Our management prepared and is responsible for the consolidated financial statements and all related financial information contained in this report. This responsibility includes establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with United States generally accepted accounting principles.

To comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, management designed and implemented a structured and comprehensive assessment process to evaluate the effectiveness of its internal control over financial reporting. Such assessment was based on criteria established in *Internal Control—Integrated Framework* (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Management regularly monitors our internal control over financial reporting, and actions are taken to correct any deficiencies as they are identified. Based on its assessment, management has concluded that our internal control over financial reporting is effective as of February 2, 2018.

Ernst & Young LLP, the independent registered public accounting firm that audited our consolidated financial statements, has issued an attestation report on our internal control over financial reporting. Such attestation report is contained below.

(c) Attestation Report of Independent Registered Public Accounting Firm.

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control over Financial Reporting

We have audited Dollar General Corporation and subsidiaries' internal control over financial reporting as of February 2, 2018, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Dollar General Corporation and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of February 2, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2017 consolidated financial statements of the Company and our report dated March 23, 2018, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. 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 Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Nashville, Tennessee
March 23, 2018

(d) Changes in Internal Control Over Financial Reporting. There have been no changes during the quarter ended February 2, 2018 in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) or Rule 15d-15(f)) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Long-Term Incentive Program: 2018 Annual Equity Grants

On March 21, 2018, a subcommittee of the Company's Compensation Committee (the "Committee") awarded 157,197 non-qualified stock options ("Options") and 40,924 performance share units ("PSUs") to Mr. Vasos, 27,510 Options and 7,162 PSUs to Mr. Garratt and Ms. Taylor and 29,475 Options and 7,673 PSUs to Messrs. Owen and Ravener on the terms and subject to the conditions set forth in the form of Option award agreement ("Form Option Agreement") and form of PSU award agreement ("Form PSU Agreement") attached hereto as Exhibit 10.7 and Exhibit 10.15, respectively (collectively, the "Form Award Agreements"), and subject to the terms and conditions of the previously filed Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan.

The Options, which were granted on terms substantially similar to the prior year, have a term of ten years and, subject to earlier forfeiture or accelerated vesting under certain circumstances described in the Form Option Agreement, generally will vest in four equal annual installments beginning on April 1, 2019.

The PSUs represent a target number of units that can be earned if certain performance measures are achieved during the applicable performance periods and if certain additional vesting requirements are met. Fifty percent of the target number of PSUs is subject to an adjusted EBITDA performance measure with a performance period of the Company's fiscal year 2018. The other fifty percent of the target number of PSUs is subject to an adjusted ROIC performance measure which is the average of adjusted ROIC for the Company's fiscal years 2018, 2019 and 2020. All performance measures were established by the Committee on the grant date. The number of PSUs earned will vary between 0% and 300% of the target amount based on actual performance compared to target performance on a graduated scale, with performance at the target level resulting in 100% of the target number of PSUs being earned. At the conclusion of each applicable performance period, the Committee will determine the level of achievement of each performance goal measure and the corresponding number of PSUs earned by each grantee. Subject to certain pro-rata vesting conditions, one-third of the PSUs earned by each grantee for adjusted EBITDA performance will vest in equal installments on April 1, 2019, April 1, 2020 and April 1, 2021, in each case subject to the grantee's continued employment with the Company and certain accelerated vesting provisions described in the Form PSU Agreement. Subject to certain pro-rata vesting conditions, the PSUs earned by each grantee for adjusted ROIC performance will vest on April 1, 2021, subject to the grantee's continued employment with the Company and certain accelerated vesting provisions described in the Form PSU Agreement.

The foregoing descriptions of all Options and PSU awards and the Form Award Agreements are summaries only, do not purport to be complete, and are qualified in their entirety by reference to the filed Form Option Agreement and Form PSU Agreement attached hereto as Exhibits 10.7 and 10.15, respectively.

Short-Term Incentive Program: 2018 Teamshare

On March 21, 2018, the Committee approved the Company's 2018 short-term incentive bonus program applicable to the Company's named executive officers ("2018 Teamshare") on the terms and subject to the conditions set forth in the 2018 Teamshare bonus program document attached hereto as Exhibit 10.35.

The Committee selected adjusted EBIT as the Company-wide performance measure for 2018 Teamshare and established the target level of adjusted EBIT consistent with adjusted EBIT in the Company's fiscal year 2018 financial plan previously approved by the Board of Directors in January 2018. The Committee determined that adjusted EBIT shall mean the Company's Operating Profit as calculated in accordance with United States generally accepted accounting principles, but shall exclude the impact of (a) any costs, fees and expenses directly related to the consideration, negotiation, preparation, or consummation of any asset sale, merger or other transaction that results in a Change in Control (within the meaning of the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan) of the Company or any offering of Company common stock or other security; (b) disaster-related charges; (c) any gains or losses associated with the Company's LIFO computation; and (d) unless the Committee disallows any such item, (i) any unbudgeted loss as a result of the resolution of a legal matter or (ii) any unplanned loss(es) or gain(s) related to the implementation of accounting or tax legislative changes or (iii) any unplanned loss(es) or gain(s) of a non-recurring nature, provided that in the case of each of (i), (ii) and (iii) such amount equals or exceeds $1 million from a single loss or gain, as applicable, and $10 million in the aggregate. The Committee established the threshold below which no bonus may be paid under 2018 Teamshare at 90% of the target level of the adjusted EBIT performance measure and the maximum above which no additional bonus may be paid at 120% of the target level of the adjusted EBIT performance measure. The amount of bonus paid to named executive officers will vary between 0% and 300% of the target bonus payment amount based on actual Company performance compared to target performance on a graduated scale, with performance at the target level resulting in 100% of the target bonus amount being earned, subject to individual eligibility requirements and additional individual performance factors. If a named executive officer is determined to be eligible to receive a 2018 Teamshare bonus payout in accordance with the eligibility rules, adjustments to bonus payouts may be made upward or downward, as applicable, to a level from 100%-120% if rated "Exceeds Expectations," to a level from 80%-100% if rated "Meets Expectations" and to a level from 0%-80% if rated "Below Expectations". Mr. Vasos's target percentage of base salary payout for 2018 Teamshare is 150%, and Messrs. Garratt, Owen and Ravener and Ms. Taylor's target percentage of base salary payout for 2018 Teamshare is 75%.

The foregoing description of 2018 Teamshare is a summary only, does not purport to be complete, and is qualified in its entirety by reference to the filed 2018 Teamshare Bonus Program document attached hereto as Exhibit 10.35.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

(a) Information Regarding Directors and Executive Officers. The information required by this Item 10 regarding our directors and director nominees is contained under the captions "Who are the nominees this year," "What are the backgrounds of this year's nominees," "Are there any familial relationships between any of the nominees," "How are directors identified and nominated," and "What particular experience, qualifications, attributes or skills led the Board of Directors to conclude that each nominee should serve as a director of Dollar General," all under the heading "Proposal 1: Election of Directors" in our definitive Proxy Statement to be filed for our Annual Meeting of Shareholders to be held on May 30, 2018 (the "2018 Proxy Statement"), which information under such captions is incorporated herein by reference. Information required by this Item 10 regarding our executive officers is contained in Part I of this Form 10-K under the caption "Executive Officers of the Registrant," which information under such caption is incorporated herein by reference.

(b) Compliance with Section 16(a) of the Exchange Act. Information required by this Item 10 regarding compliance with Section 16(a) of the Exchange Act is contained under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the 2018 Proxy Statement, which information under such caption is incorporated herein by reference.

(c) Code of Business Conduct and Ethics. We have adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers and Board members. This Code is posted on the Investor Information section of our Internet website at www.dollargeneral.com. If we choose to no longer post such Code, we will provide a free copy to any person upon written request to Dollar General Corporation, c/o Investor Relations Department, 100 Mission Ridge, Goodlettsville, TN 37072. We intend to provide any required disclosure of an amendment to or waiver from such Code that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, on our Internet website located at www.dollargeneral.com promptly following the amendment or waiver. We may elect to disclose any such amendment or waiver in a report on Form 8-K filed with the SEC either in addition to or in lieu of the website disclosure. The information contained on or connected to our Internet website is not incorporated by reference into this Form 10-K and should not be considered part of this or any other report that we file with or furnish to the SEC.

(d) Procedures for Shareholders to Recommend Director Nominees. There have been no material changes to the procedures by which security holders may recommend nominees to the registrant's Board of Directors.

(e) Audit Committee Information. Information required by this Item 10 regarding our audit committee and our audit committee financial experts is contained under the captions "Corporate Governance—Does the Board of Directors have standing Audit, Compensation and Nominating Committees" and "—Does Dollar General have an audit committee financial expert serving on its Audit Committee" in the 2018 Proxy Statement, which information under such captions is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 regarding director and executive officer compensation, the Compensation Committee Report, the risks arising from our compensation policies and practices for employees, pay ratio disclosure, and compensation committee interlocks and insider participation is contained under the captions "Director Compensation" and "Executive Compensation" in the 2018 Proxy Statement, which information under such captions is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

(a) Equity Compensation Plan Information. The following table sets forth information about securities authorized for issuance under our compensation plans (including individual compensation arrangements) as of February 2, 2018:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders[(1)]	3,882,450	$ 70.50	16,759,928
Equity compensation plans not approved by security holders	—	—	—
Total	3,882,450	$ 70.50	16,759,928

(1) Column (a) consists of shares of common stock issuable upon exercise of outstanding options and upon vesting and payment of restricted stock units, performance share units and deferred shares, including dividend equivalents accrued thereon, under the Stock Incentive Plan. Restricted stock units, performance share units, deferred shares and dividend equivalents are settled for shares of common stock on a one-for-one basis and have no exercise price. Accordingly, they have been excluded for purposes of computing the weighted-average exercise price in column (b). Column (c) consists of shares reserved for issuance pursuant to the Stock Incentive Plan, whether in the form of stock, restricted stock, restricted stock units, performance share units or other stock-based awards or upon the exercise of an option or right.

(b) Other Information. The information required by this Item 12 regarding security ownership of certain beneficial owners and our management is contained under the caption "Security Ownership" in the 2018 Proxy Statement, which information under such caption is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 regarding certain relationships and related transactions is contained under the caption "Transactions with Management and Others" in the 2018 Proxy Statement, which information under such caption is incorporated herein by reference.

The information required by this Item 13 regarding director independence is contained under the caption "Director Independence" in the 2018 Proxy Statement, which information under such caption is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item 14 regarding fees we paid to our principal accountant and the pre-approval policies and procedures established by the Audit Committee of our Board of Directors is contained under the caption "Fees Paid to Auditors" in the 2018 Proxy Statement, which information under such caption is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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

(c) Exhibits:

EXHIBIT INDEX

3.1 Amended and Restated Charter of Dollar General Corporation (complete copy as amended for SEC filing purposes only) (incorporated by reference to Exhibit 3.1 to Dollar General Corporation's Quarterly Report on Form 10-Q for the quarter ended May 3, 2013, filed with the SEC on June 4, 2013 (file no. 001-11421))

3.2 Bylaws of Dollar General Corporation (as amended and restated on March 23, 2017) (incorporated by reference to Exhibit 3.2 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 3, 2017, filed with the SEC on March 24, 2017 (file no. 001-11421))

4.1 Form of Stock Certificate for Common Stock (incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Registration Statement on Form S-1 (file no. 333-161464))

4.2 Form of 1.875% Senior Notes due 2018 (included in Exhibit 4.7) (incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Current Report on Form 8-K dated April 8, 2013, filed with the SEC on April 11, 2013 (file no. 001-11421))

4.3 Form of 3.250% Senior Notes due 2023 (included in Exhibit 4.8) (incorporated by reference to Exhibit 4.2 to Dollar General Corporation's Current Report on Form 8-K dated April 8, 2013, filed with the SEC on April 11, 2013 (file no. 001-11421))

4.4 Form of 4.150% Senior Notes due 2025 (included in Exhibit 4.9) (incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Current Report on Form 8-K dated October 15, 2015, filed with the SEC on October 20, 2015 (file no. 001-11421))

4.5 Form of 3.875% Senior Notes due 2027 (included in Exhibit 4.10) (incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Current Report on Form 8-K dated April 11, 2017, filed with the SEC on April 11, 2017 (file no. 001-11421))

4.6 Indenture, dated as of July 12, 2012, between Dollar General Corporation, as issuer, 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 July 12, 2012, filed with the SEC on July 17, 2012 (file no. 001-11421))

4.7 Third Supplemental Indenture, dated as of April 11, 2013, between Dollar General Corporation, as issuer, 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 8, 2013, filed with the SEC on April 11, 2013 (file no. 001-11421))

4.8 Fourth Supplemental Indenture, dated as of April 11, 2013, between Dollar General Corporation, as issuer, and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to Dollar General Corporation's Current Report on Form 8-K dated April 8, 2013, filed with the SEC on April 11, 2013 (file no. 001-11421))

4.9 Fifth Supplemental Indenture, dated as of October 20, 2015, between Dollar General Corporation, as issuer, 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 October 15, 2015, filed with the SEC on October 20, 2015 (file no. 001-11421))

4.10 Sixth Supplemental Indenture, dated as of April 11, 2017, 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 11, 2017, filed with the SEC on April 11, 2017 (file no. 001-11421))

4.11 Amended and Restated Credit Agreement, dated as of February 22, 2017, among Dollar General Corporation, as borrower, Citibank, N.A., as administrative agent, and the other credit parties and lenders party thereto (incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Current Report on Form 8-K dated February 22, 2017, filed with the SEC on February 22, 2017 (file no. 001-11421))

10.1 Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan (adopted November 30, 2016 and approved by shareholders on May 31, 2017) (incorporated by reference to Exhibit 10.2 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 28, 2016, filed with the SEC on December 1, 2016 (file no. 001-11421))*

10.2 Form of Stock Option Award Agreement (approved May 24, 2011) for awards made prior to December 2014 to certain newly hired and promoted employees of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended April 29, 2011, filed with the SEC on June 1, 2011 (file no. 001-11421))*

10.3 Form of Stock Option Award Agreement (approved March 20, 2012) for annual awards beginning March 2012 and prior to March 2015 to certain employees of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to Dollar General Corporation's Current Report on Form 8-K dated March 20, 2012, filed with the SEC on March 26, 2012 (file no. 001-11421))*

10.4 Form of Stock Option Award Agreement (approved August 26, 2014) for annual awards beginning March 2015 and prior to March 2016 to certain employees of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2014, filed with the SEC on December 4, 2014 (file no. 001-11421))*

10.5 Form of Stock Option Award Agreement (approved March 16, 2016) for awards beginning March 2016 and prior to March 2017 to certain employees of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.5 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 29, 2016, filed with the SEC on March 22, 2016 (file no. 001-11421))*

10.6 Form of Stock Option Award Agreement (approved March 22, 2017) for awards beginning March 2017 and prior to March 2018 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 10.7 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 3, 2017, filed with the SEC on March 24, 2017 (file no. 001-11421))*

10.7 Form of Stock Option Award Agreement (approved March 21, 2018) for awards beginning March 2018 to certain employees of Dollar General Corporation pursuant to the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan*

10.8 Form of Stock Option Award Agreement (approved August 26, 2014) for awards beginning December 2014 and prior to May 2016 to certain newly hired and promoted employees of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2014, filed with the SEC on December 4, 2014 (file no. 001-11421))*

10.9 Form of Stock Option Award Agreement (approved May 24, 2016) for awards beginning May 2016 and prior to March 2017 to certain newly hired and promoted employees of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended April 29, 2016, filed with the SEC on May 26, 2016 (file no. 001-11421))*

10.10 Form of Stock Option Award Agreement (approved March 22, 2017) for awards beginning March 2017 and prior to December 2017 to certain newly hired and promoted employees of Dollar General Corporation pursuant to the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.10 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 3, 2017, filed with the SEC on March 24, 2017 (file no. 001-11421))*

10.11 Form of Stock Option Award Agreement (approved December 5, 2017) for awards beginning December 2017 to certain newly hired and promoted employees of Dollar General Corporation pursuant to the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended November 3, 2017, filed with the SEC on December 7, 2017 (file no. 001-11421))*

10.12 Form of Performance Share Unit Award Agreement (approved August 26, 2014) for annual awards beginning March 2015 and prior to March 2016 to certain employees of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.4 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2014, filed with the SEC on December 4, 2014 (file no. 001-11421))*

10.13 Form of Performance Share Unit Award Agreement (approved March 16, 2016) for awards beginning March 2016 and prior to March 2017 to certain employees of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.10 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 29, 2016, filed with the SEC on March 22, 2016 (file no. 001-11421))*

10.14 Form of Performance Share Unit Award Agreement (approved March 22, 2017) for awards beginning March 2017 and prior to March 2018 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 10.13 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 3, 2017, filed with the SEC on March 24, 2017 (file no. 001-11421))*

10.15 Form of Performance Share Unit Award Agreement (approved March 21, 2018) for awards beginning March 2018 to certain employees of Dollar General Corporation pursuant to the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan*

10.16 Form of Restricted Stock Unit Award Agreement (approved March 17, 2015) for awards beginning March 2015 and prior to March 2016 to certain employees of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended May 1, 2015, filed with the SEC on June 2, 2015 (file no. 001-11421))*

10.17 Form of Restricted Stock Unit Award Agreement (approved March 16, 2016) for awards beginning March 2016 and prior to March 2017 to certain employees of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.13 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 29, 2016, filed with the SEC on March 22, 2016 (file no. 001-11421))*

10.18 Form of Restricted Stock Unit Award Agreement (approved March 22, 2017) for awards beginning March 2017 and prior to March 2018 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 10.16 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 3, 2017, filed with the SEC on March 24, 2017 (file no. 001-11421))*

10.19 Form of Restricted Stock Unit Award Agreement (approved March 21, 2018) for awards beginning March 2018 to certain employees of Dollar General Corporation pursuant to the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan*

10.20 Waiver of Certain Limitations Set Forth in Option Agreements Pertaining to Options Previously Granted under the Amended and Restated 2007 Stock Incentive Plan, effective August 26, 2010 (incorporated by reference to Exhibit 10.3 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended July 30, 2010, filed with the SEC on August 31, 2010 (file no. 001-11421))*

10.21 Form of Restricted Stock Unit Award Agreement for awards prior to May 2011 to non-employee directors of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.15 to Dollar General Corporation's Registration Statement on Form S-1 (file no. 333-161464))

10.22 Form of Restricted Stock Unit Award Agreement (approved May 24, 2011) for awards beginning May 2011 and prior to May 2014 to non-employee directors of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended April 29, 2011, filed with the SEC on June 1, 2011 (file no. 001-11421))

10.23 Form of Restricted Stock Unit Award Agreement (approved May 28, 2014) for awards beginning May 2014 and prior to February 2015 to non-employee directors of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.4 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended May 2, 2014, filed with the SEC on June 3, 2014 (file no. 001-11421))

10.24 Form of Restricted Stock Unit Award Agreement (approved December 3, 2014) for awards beginning February 2015 and prior to May 2016 to non-employee directors of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.7 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2014, filed with the SEC on December 4, 2014 (file no. 001-11421))

10.25 Form of Restricted Stock Unit Award Agreement (approved May 24, 2016) for awards beginning May 2016 to non-employee directors of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended April 29, 2016, filed with the SEC on May 26, 2016 (file no. 001-11421))

10.26 Form of Restricted Stock Unit Award Agreement (approved May 30, 2017) for awards beginning May 2017 to non-employee directors of Dollar General Corporation pursuant to the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended May 5, 2017, filed with the SEC on June 1, 2017 (file no. 001-11421))

10.27 Form of Restricted Stock Unit Award Agreement (approved January 26, 2016) for awards beginning February 1, 2016 to non-executive Chairmen of the Board of Directors of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.20 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 29, 2016, filed with the SEC on March 22, 2016 (file no. 001-11421))

10.28 Form of Stock Option Award Agreement for awards to non-employee directors of Dollar General Corporation pursuant to the Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.16 to Dollar General Corporation's Registration Statement on Form S-1 (file no. 333-161464))

10.29 Dollar General Corporation CDP/SERP Plan (as amended and restated effective December 31, 2007) (incorporated by reference to Exhibit 10.10 to Dollar General Corporation's Registration Statement on Form S-4 (file no. 333-148320))*

10.30 First Amendment to the Dollar General Corporation CDP/SERP Plan (as amended and restated effective December 31, 2007) (incorporated by reference to Exhibit 10.11 to Dollar General Corporation's Registration Statement on Form S-4 (file no. 333-148320))*

10.31 Second Amendment to the Dollar General Corporation CDP/SERP Plan (as amended and restated effective December 31, 2007), dated as of June 3, 2008 (incorporated by reference to Exhibit 10.6 to Dollar General Corporation's Quarterly Report on Form 10-Q for the quarter ended August 1, 2008, filed with the SEC on September 3, 2008 (file no. 001-11421))*

10.32 Dollar General Corporation Non-Employee Director Deferred Compensation Plan (approved December 3, 2014) (incorporated by reference to Exhibit 10.6 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2014, filed with the SEC on December 4, 2014 (file no. 001-11421))

10.33 Amended and Restated Dollar General Corporation Annual Incentive Plan (adopted November 30, 2016 and approved by shareholders on May 31, 2017) (incorporated by reference to Exhibit 10.1 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 28, 2016, filed with the SEC on December 1, 2016 (file no. 001-11421))*

10.34 Dollar General Corporation 2017 Teamshare Bonus Program for Named Executive Officers (incorporated by reference to Exhibit 10.1 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended May 5, 2017, filed with the SEC on June 1, 2017 (file no. 001-11421))*

10.35 Dollar General Corporation 2018 Teamshare Bonus Program for Named Executive Officers*

10.36 Summary of Dollar General Corporation Life Insurance Program as Applicable to Executive Officers*

10.37 Dollar General Corporation Executive Relocation Policy, as amended (effective March 21, 2018)*

10.38 Summary of Non-Employee Director Compensation effective February 3, 2018 (incorporated by reference to Exhibit 10.1 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended November 3, 2017, filed with the SEC on December 7, 2017 (file no. 001-11421))

10.39 Employment Agreement, effective June 3, 2015, between Dollar General Corporation and Todd J. Vasos (incorporated by reference to Exhibit 99.3 to Dollar General Corporation's Current Report on Form 8-K dated May 27, 2015, filed with the SEC on May 28, 2015 (file no. 001-11421))*

10.40 Form of Stock Option Award Agreement between Dollar General Corporation and Todd J. Vasos for June 3, 2015 award (incorporated by reference to Exhibit 99.2 to Dollar General Corporation's Current Report on Form 8-K dated May 27, 2015, filed with the SEC on May 28, 2015 (file no. 001-11421))*

10.41 Form of Stock Option Award Agreement between Dollar General Corporation and Todd J. Vasos (approved March 16, 2016) (incorporated by reference to Exhibit 10.38 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 29, 2016, filed with the SEC on March 22, 2016 (file no. 001-11421)) *

10.42 Employment Agreement, effective December 2, 2015, between Dollar General Corporation and John W. Garratt (incorporated by reference to Exhibit 99.2 to Dollar General Corporation's Current Report on Form 8-K dated December 2, 2015, filed with the SEC on December 3, 2015 (file no. 001-11421))*

10.43 Employment Agreement, effective June 15, 2015, between Dollar General Corporation and Jeffery C. Owen (incorporated by reference to Exhibit 10.7 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 30, 2015, filed with the SEC on December 3, 2015 (file no. 001-11421))*

10.44 Employment Agreement, effective August 10, 2015, between Dollar General Corporation and Robert D. Ravener (incorporated by reference to Exhibit 10.5 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2015, filed with the SEC on August 27, 2015 (file no. 001-11421))*

10.45 Stock Option Agreement, dated as of March 24, 2010, between Dollar General Corporation and Robert D. Ravener (incorporated by reference to Exhibit 10.42 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 28, 2011, filed with the SEC on March 22, 2011 (file no. 001-11421))*

10.46 Employment Agreement, effective July 12, 2017, between Dollar General Corporation and Jason S. Reiser (incorporated by reference to Exhibit 10.1 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended August 4, 2017, filed with the SEC on August 31, 2017 (file no. 001-11421))*

10.47 Employment Agreement, effective August 10, 2015, between Dollar General Corporation and Rhonda M. Taylor (incorporated by reference to Exhibit 10.4 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2015, filed with the SEC on August 27, 2015 (file no. 001-11421))*

10.48 Stock Option Agreement, dated March 24, 2010, between Dollar General Corporation and Rhonda M. Taylor (incorporated by reference to Exhibit 10.48 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 29, 2016, filed with the SEC on March 22, 2016 (file no. 001-11421))*

10.49	Employment Agreement, effective July 10, 2017, between Dollar General Corporation and Carman R. Wenkoff (incorporated by reference to Exhibit 10.2 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended August 4, 2017, filed with the SEC on August 31, 2017 (file no. 001-11421))*
10.50	Employment Agreement, effective December 2, 2015, between Dollar General Corporation and Anita C. Elliott (incorporated by reference to Exhibit 99.3 to Dollar General Corporation's Current Report on Form 8-K dated December 2, 2015, filed with the SEC on December 3, 2015 (file no. 001-11421))*
10.51	Employment Agreement, effective June 1, 2015, between Dollar General Corporation and Michael J. Kindy (incorporated by reference to Exhibit 10.48 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 3, 2017, filed with the SEC on March 24, 2017 (file no. 001-11421))*
10.52	Omnibus Limited Waiver by Dollar General Corporation to the Employment Agreement and Employment Transition Agreement with certain employees of Dollar General Corporation, effective January 28, 2016 (incorporated by reference to Exhibit 10.52 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 29, 2016, filed with the SEC on March 22, 2016 (file no. 001-11421))*
10.53	Employment Agreement, effective August 10, 2015, between Dollar General Corporation and John W. Flanigan (incorporated by reference to Exhibit 10.6 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2015, filed with the SEC on August 27, 2015 (file no. 001-11421))*
10.54	Employment Agreement, effective August 7, 2015, between Dollar General Corporation and James W. Thorpe (incorporated by reference to Exhibit 10.6 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 30, 2015, filed with the SEC on December 3, 2015 (file no. 001-11421))*
12	Calculation of Fixed Charge Ratio
21	List of Subsidiaries of Dollar General Corporation
23	Consent of Independent Registered Public Accounting Firm
24	Powers of Attorney (included as part of the signature pages hereto)
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.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* Management Contract or Compensatory Plan

ITEM 16. FORM 10-K SUMMARY

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DOLLAR GENERAL CORPORATION

Date: March 23, 2018

By: /s/ Todd J. Vasos
Todd J. Vasos,
Chief Executive Officer

We, the undersigned directors and officers of the registrant, hereby severally constitute Todd J. Vasos, John W. Garratt and Anita C. Elliott, and each of them singly, our true and lawful attorneys with full power to them and each of them to sign for us, and in our names in the capacities indicated below, any and all amendments to this Annual Report on Form 10-K filed with the Securities and Exchange Commission.

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

Name	Title	Date
/s/ Todd J. Vasos TODD J. VASOS	Chief Executive Officer & Director (Principal Executive Officer)	March 23, 2018
/s/ John W. Garratt JOHN W. GARRATT	Executive Vice President & Chief Financial Officer (Principal Financial Officer)	March 23, 2018
/s/ Anita C. Elliott ANITA C. ELLIOTT	Senior Vice President & Chief Accounting Officer (Principal Accounting Officer)	March 23, 2018
/s/ Warren F. Bryant WARREN F. BRYANT	Director	March 23, 2018
/s/ Michael M. Calbert MICHAEL M. CALBERT	Director	March 23, 2018
/s/ Sandra B. Cochran SANDRA B. COCHRAN	Director	March 23, 2018
/s/ Patricia D. Fili-Krushel PATRICIA D. FILI-KRUSHEL	Director	March 23, 2018
/s/ Timothy I. McGuire TIMOTHY I. MCGUIRE	Director	March 23, 2018
/s/ Paula A. Price PAULA A. PRICE	Director	March 23, 2018
/s/ William C. Rhodes, III WILLIAM C. RHODES, III	Director	March 23, 2018
/s/ David B. Rickard DAVID B. RICKARD	Director	March 23, 2018
/s/ Ralph E. Santana RALPH E. SANTANA	Director	March 23, 2018

Exhibit 10.15

DOLLAR GENERAL CORPORATION
PERFORMANCE SHARE UNIT AWARD AGREEMENT

THIS AGREEMENT (the "Agreement"), dated as of the date indicated on **Schedule A** hereto (the "Grant Date"), is made between Dollar General Corporation, a Tennessee corporation (hereinafter, together with all Service Recipients unless the context indicates otherwise, called the "Company"), and the individual whose name is set forth on the signature page hereof, who is a Key Employee of the Company (hereinafter referred to as the "Grantee"). Capitalized terms not otherwise defined herein shall have the same meanings as in the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan, as amended from time to time (the "Plan"), the terms of which are hereby incorporated by reference and made a part of this Agreement.

WHEREAS, the Company desires to grant the Grantee a performance share unit award as provided for hereunder, ultimately payable in shares of Common Stock of the Company, par value $0.875 per Share (the "Performance Share Unit Award"), pursuant to the terms and conditions of this Agreement and the Plan; and

WHEREAS, the Compensation Committee (or a duly authorized subcommittee thereof) of the Company's Board appointed to administer the Plan (the "Committee") has determined that it would be to the advantage and in the best interest of the Company and its shareholders to grant the Performance Share Unit Award provided for herein to the Grantee, and has advised the Company thereof and instructed the undersigned officer to issue said Performance Share Unit Award.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. **Grant of Performance Share Unit Award**. Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement, the Company hereby grants to the Grantee a certain number of performance units (referred to as "Performance Share Units") which the Grantee will have an opportunity to earn and vest in over Performance Periods (as defined below) of one year or three years if certain performance goal measures are met in accordance with Section 4 and if additional service and payment requirements are met in accordance with Section 5. A Performance Share Unit represents the right to receive one Share of Common Stock upon satisfaction of the requirements set forth in this Agreement. For the avoidance of doubt, no Performance Share Unit shall be earned unless all applicable performance and service requirements are met.

2. **Target Number of Performance Share Units**. The target number of Performance Share Units awarded is set forth on **Schedule A** hereto. At the end of the applicable Performance Period, and subject to additional service and payment requirements in Section 5, the Grantee can earn up to [300%] of the target number of Performance Share Units or as little as [no] Performance Share Units, depending upon actual performance compared to the performance goal measures established by the Committee.

3. **Performance Period**. There are two periods during which the performance goal measures apply (each a "Performance Period"): a one-year performance period applies to the Adjusted EBITDA goal (the "One-Year Goal") and a three-year performance period applies to the

Average Adjusted ROIC goal (the "Three-Year Goal"). The Performance Periods begin and end as set forth on **Schedule A** hereto.

4. **Performance Goal Measures**.

(a) The performance goal measures and the levels of performance for each of the performance goal measures that are required to earn Performance Share Units were established by the Committee on the Grant Date. In determining performance, [fifty percent (50%)] of the target number of Performance Share Units are subject to the One-Year Goal which is based on Adjusted EBITDA and the other [fifty percent (50%)] of the target number of Performance Share Units are subject to the Three-Year Goal which is based on Average Adjusted ROIC, each as defined below and as established by the Committee, for the applicable Performance Period, with the method for determining the number of Performance Share Units that can be earned (including the threshold, target and maximum number of Performance Share Units) set forth on **Schedule A** hereto, subject to the additional service and payment requirements in Section 5. In allocating the Performance Share Units between the One-Year Goal and the Three-Year Goal, any remaining fractional share of Common Stock underlying the target number of Performance Share Units shall be allocated to the One-Year Goal. If the performance level for a performance goal measure is below the established threshold, no Performance Share Units shall be earned for the applicable Performance Period with respect to such performance goal measure. If the performance level for a performance goal measure is above the established maximum, no additional Performance Share Units shall be earned above the associated maximum payout level for the applicable Performance Period with respect to such performance goal measure. Within sixty (60) days following the end of the applicable Performance Period, the Committee will determine the extent to which the applicable performance goal measure has been met and the number of Performance Share Units earned (subject to the additional service and payment requirements in Section 5). If performance for the applicable performance goal measure is between the threshold and the target or between the target and the maximum, the performance level achieved will be determined by applying linear interpolation to the performance interval and then rounding to the nearest whole Performance Share Unit. The Committee must certify the performance results for each of the performance goal measures following the end of the applicable Performance Period. Except as provided in Section 5(i) in the event of a Change in Control during the applicable Performance Period, any Performance Share Units that are not, based on the Committee's determination, earned by performance during the applicable Performance Period, including Performance Share Units that had been potentially earnable by performance in excess of the actual performance levels achieved, shall be cancelled and forfeited as of the last day of the applicable Performance Period.

(b) The following terms have the following meaning for purposes hereof:

(i) "Adjusted EBITDA" shall be computed as income (loss) from continuing operations before cumulative effect of change in accounting principles plus interest and other financing costs, net, provision for income taxes, and depreciation and amortization, but shall exclude the impact of (a) any costs, fees and expenses directly related to the consideration, negotiation, preparation, or consummation of any asset sale, merger or other transaction that results in a Change in Control (within the meaning of the Plan) of the Company or any offering of Company common stock or other security; (b) disaster-related charges; (c) any gains or losses associated with the Company's LIFO computation; and (d) unless the Committee disallows any such item, (i) any unbudgeted loss as a result of the resolution of a legal matter or (ii) any unplanned loss(es) or gain(s) related to the implementation of accounting or tax legislative changes or (iii) any unplanned loss(es) or gain(s) of a non-recurring nature, provided that in the case of each of (i), (ii) and (iii) such amount equals or exceeds [$1 million] from a single loss or gain, as applicable, and [$10 million] in the aggregate.

(ii) "Adjusted ROIC" shall mean during each fiscal year within the Performance Period applicable to the Three-Year Goal (a) the result of (x) the sum of (i) the Company's operating income, plus (ii) depreciation and amortization, plus (iii) minimum rentals for [2018] and single lease cost for [2019 and 2020], minus (y) taxes, divided by (b) the result of (x) the sum of the averages of: (i) total assets, excluding any assets associated with the adoption of new lease accounting standards in [2019], plus (ii) accumulated depreciation and amortization, minus (y) (i) cash, minus (ii) goodwill, minus (iii) accounts payable, minus (iv) other payables, minus (v) accrued liabilities, plus (vi) 8x minimum rentals for [2018] and 8x single lease cost for [2019 and 2020] (with all of the foregoing terms as determined per the Company's financial statements for each fiscal year within the Performance Period applicable to the Three-Year Goal), but shall exclude the impact of (a) any costs, fees and expenses directly related to the consideration, negotiation, preparation, or consummation of any asset sale, merger or other transaction that results in a Change in Control (within the meaning of the Plan) of the Company or any offering of Company common stock or other security; (b) disaster-related charges; (c) any gains or losses associated with the Company's LIFO computation; and (d) unless the Committee disallows any such item, (i) any unbudgeted loss as a result of the resolution of a legal matter or (ii) any unplanned loss(es) or gain(s) related to the implementation of accounting or tax legislative changes or (iii) any unplanned loss(es), or gain(s) of a non-recurring nature, provided that in the case of each of (i), (ii) and (iii) such amount equals or exceeds [$1 million] from a single loss or gain, as applicable, and [$10 million] in the aggregate.

(iii) "Average Adjusted ROIC" shall mean the average of the Adjusted ROIC for the three fiscal years during the Performance Period applicable to the Three-Year Goal.

5. **Vesting and Payment**.

(a) Except as provided otherwise in Sections 5(b), 5(c) and 5(i) below and subject to the attainment of the applicable performance goal measures and the required certification as provided in Section 4, the Performance Share Units shall become vested in accordance with the vesting table set forth on **Schedule A** hereto on the dates listed in the first column of such table (each a "Vesting Date"), provided the Grantee remains continuously employed through the applicable Vesting Date. Once vested, the Performance Share Units shall be paid as provided in Section 5(d) or 5(i), subject to the forfeiture provisions of Section 5(c) below. To the extent the application of the above vesting schedule results in the vesting of fractional shares, the fractional shares shall be combined and vest on the earliest Vesting Date. If the Grantee's employment with the Company terminates prior to a Vesting Date and neither Section 5(b) nor 5(i) applies or has applied, then any unvested Performance Share Units at the date of such termination of employment shall be automatically forfeited to the Company and cancelled.

(b) Accelerated Vesting Events.

(i) *Performance Share Units Subject to One-Year Goal*: To the extent Performance Share Units subject to the One-Year Goal have not previously terminated, been forfeited or become vested and nonforfeitable, and except as otherwise provided in Section 5(i), (A) in the event the Grantee's employment is terminated before the last day of the Performance Period because of the Grantee's Retirement (as defined below) or the Grantee dies or becomes Disabled (as defined below) before the last day of the Performance Period, then a Pro-Rata Portion (as defined below) of such Performance Share Units (rounded to the nearest whole share) that would have vested on the first Vesting Date shall become vested and nonforfeitable as of the end of the Performance Period (to the extent earned based upon all applicable performance requirements, and subject to all certification requirements, in Section 4) and all remaining Performance Share Units subject to the One-Year Goal shall be automatically forfeited to the Company and cancelled, (B) in the event the Grantee's employment is terminated on or after the last day of the Performance Period but before a subsequent Vesting Date due to the Grantee's Retirement, then that one-third (33 1/3%) of the Performance Share Units that would have become vested and nonforfeitable on the next Vesting Date if the Grantee had remained employed through such date shall become vested and nonforfeitable as of such Retirement (to the extent earned based on all applicable performance requirements, and subject to all certification requirements, in Section 4) and all remaining Performance Share Units subject to the One-Year Goal shall be automatically forfeited to the Company and cancelled, provided, however, that, if the Grantee retires on a Vesting Date, no accelerated vesting shall occur but rather the Grantee shall be entitled only to the portion of the Performance Share Units that were scheduled to vest on such Vesting Date and all remaining Performance Share Units subject to the One-Year Goal shall be automatically forfeited to the Company and cancelled; and (C) in the event the Grantee dies or becomes Disabled on or after the last day of the Performance Period but before a subsequent Vesting Date, then all remaining unvested Performance Share Units that would have become vested and nonforfeitable if the Grantee had remained employed through all future Vesting Dates shall become vested and nonforfeitable as of such death or Disability (to the extent earned based upon all applicable performance requirements, and subject to all certification requirements, in Section 4).

(ii) *Performance Share Units Subject to Three-Year Goal*: To the extent Performance Share Units subject to the Three-Year Goal have not previously terminated, been forfeited or become vested and nonforfeitable, and except as otherwise provided in Section 5(i), in the event the Grantee's employment is terminated before the last day of the Performance Period because of the Grantee's Retirement or the Grantee dies or becomes Disabled before the last day of the Performance Period, then a Pro-Rata Portion of such Performance Share Units (rounded to the nearest whole share) that would have vested on the Vesting Date shall become vested and nonforfeitable as of the end of the Performance Period (to the extent earned based upon all applicable performance requirements, and subject to all certification requirements, in Section 4) and all remaining Performance Share Units subject to the Three-Year Goal shall be automatically forfeited to the Company and cancelled. To the extent Performance Share Units subject to the Three-Year Goal have not previously terminated, been forfeited or become vested and nonforfeitable, and except as otherwise provided in Section 5(i), in the event the Grantee's employment is terminated on or after the last day of the Performance Period but before the Vesting Date because of the Grantee's Retirement or the Grantee dies or becomes Disabled on or after the last day of the Performance Period but before the Vesting Date, then such Performance Share Units that would have vested on the Vesting Date shall become vested and nonforfeitable as of such Retirement, death or Disability (to the extent earned based upon all applicable performance requirements, and subject to all certification requirements, in Section 4).

(iii) For purposes of Section 5(b), a "Pro-Rata Portion" is determined by a fraction (not to exceed one), the numerator of which is the number of months in the applicable Performance Period during which the Grantee was continuously in the employment of the Company and the denominator of which is the number of months in the applicable Performance Period. The Grantee will be deemed to be employed for a month if the Grantee's Retirement, death or Disability occurs after the fifteenth (15^{th}) day of a month.

(iv) Accelerated vesting under Section 5(b) shall not accelerate the time of payment of the Performance Share Units and payment shall be made on the applicable Payment Date as provided in Section 5(d).

(c) Termination With Cause. Notwithstanding any other provision of this Agreement, in the event the Grantee's employment is terminated by the Company with Cause prior to the satisfaction of all applicable performance, service and payment requirements, all Performance Share Units shall be forfeited and cancelled on the date of such termination of employment and the Grantee shall have no rights under this Agreement.

(d) Payment of Performance Share Units. Except as provided otherwise in Section 5(i) (related to a Change in Control), once earned and vested in accordance with Section 4 and Section 5(a) or 5(b), as applicable, the Performance Share Units shall be paid on the Vesting Dates set forth on **Schedule A** hereto. Such payment dates, as well as the special earlier accelerated payment date due to a Qualifying Termination as provided in Section 5(i), are each referred to individually as a "Payment Date".

(e) Transfers and Reemployment. For purposes of this Agreement, transfer of employment among the Company and another Service Recipient shall not be considered a termination or interruption of employment. Upon reemployment following a termination of employment for any reason, the Grantee shall have no rights to any Performance Share Units previously forfeited and cancelled under this Agreement.

(f) Retirement. For purposes of this Agreement, Retirement shall mean the voluntary termination of the Grantee's employment with the Company on or after (i) reaching the minimum age of sixty-two (62) and (ii) achieving five (5) consecutive years of service; provided, however, that (x) the sum of the Grantee's age plus years of service (counting whole years only) must equal at least seventy (70); (y) there is no basis for the Company to terminate the Grantee with Cause at the time of the Grantee's voluntary termination; and (z) the termination also constitutes a "separation from service" within the meaning of Section 409A of the Code.

(g) Disability or Disabled. For the purposes of this Agreement, Disability or Disabled shall have the meaning set forth in Treas. Reg. Section 1.409A-3(i)(4). The Grantee will be deemed disabled if the Grantee is determined to be disabled under the Company's long-term disability plan, provided that the definition of "disability" applied under such plan complies with the requirements of Treas. Reg. Section 1.409A-3(i)(4).

(h) Cause. For the purposes of this Agreement, Cause shall mean (i) "Cause" as such term may be defined in any employment agreement between the Grantee and the Company that is in effect at the time of termination of employment; or (ii) if there is no such employment agreement in effect, “Cause” as such term may be defined in any change-in-control agreement between the Grantee and the Company that is in effect at the time of termination of employment; or (iii) if there is no such employment or change-in-control agreement, with respect to the Grantee: (A) any act of the Grantee involving fraud or dishonesty, or any willful failure to perform reasonable duties assigned to the Grantee which failure is not cured within 10 business days after receipt from the Company of written notice of such failure; (B) any material breach by the Grantee of any securities or other law or regulation or any Company policy governing trading or dealing with stock, securities, investments or the like, or any inappropriate disclosure or “tipping” relating to any stock, securities, investments or the like; (C) other than as required by law, the carrying out by the Grantee of any activity, or the Grantee making any public statement, which prejudices or ridicules the good name and standing of the Company or its Affiliates or would bring such persons into public contempt or ridicule; (D) attendance by the Grantee at work in a state of intoxication or the Grantee otherwise being found in possession at the Grantee’s place of work of any prohibited drug or substance, possession of which would amount to a criminal offense; (E) any assault or other act of violence by the Grantee; or (F) the Grantee being indicted for any crime constituting (I) any felony whatsoever or (II) any misdemeanor that would preclude employment under the Company’s hiring policy.

(i) Change in Control. Notwithstanding any other provision of this Section 5, in the event of a Change in Control, vesting and payment of the Performance Share Units that have not previously become vested and nonforfeitable and paid, or have not previously been forfeited, under Section 4, 5(a), 5(b), 5(c) or 5(d) shall be determined under this Section 5(i) as follows:

(i) In the event a Change in Control occurs on or before the end of the applicable Performance Period and provided the Grantee is continuously employed until the Change in Control, the target number of the applicable Performance Share Units shall be deemed earned but otherwise continue to be subject to the service and payment provisions, including applicable proration requirements, that apply under Section 5(a), 5(b), 5(c) and 5(d) unless the Grantee experiences a Qualifying Termination. If the Grantee experiences a Qualifying Termination, all of the applicable Performance Share Units deemed earned per the preceding sentence and not previously vested and paid or previously forfeited, shall become immediately vested and nonforfeitable and shall be paid on the date of such Qualifying Termination, subject to a six-month delay, if applicable, as provided under Section 10(c) of the Plan.

(ii) In the event a Change in Control occurs following the end of the applicable Performance Period and provided the Grantee is continuously employed until the Change in Control, all of the applicable Performance Share Units previously earned based on the Committee’s determination of performance in accordance with Section 4 shall continue to be subject to the service and payment requirements that apply under Section 5(a), 5(b), 5(c) and 5(d) unless the Grantee experiences a Qualifying Termination. If the Grantee experiences a Qualifying Termination, all of the applicable Performance Share Units previously earned based on the Committee’s determination of performance in accordance with Section 4 and not previously vested and paid or previously forfeited, shall become immediately vested and nonforfeitable and shall be paid on the date of such Qualifying Termination, subject to a six-month delay, if applicable, as provided under Section 10(c) of the Plan.

(iii) For purposes of this Agreement, a Change in Control (as defined in the Plan) will be deemed to have occurred with respect to the Grantee only if an event relating to the

Change in Control constitutes a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of Treas. Reg. Section 1.409A-3(i)(5).

(j) Good Reason. For purposes of this Agreement, Good Reason shall mean (A) a material diminution in the Grantee's base salary unless such action is in connection with across-the-board base salary reductions affecting one-hundred percent (100%) of employees at the same grade level; or (B) a material diminution in the Grantee's authority, duties or responsibilities. To qualify as a termination due to Good Reason under this Agreement, the Grantee must have provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within thirty (30) days of the initial existence of such grounds and must have given the Company at least thirty (30) days from receipt of such notice to cure the condition constituting Good Reason. Such termination of employment must have become effective no later than one (1) year after the initial existence of the condition constituting Good Reason.

(k) Qualifying Termination. For purposes of this Agreement, Qualifying Termination shall mean the Grantee's employment with the Company is terminated involuntarily by the Company other than with Cause or is terminated voluntarily by the Grantee for Good Reason or due to Retirement other than when Cause exists, in each case provided (A) the termination of employment occurs within two (2) years following a Change in Control and (B) the termination of employment also constitutes a "separation from service" within the meaning of Section 409A of the Code. In no event shall a Qualifying Termination include the death, Disability or any other termination of or by the Grantee not specifically covered by the preceding sentence.

(l) Delivery of Shares. Shares of Common Stock corresponding to the number of Performance Share Units that have been earned and become vested and nonforfeitable ("Performance Shares") shall be paid to the Grantee, or, if deceased, to the Grantee's estate, in settlement of the Performance Share Units on the Payment Dates provided in Sections 5(d) and 5(i). Payment only may be delayed by the Company in accordance with the requirements of Section 409A of the Code although no interest shall be payable in the event there is a delay for any reason. Such payment shall be accomplished either by delivering a share certificate or by providing evidence of electronic delivery, and the Performance Shares shall be registered in the name of the Grantee or, if deceased, the Grantee's estate. The Performance Shares may be either previously authorized but unissued Shares or issued Shares, which have then been reacquired by the Company. Such Shares shall be fully paid and nonassessable. In determining the number of Performance Shares to be withheld for taxes as provided in Section 10, the value of the Performance Shares shall be based upon the Fair Market Value of the Shares on the date of payment. If a Payment Date falls on a weekend, holiday or other non-trading day, the value of any Performance Shares payable on such Payment Date shall be determined based on the Fair Market Value of the Shares on the most recent prior trading date.

6. **No Dividend Equivalents**. The Grantee shall have no right to dividend equivalents or dividends on the Performance Share Units.

7. **Transferability**. Neither the Performance Shares prior to delivery pursuant to Section 5 nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Grantee or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment,

garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 7 shall not prevent transfers by will or by the applicable laws of descent and distribution.

8. **No Guarantee of Employment**. Nothing in this Agreement or in the Plan shall confer upon the Grantee any right to continue in the employ of the Company or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to terminate the employment of the Grantee at any time for any reason whatsoever, with or without cause, subject to the applicable provisions of, if any, the Grantee's employment agreement with the Company or offer letter provided by the Company to the Grantee.

9. **Change in Capitalization; Change in Control**. If any event described in Section 8 or 9 of the Plan occurs, this Agreement and the Performance Shares shall be adjusted to the extent required or permitted, as applicable, pursuant to Sections 8 and 9 of the Plan.

10. **Taxes**. The Grantee shall have full responsibility, and the Company shall have no responsibility (except as to applicable tax withholdings), for satisfying any liability for any federal, state or local income or other taxes required by law to be paid with respect to the Performance Shares. The Grantee is hereby advised to seek his or her own tax counsel regarding the taxation of the Performance Shares hereunder. Unless otherwise determined by the Committee (in compliance with Section 409A of the Code), on the applicable Payment Date, the Company shall withhold from any Performance Shares deliverable in payment of the Performance Share Units the number of Performance Shares having a value equal to the minimum amount of income and employment taxes required to be withheld under applicable laws and regulations, and pay the amount of such withholding taxes in cash to the appropriate taxing authorities. Unless otherwise determined by the Committee (in compliance with Section 409A of the Code), if vesting occurs prior to payment and applicable law requires the payment of employment taxes at such time, then the Company shall withhold from the Performance Share Units at vesting the number of Performance Shares having a value equal to the minimum amount of income and employment taxes required to be withheld under applicable law and regulations, in a manner that complies with Section 409A of the Code, and pay the amount of such withholding taxes in cash to the appropriate taxing authorities. With regard to withholding on the Payment Date (but not at the time of vesting), any fractional shares resulting from the payment of the withholding amounts shall be liquidated and paid in cash to the U.S. Treasury as additional federal income tax withholding for the Grantee. With regard to withholding at the time of vesting, only full shares (determined by rounding down to the next full share) shall be liquidated and paid in cash to the U.S. Treasury and any additional amounts due for tax withholding shall be paid by the Grantee. Grantee shall be responsible for any withholding taxes not satisfied by means of such mandatory withholding and for all taxes in excess of such withholding taxes that may be due upon vesting of the Performance Share Units.

11. **Limitation on Obligations**. This Performance Share Unit Award shall not be secured by any specific assets of the Company, nor shall any assets of the Company be designated as attributable or allocated to the satisfaction of the Company's obligations under this Agreement. In addition, the Company shall not be liable to the Grantee for damages relating to any delays in issuing the share certificates or electronic delivery thereof to him or her (or his or her designated entities), any loss of the certificates, or any mistakes or errors in the issuance or registration of the certificates or in the certificates themselves.

12. **Securities Laws**. The Company may require the Grantee to make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws. The Performance Share Units and Performance Shares shall be subject to all applicable laws, rules and regulations and to such approvals of any governmental agencies as may be required.

13. **Notices**. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary or his or her designee, and any notice to be given to the Grantee shall be addressed to the Grantee at the last address of the Grantee known to the Company unless otherwise directed by the Grantee in a notice provided in accordance with this Section 13. By a notice given pursuant to this Section 13, either party may hereafter designate a different address for notices to be given to him or her. Any notice that is required to be given to the Grantee shall, if the Grantee is then deceased, be given to the Grantee's personal representative if such representative has previously informed the Company of his or her status and address by written notice under this Section 13. Any notice shall have been deemed duly given when (i) delivered in person, (ii) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service, or (iii) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with fees prepaid) in an office regularly maintained by FedEx, UPS, or comparable non-public mail carrier.

14. **Governing Law**. The laws of the State of Delaware shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

15. **Section 409A of the Code**. The provisions of Section 10(c) of the Plan are hereby incorporated by reference. Notwithstanding the foregoing, the Company shall not be liable to the Grantee in the event this Agreement fails to be exempt from, or comply with, Section 409A of the Code.

16. **Arbitration**. In the event of any controversy among the parties hereto arising out of, or relating to, this Agreement which cannot be settled amicably by the parties, such controversy shall be finally, exclusively and conclusively settled by mandatory arbitration conducted expeditiously in accordance with the American Arbitration Association rules, by a single independent arbitrator. Such arbitration process shall take place within the Nashville, Tennessee metropolitan area. The decision of the arbitrator shall be final and binding upon all parties hereto and shall be rendered pursuant to a written decision, which contains a detailed recital of the arbitrator's reasoning. Judgment upon the award rendered may be entered in any court having jurisdiction thereof. Each party shall bear its own legal fees and expenses, unless otherwise determined by the arbitrator.

17. **Clawback**. As a condition of receiving the Performance Share Units, the Grantee acknowledges and agrees that the Grantee's rights, payments, and benefits with respect to the Performance Share Units shall be subject to any reduction, cancellation, forfeiture or recoupment, in whole or in part, upon the occurrence of certain specified events, as may be required by any rule or regulation of the Securities and Exchange Commission or by any applicable national exchange, or by any other applicable law, rule or regulation, or as set forth in a separate "clawback" or recoupment policy as may be adopted from time to time by the Board or the Committee.

18. **Applicability of Plan**. The Performance Share Units and the Performance Shares issued to the Grantee upon payment of the Performance Share Units shall be subject to all terms and provisions of the Plan to the extent applicable to performance share units and Shares. In the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control.

19. **Amendment and Termination**. This Agreement may be modified in any manner consistent with Section 10 of the Plan.

20. **Administration**. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Grantee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Performance Share Unit Award. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement.

21. **Rights as Shareholder**. The holder of a Performance Share Unit Award shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of any Performance Shares issuable upon the payment of a vested Performance Share Unit unless and until a certificate or certificates representing such Performance Shares shall have been issued by the Company to such holder or, if the Common Stock is listed on a national securities exchange, a book entry representing such Performance Shares has been made by the registrar of the Company.

22. **Signature in Counterparts**. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

DOLLAR GENERAL CORPORATION

By: ______________________________

Name: ______________________________

Title: ______________________________

GRANTEE

____

[name]

Schedule A to Performance Share Unit Award Agreement

Grant Date: [ ]

Target Number of Performance Share Units Awarded: [ ]

Performance Period:

For One-Year Goal: Begins on [1st day of fiscal year that includes the Grant Date] and ends on [last day of same fiscal year]

For Three-Year Goal: Begins on [1st day of fiscal year that includes the Grant Date] and ends on [last day of fiscal year [Grant Date fiscal year + 2]

Threshold, Target and Maximum Calculation Chart:

See attached **Exhibit 1**

Vesting Table:

Vesting Date	**PSUs Subject to One-Year Goal/ Percentage Vested**	**PSUs Subject to Three-Year Goal/ Percentage Vested**
April 1, [Grant Date year + 1 year]	33 1/3%	N/A
April 1, [Grant Date year + 2 years]	33 1/3%	N/A
April 1, [Grant Date year + 3 years]	33 1/3%	100%

<u>Exhibit 1 to Schedule A to Performance Share Unit Award Agreement</u>

[ ] Performance Share Unit Matrix – Adjusted EBITDA

EBITDA Based Shares		
Performance Level	**EBITDA Result vs. Target**	**EBITDA Based Shares**
Threshold	**[ ]**	**[ ]**
Target	**[ ]**	**[ ]**
Maximum	**[ ]**	**[ ]**

Note: Interpolate between all EBITDA results and award levels

[ ] Performance Share Unit Matrix – Adjusted ROIC

ROIC Based Shares Earned – 3 Year Avg		
Performance Level	**ROIC Result vs. Target**	**ROIC Based Shares**
Threshold	**[ ]**	**[ ]**
Target	**[ ]**	**[ ]**
Maximum	**[ ]**	**[ ]**

Note: Interpolate between all ROIC results and award levels

Exhibit 10.19

DOLLAR GENERAL CORPORATION
RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS AGREEMENT (the "Agreement"), dated as of the date indicated on **Schedule A** hereto (the "Grant Date"), is made between Dollar General Corporation, a Tennessee corporation (hereinafter, together with all Service Recipients unless the context indicates otherwise, called the "Company"), and the individual whose name is set forth on the signature page hereof, who is an employee of the Company (hereinafter referred to as the "Grantee"). Capitalized terms not otherwise defined herein shall have the same meanings as in the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan, as amended from time to time (the "Plan"), the terms of which are hereby incorporated by reference and made a part of this Agreement.

WHEREAS, the Company desires to grant the Grantee a restricted stock unit award as provided for hereunder, ultimately payable in shares of Common Stock of the Company, par value $0.875 per Share (the "Restricted Stock Unit Award"), pursuant to the terms and conditions of this Agreement and the Plan; and

WHEREAS, the Compensation Committee (or a duly authorized subcommittee thereof) of the Company's Board appointed to administer the Plan (the "Committee") has determined that it would be to the advantage and in the best interest of the Company and its shareholders to grant the Restricted Stock Unit Award provided for herein to the Grantee, and has advised the Company thereof and instructed the undersigned officer to issue said Award;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. **Grant of the Restricted Stock Unit.** Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement, the Company hereby grants to the Grantee the number of Restricted Stock Units set forth on **Schedule A** hereto. A "Restricted Stock Unit" represents the right to receive one Share of Common Stock upon satisfaction of the vesting and other conditions set forth in this Agreement. The Restricted Stock Units shall vest and become nonforfeitable in accordance with Section 2 hereof.

2. **Vesting.**

(a) Vesting Date and Forfeiture. The Restricted Stock Units shall become vested and nonforfeitable in three equal installments on April 1 of the three (3) fiscal years following the fiscal year in which the Grant Date occurs, as set forth on **Schedule A** hereto (each such date, a "Vesting Date"), so long as the Grantee continues to be an employee of the Company through each such Vesting Date. To the extent the application of this vesting schedule results in the vesting of fractional shares, the fractional shares shall be combined and vest on the earliest Vesting Date. If the Grantee's employment with the Company terminates prior to a Vesting Date and Section 2(b) does not apply or has not applied, or to the extent Section 2(b) cannot apply, then any unvested Restricted Stock Units at the date of such termination of employment shall be automatically forfeited to the Company.

(b) Accelerated Vesting Events. Notwithstanding the foregoing, to the extent such Restricted Stock Units have not previously terminated, been forfeited or become vested and nonforfeitable, (i) if the Grantee terminates his employment with the Company due to the Grantee's Retirement (as defined below), then that one-third of the Restricted Stock Units that would have become vested and nonforfeitable on the next immediately following Vesting Date if the Grantee had remained employed through such date shall become vested and nonforfeitable upon such Retirement, provided, however, that, if the Grantee retires on a Vesting Date, no accelerated vesting shall occur but rather Grantee shall be entitled only to the portion of the Restricted Stock Units that were scheduled to vest on such Vesting Date; and (ii) in the event of the Grantee's death or Disability (as defined below) while employed with the Company, one hundred percent (100%) of the Restricted Stock Units shall become vested and nonforfeitable upon such death or Disability; and (iii) in the event of the Grantee's Qualifying Termination, one hundred percent (100%) of the Restricted Stock Units shall become vested and nonforfeitable on the date of the Qualifying Termination.

(c) Transfer and Reemployment. For purposes of this Agreement, transfer of employment among the Company and another Service Recipient shall not be considered a termination or interruption of employment. Upon reemployment following a termination of employment for any reason, the Grantee shall have no rights to any Restricted Stock Units previously forfeited and cancelled under this Agreement.

(d) Retirement. For purposes of this Agreement, Retirement shall mean the voluntary termination of Grantee's employment with the Company on or after (i) reaching the minimum age of sixty-two (62) and (ii) achieving five (5) consecutive years of service; provided, however, that (i) the sum of the Grantee's age plus years of service (counting whole years only) must equal at least seventy (70); (ii) there is no basis for the Company to terminate the Grantee with Cause at the time of Grantee's voluntary termination; and (iii) the termination also constitutes a "separation from service" within the meaning of Section 409A of the Code.

(e) Disability. For the purposes of this Agreement, Disability shall have the meaning set forth in Treas. Reg. Section 1.409A-3(i)(4). A Grantee will be deemed disabled if the Grantee is determined to be disabled under the Company's long term disability plan, provided that the definition of "disability" applied under such plan complies with the requirements of Treas. Reg. Section 1.409A-3(i)(4).

(f) Cause. For the purposes of this Agreement, Cause shall mean (i) "Cause" as such term may be defined in any employment agreement between the Grantee and the Company that is in effect at the time of termination of employment; or (ii) if there is no such employment agreement in effect, "Cause" as such term may be defined in any change-in-control agreement between the Grantee and the Company that is in effect at the time of termination of employment; or (iii) if there is no such employment or change-in-control agreement, with respect to a Grantee: (A) any act of the Grantee involving fraud or dishonesty, or any willful failure to perform reasonable duties assigned to the Grantee which failure is not cured within 10 business days after receipt from the Company of written notice of such failure; (B) any material breach by the Grantee of any securities or other law or regulation or any Company policy governing trading or dealing with stock, securities, investments or the like, or any inappropriate disclosure or "tipping" relating to any stock, securities, investments or the like; (C) other than as required by law, the carrying out by the Grantee of any activity, or the Grantee making any public statement, which prejudices or ridicules the good name and standing of the Company or its Affiliates or would bring such persons into public contempt or ridicule; (D) attendance by the Grantee at work in a state of intoxication or the Grantee otherwise being found in possession at the Grantee's place of work of any prohibited drug or substance, possession of which would amount to a criminal offense; (E) any assault or other act of violence by the Grantee; or (F) the Grantee being indicted for any crime constituting (I) any felony whatsoever or (II) any misdemeanor that would preclude employment under the Company's hiring policy.

(g) Change in Control. For purposes of this Agreement, a Change in Control (as defined in the Plan) will be deemed to have occurred with respect to the Grantee only if an event relating to the Change in Control constitutes a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of Treas. Reg. Section 1.409A-3(i)(5).

(h) Good Reason. For purposes of this Agreement, Good Reason shall mean (i) a material diminution in the Grantee's base salary unless such action is in connection with across-the-board base salary reductions affecting 100 percent of employees at the same grade level; or (ii) a material diminution in the Grantee's authority, duties or responsibilities. To qualify as a termination due to Good Reason under this Agreement, the Grantee must have provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within thirty (30) days of the initial existence of such grounds and must have given the Company at least thirty (30) days from receipt of such notice to cure the condition constituting Good Reason. Such termination of employment must have become effective no later than one year after the initial existence of the condition constituting Good Reason.

(i) Qualifying Termination. For purposes of this Agreement, Qualifying Termination shall mean the Grantee's employment with the Company is involuntarily terminated by the Company other than with Cause or terminated by the Grantee for Good Reason other than when Cause to terminate exists, in each case provided (A) the termination of employment occurs within two years following a Change in Control and (B) the termination of employment also constitutes a "separation from service" within the meaning of Section 409A of the Code. In no event shall a Qualifying Termination include the Retirement, death, Disability or any other termination not specifically covered by the preceding sentence.

3. **Payment of Common Stock.**

(a) Payment and Delivery. Shares of Common Stock corresponding to the number of Restricted Stock Units that become vested and nonforfeitable in accordance with Section 2 ("RSU Shares") shall be paid to the Grantee, or, if deceased, the Grantee's estate, either through delivery of a share certificate or by providing evidence of electronic delivery, and such RSU Shares shall be registered in the name of the Grantee or, if deceased, the Grantee's estate. The RSU Shares shall be paid on the Vesting Date unless vesting is accelerated under Section 2(b) prior to such Vesting Date. In the event vesting is accelerated under Section 2(b), the RSU Shares shall be paid as follows (based on the first to occur of Retirement, Qualifying Termination, death or Disability but only if such accelerated payment timing results in payment before the applicable Vesting Date): (i) six (6) months and one (1) day following the date of termination of employment due to Retirement or Qualifying Termination; or (ii) within ninety (90) days following the date of the Grantee's death or Disability. If the Grantee dies prior to payment under Section 3(a)(i), payment of the RSU Shares shall occur upon the earlier of (A) ninety (90) days following the date of the Grantee's death, or (B) the payment time under Section 3(a)(i).

(b) Authorized Shares. The RSU Shares may be either previously authorized but unissued Shares or issued Shares, which have then been reacquired by the Company. Such Shares shall be fully paid and nonassessable.

4. **No Dividend Equivalents.** The Grantee shall have no right to dividend equivalents or dividends on the Restricted Stock Units.

5. **Transferability.** Neither the Restricted Stock Units prior to becoming vested pursuant to Section 2 nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Grantee or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 5 shall not prevent transfers by will or by the applicable laws of descent and distribution.

6. **No Guarantee of Employment.** Nothing in this Agreement or in the Plan shall confer upon the Grantee any right to continue in the employ of the Company or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to terminate the employment of the Grantee at any time for any reason whatsoever, with or without cause, subject to the applicable provisions of, if any, the Grantee's employment agreement with the Company or offer letter provided by the Company to the Grantee.

7. **Change in Capitalization; Change in Control.** If any event described in Section 8 or 9 of the Plan occurs, this Agreement and the Restricted Stock Units shall be adjusted to the extent required or permitted, as applicable, pursuant to Sections 8 and 9 of the Plan.

8. **Mandatory Tax Withholding.** Unless otherwise determined by the Committee, at the time of payment of the RSU Shares, the Company shall withhold from any RSU Shares deliverable in payment of the Restricted Stock Units the number of RSU Shares having a value equal to the minimum amount of income and employment taxes required to be withheld under applicable laws and regulations, and pay the amount of such withholding taxes in cash to the appropriate taxing authorities. Unless otherwise determined by the Committee, if vesting occurs prior to payment and applicable law requires the payment of employment taxes at such time, then the Company shall withhold from the Restricted Stock Units, the number of RSU Shares having a value equal to the minimum amount of income and employment taxes required to be withheld under applicable law and regulations, in a manner that complies with Section 409A of the Code, and pay the amount of such withholding taxes in cash to the appropriate taxing authorities. With regard to withholding at the time of payment (but not vesting), any fractional shares resulting from the payment of the withholding amounts shall be liquidated and paid in cash to the U.S. Treasury as additional federal income tax withholding for the Grantee. With regard to withholding at the time of vesting, only full shares (determined by rounding down to the next full share) shall be liquidated and paid in cash to the U.S. Treasury and any additional amounts due for tax withholding shall be paid by the Grantee. Grantee shall be responsible for any withholding taxes not satisfied by means of such mandatory withholding and for all taxes in excess of such withholding taxes that may be due upon vesting of the Restricted Stock Units.

9. **Limitation on Obligations.** This Restricted Stock Unit Award shall not be secured by any specific assets of the Company, nor shall any assets of the Company be designated as

attributable or allocated to the satisfaction of the Company's obligations under this Agreement. In addition, the Company shall not be liable to the Grantee for damages relating to any delays in issuing the share certificates or electronic delivery thereof to him or her (or his or her designated entities), any loss of the certificates, or any mistakes or errors in the issuance or registration of the certificates or in the certificates themselves.

10. **Securities Laws.** The Company may require the Grantee to make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws. The Restricted Stock Units and RSU Shares shall be subject to all applicable laws, rules and regulations and to such approvals of any governmental agencies as may be required.

11. **Notices.** Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary or his or her designee, and any notice to be given to the Grantee shall be addressed to him or her at the last address of the Grantee known to the Company unless otherwise directed by the Grantee. By a notice given pursuant to this Section 11, either party may hereafter designate a different address for notices to be given to him or her. Any notice that is required to be given to the Grantee shall, if the Grantee is then deceased, be given to the Grantee's personal representative if such representative has previously informed the Company of his or her status and address by written notice under this Section 11. Any notice shall have been deemed duly given when (i) delivered in person, (ii) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service, or (iii) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with fees prepaid) in an office regularly maintained by FedEx, UPS, or comparable non-public mail carrier.

12. **Governing Law.** The laws of the State of Delaware shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

13. **Section 409A of the Code.** The provisions of Section 10(c) of the Plan are hereby incorporated by reference. Notwithstanding the foregoing, the Company shall not be liable to the Grantee in the event this Agreement or any payment or benefit hereunder fails to be exempt from, or comply with, Section 409A of the Code.

14. **Arbitration.** In the event of any controversy among the parties hereto arising out of, or relating to, this Agreement which cannot be settled amicably by the parties, such controversy shall be finally, exclusively and conclusively settled by mandatory arbitration conducted expeditiously in accordance with the American Arbitration Association rules, by a single independent arbitrator. Such arbitration process shall take place within the Nashville, Tennessee metropolitan area. The decision of the arbitrator shall be final and binding upon all parties hereto and shall be rendered pursuant to a written decision, which contains a detailed recital of the arbitrator's reasoning. Judgment upon the award rendered may be entered in any court having jurisdiction thereof. Each party shall bear its own legal fees and expenses, unless otherwise determined by the arbitrator.

15. **Clawback.** As a condition of receiving the Restricted Stock Units, the Grantee acknowledges and agrees that the Grantee's rights, payments, and benefits with respect to the Restricted Stock Units shall be subject to any reduction, cancellation, forfeiture or recoupment, in whole or in part, upon the occurrence of certain specified events, as may be required by any rule or regulation of the Securities and Exchange Commission or by any applicable national exchange, or by any other applicable law, rule or regulation or as set forth in a separate "clawback" or recoupment policy as may be adopted from time to time by the Board or the Committee.

16. **Applicability of Plan**. The Restricted Stock Units and the RSU Shares issued to the Grantee upon payment of the Restricted Stock Units shall be subject to all terms and provisions of the Plan to the extent applicable to restricted stock units and Shares. In the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control.

17. **Amendment and Termination.** This Agreement may be modified in any manner consistent with Section 10 of the Plan.

18. **Administration.** The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Grantee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Restricted Stock Unit Award. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement.

19. **Rights as Shareholder.** The holder of a Restricted Stock Unit Award shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of any RSU Shares issuable upon the payment of a vested Restricted Stock Unit unless and until a certificate or certificates representing such RSU Shares shall have been issued by the Company to such holder or, if the Common Stock is listed on a national securities exchange, a book entry representing such RSU Shares has been made by the registrar of the Company.

20. **Signature in Counterparts.** This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[*Signatures on next page.*]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

DOLLAR GENERAL CORPORATION

By: ______________________
Name: ______________________
Title: ______________________

GRANTEE

Signature: ______________________
Print Name: ______________________

<u>Schedule A to Restricted Stock Unit Award Agreement</u>

Grant Date: [ ]

Number of Restricted Stock Units Awarded: [ ]

Vesting Dates:

Percentage	Date
$33^{1/3}$	April 1, [insert year]
$33^{1/3}$	April 1, [insert year]
$33^{1/3}$	April 1, [insert year]

Exhibit 10.35

DG teamshare

2018 Teamshare Incentive Program

I. Definitions

As used in this document:

"Applicable Base Pay" shall mean the eligible employee's annual salary (or hours, where applicable) plus shift differential, subject to adjustment based on all other eligibility requirements and administrative rules.

"Committee" shall mean the Compensation Committee of the Board of Directors (or any successor committee with oversight of executive compensation)

"*Dollar General" or the "Company*" means Dollar General Corporation and its subsidiaries.

"*Eligible Employee*" shall mean those employees meeting all of the criteria set forth in (a) through (c) of Section IV below.

"IRS" refers to the Internal Revenue Service.

"Merit Effective Date" shall mean April 1 of the applicable performance period or, if later, the applicable date of the annual merit increase (e.g., for the 2018 Teamshare program, the Merit Effective Date for salaried employees is April 1, 2018).

"Performance Period" refers to the 2018 fiscal year from February 3, 2018 to February 1, 2019.

"*Senior Officers*" shall include all officers at or above the level of Senior Vice President.

"Teamshare" shall mean this 2018 Teamshare Incentive Program as established by the Committee.

II. Teamshare Overview

The Committee has established the terms of Teamshare set forth herein, which provides each Eligible Employee an opportunity to receive a cash bonus payment equal to a certain percentage of his or her Applicable Base Pay based upon Dollar General's achievement of one or more pre-established financial performance measures for a specified Performance Period. When more than one financial performance measure is selected, the Committee determines the applicable weight to be assigned to each of the selected measures.

Threshold, target and maximum performance levels are established by the Committee for the selected performance measure. No Teamshare payout may be made unless the threshold performance level is achieved. The amount payable to each Eligible Employee if the Company reaches the target performance level(s) is equal to a specified percentage of the Eligible Employee's Applicable Base Pay, subject to adjustment for performance and an individual maximum, in each case as discussed under Section IV below. Teamshare payments for financial performance below or above the applicable target levels are prorated on a graduated scale, subject to the threshold and the maximum limits.

For Eligible Employees that are also eligible to participate in the CDP, the Teamshare payment may be deferred in accordance with a written election by the participant in accordance with the terms of the Company's CDP/SERP Plan, as such Plan may be amended and/or restated from time to time.

III. 2018 Teamshare Program

For the 2018 Teamshare program, the Committee selected earnings before interest and taxes, as adjusted for certain items ("Adjusted EBIT"), as the financial performance measure and established the 2018 Adjusted EBIT performance goal. In determining the level of performance the Company has achieved for this performance measure at year end, certain categories of items previously identified by the Committee may be excluded from the calculation. Threshold and maximum performance results for Adjusted EBIT coincide with potential Teamshare payout levels equal to 50% and 300% of individual payout targets, respectively (as a percentage of the Eligible Employee's Applicable Base Pay).

For purposes of the 2018 Teamshare program, Adjusted EBIT shall mean the Company's Operating Profit as calculated in accordance with United States generally accepted accounting principles, but excluding the impact of: (a) any costs, fees and expenses directly related to the consideration, negotiation, preparation, or consummation of any asset sale, merger or other transaction that results in a Change in Control (within the meaning of the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan) of the Company or any offering of Company common stock or other security; (b) disaster-related charges; (c) any gains or losses associated with the Company's LIFO computation; and (d) unless the Committee disallows any such item, (i) any unbudgeted loss as a result of the resolution of a legal matter or (ii) any unplanned loss(es) or gain(s) related to the implementation of accounting/tax legislative changes or (iii) any unplanned loss(es) or gain(s), of a non-recurring nature, provided that in the case of each of (i), (ii), and, (iii) such amount equals or exceeds $1 million from a single loss or gain, as applicable, and $10 million in the aggregate.

IV. Determination of Bonuses

(a) Eligibility to Participate in Teamshare:

i. Active regular, full-time or part-time store support center (SSC), Dollar General Global Sourcing (DGGS) or distribution center (DC) employee of the Company during the Performance Period.

ii. Hired by January 15 of 2019.

iii. Employed with the Company through February 1, 2019 and, unless otherwise required by law, on the date on which the Teamshare payment is made.

iv. Bonuses for the estates of Eligible Employees will be eligible to receive the Teamshare payment if the employee's death occurs on or after February 1, 2019.

(b) Eligibility to Receive Bonus Payout:

If the Company achieves at least the threshold financial performance level, each employee who participates in Teamshare will become eligible to receive a bonus payout; provided, however, that any salaried employee who fails to comply with the Code of Business Conduct and Ethics during the fiscal year shall not be deemed eligible to receive a bonus payout regardless of his or her performance rating.

(c) Adjustments to Bonus Payouts to Eligible Employees:

If an employee is determined to be eligible to receive a bonus payout in accordance with the eligibility rules outlined immediately above, adjustments to the bonus payout may be made only as follows:

i. Bonuses for eligible hourly employees shall be calculated based on Company financial performance but shall be adjusted downward to a level from 0%-80%, as determined by management, if rated "Below Expectations".

ii. Bonuses for all other Eligible Employees shall be calculated based on Company financial performance, but may be adjusted upward or downward, as applicable, to a level from 100%-120% if rated "Exceeds Expectations," to a level from 80%-100% if rated "Meets Expectations" and to a level from 0%-80% if rated "Below Expectations". Any such upward or downward adjustment must be approved by the Committee in the case of any Senior Officer or certain others identified in the resolution adopting Teamshare. Adjustments for all other Eligible Employees shall be approved by management.

iii. In no event may an individual payout exceed $10.0 million.

iv. In no event may the aggregate amount paid under Teamshare, taking into account all allowable adjustments, exceed the earned bonus pool.

(d) CEO Discretion to Distribute Unallocated Funds:

Bonuses that are not allocated out of the earned bonus pool are subject to distribution at the discretion of the Chief Executive Officer of the Company, except that only the Committee may authorize the distribution of any unallocated bonus amounts to any Senior Officer or certain others identified in the resolution adopting Teamshare.

V. Administrative Rules

(a) Each Eligible Employee's Teamshare payout is computed as a percentage of the Applicable Base Pay plus any shift differential.

(b) Teamshare payouts will be prorated for changes to an Eligible Employee's position, pay, individual target, shift differential or status that occur during the Performance Period based on the number of days the applicable element applies. The Applicable Base Pay used for Teamshare from the beginning of the Performance Period to the Merit Effective Date will be the Eligible Employee's base pay as of the Merit Effective Date.

(c) Teamshare payouts are prorated to exclude leaves of absence during the Performance Period (unless otherwise required by law).

(d) Teamshare payouts will be made no later than April 15 of the year following the fiscal year in which financial performance is measured (e.g., the 2018 Teamshare program payouts, if any, will be made no later than April 15, 2019).

(e) Teamshare information is proprietary and confidential. Employees are reminded that they may not disclose Teamshare information relating to the Company's financial goals or performance. Such disclosure may result in disciplinary action, up to and including termination. The Company reserves the right to adjust, amend or suspend Teamshare at any time for any reason, including, but not limited to, unforeseen events.

(f) No member of the Committee or the Board of Directors, and no officer, employee or agent of the Company shall be liable for any act or action hereunder, whether of commission or omission, taken by any other member, or by any officer, agent, or employee, or, except in circumstances involving bad faith, for anything done or omitted to be done in administration of Teamshare.

VI. Tax and Other Withholding Information

The IRS considers incentive payments as supplemental wages. In accordance with IRS guidelines, the Company will withhold federal income taxes at the supplemental rate (currently established at 22% for supplemental wages of $1 million or less). In addition, this payment will be subject to applicable social security, Medicare, state and local taxes. Voluntary deductions (e.g. health insurance, 401k, etc.) will not be deducted from this amount. Where required by law, specific garnishments (e.g., child support) may be deducted, as appropriate, from this amount. Certain state laws require incentive payments be held for up to 30 days after the check date pending review of applicable child support garnishments. After the Company receives notification from the state child support agencies regarding whether part or all of the impacted employee's incentive payment should be paid toward child support, the Company will pay any remaining incentive funds with the next regular payroll.

VII. Clawback

As a condition of receiving payment of an award under Teamshare, each participant's rights, payments, and benefits with respect to such award shall be subject to any reduction, cancellation, forfeiture or recoupment, in whole or in part, upon the occurrence of certain specified events, as may be required by the Securities and Exchange Commission or any applicable national exchange, law, rule or regulation or as set forth in a separate "clawback" or recoupment policy as may be adopted from time to time by the Company's Board of Directors or the Committee.

Exhibit 10.36

Summary of
Dollar General Corporation Life Insurance Program
as Applicable to Executive Officers

Dollar General Corporation (the "Company") has established a life insurance program for salaried employees. Currently, a death benefit equal to 2.5 times the employee's annual base salary, up to a maximum of $4 million, is provided to a limited group of salaried employees, including the Company's executive officers. A lesser death benefit is provided to other groups of salaried employees.

The life insurance coverage offered through the program may be provided through a variety of means, including individual (which may be owned by the individual or by the Company) or group policies with universal, whole or term insurance, or through payment out of the Company's general assets, as determined by the Company in its sole discretion. In addition, certain of these policies may accumulate a cash value which may inure to the benefit of either the Company or the individual.

Exhibit 10.37

DOLLAR GENERAL

EXECUTIVE RELOCATION POLICY

GMS Global Mobility Solutions

Congratulations on your new assignment!

In addition to the challenges your new position brings, you and your family will encounter many changes as you leave familiar surroundings, find a new place to live and settle into your new location.

The relocation of employees contributes to the Company's ability to stay flexible and competitive. For that reason, we have partnered with Global Mobility Solutions (GMS), as well as a number of other top rate service providers, to provide you with a program of relocation support to reduce normal move disruptions, and enable you to get settled in your new home and job as quickly as possible.

This Relocation Guide outlines the services made available to you to help facilitate your move, including selling your current residence and finding a new community and home.

Please take the time to read through this guide and familiarize yourself with the policy and GMS relocation services before you begin planning your relocation. Recognizing that relocating can be a disruptive time, the Company, through your dedicated Relocation Coach will assist you and your family throughout your move.

Our best wishes for success in your new location!

Contents

BENEFITS AT A GLANCE

Policy Component	Description
Eligibility	• You are eligible for coverage under the relocation program described in this guide if you are classified as an active full-time current or newly-hired, salaried executive level employee or senior officer; homeowner or renter. It is your responsibility to work with the Sr. Manager Human Resources to monitor your eligibility for benefits and to ensure your status is accurately reflected in the payroll system. • ***Note: Active Full-time (AF) means not L, LP, or T status.***
Miscellaneous Allowance	• You will receive an Allowance of $10,000 to cover expenses not provided elsewhere in the policy • Such payment will not be grossed-up
Home Finding Trip	• Professional assistance will be provided by GMS • The Company will provide you with two home finding trips for up to seven days/six nights, for you, your spouse or one additional family member and for your children. • Reimbursable expenses include reasonable costs associated with: o Airfare or Mileage o Lodging o Meals ($25/day/adult & $15/day/child) • Rental car (if airfare)
Temporary Housing	• Professional assistance will be provided by GMS • The Company will provide you with temporary housing accommodations for up to 90 days • Up to 14 days rental car if automobile is being shipped
Home Sale Assistance: GPO/Amended Value Sale	• Marketing Assistance • Appraised Value Offer • Amended Value Sale • Independent Sale
Renter Services	• Lease Cancellation: o Up to two months' rent if required to cover lease cancellation or lease break fees
New Home Purchase Assistance	• If you decide to purchase a home in the new location, you will be reimbursed for normal and customary new home purchase closing costs
Movement of Household Goods	• A professional van line will be selected and coordinated by GMS • Van line will pack, load, transport, unload goods, and unpack, including normal appliance servicing • The Company will provide: o Debris pick up o Storage for up to 90 days o Up to $125,000 of valuation coverage o Shipment for up to two automobiles if the distance to the new location is over 300 miles
Final Trip to the Destination Location	• You and your family will be reimbursed for en route expenses from the departure location to the destination location. Reimbursable expenses include reasonable costs associated with: o Airfare if vehicle(s) is/are shipped o Lodging – 1 night in origin, en route o Mileage – 1 vehicle if 1 is shipped or 2 vehicles if none are shipped o Meals($25/day/adult & $15/day/child) • You must travel a minimum of 300 miles per day by the most direct route

INTRODUCTION

On the Move…

This handbook has been designed to help you understand Dollar General's relocation program and to assist you and your family in relocating as quickly as possible with minimal inconvenience. You are encouraged to carefully read this handbook in its entirety. Recognizing that relocating can be a disruptive process, the Company and GMS will assist you and your family throughout your move.

Eligibility

The relocation program was developed to facilitate the movement of active, full-time newly-hired and current, salaried, executive-level employees or senior officers who are requested to relocate by the Company and designated by the Company to receive the benefits described in this handbook.

In order to be eligible for relocation as described in this handbook, your relocation must meet the IRS 50-mile distance test. The distance between your former residence and your new job site must be at least 50 miles greater than the distance between your former residence and your former job site.

Family

Your family members eligible for assistance under this policy include your spouse and your dependent household members. In the event an additional member of your household is asked to relocate by the Company, you are eligible to receive only one set of benefits.

Time Limit

You are eligible for the benefits extended in this handbook for up to 12 months following your effective date of transfer. All expense reports related to your relocation are required to be submitted within 90 days of the date incurred within this 12-month period.

Disclaimer

The Company has the sole right at any time to revise, amend or discontinue this policy. This policy shall not be considered or construed as an employment contract and does not constitute a guarantee of employment for any minimum or specified period of time.

Policy Exceptions

If you feel an exception is needed, please submit your request in writing to your GMS dedicated Relocation Coach. They will review and forward your request to the Relocation Department at Dollar General for consideration. Upon initial receipt, the Relocation Department will present a recommendation along with facts to the appropriate senior level officer for final approval by the Board's Compensation Committee. Your dedicated Relocation Coach will communicate the decision to you.

RELOCATION ADMINISTRATION

Upon notification of your relocation, your dedicated Relocation Coach will contact you and be your main point of contact throughout your move. Your dedicated Relocation Coach will guide you through each step of the relocation process, answer your questions, and help coordinate all aspects of your move. Listed below are highlights of the services your dedicated Relocation Coach will provide to you:

- → general information
- → expense report reimbursements
- → disposition of your present home
- → assistance in finding a new residence
- → moving your household goods
- → moving you and your family to the new location

We encourage you to become fully involved in your move and work closely with the professionals who have been made available to assist you throughout the relocation process. By working closely with your dedicated Relocation Coach, you will be able to effectively manage your move.

Forms to Complete

Our goal is to have a relocation process that is as simple and easy to use as possible. Therefore, there are only two steps that you must complete before receiving your relocation benefits.

Step 1. Complete and return the Relocation Initiation Form

The Relocation Initiation Form provides us with important information to pass on to the moving company and for relocation check/reimbursement requests.

Step 2. Complete and return the Employee Reimbursement Form.

The Employee Reimbursement Form states that you have read Dollar General's Relocation policy and understand that you are responsible for any expenses not covered under the policy. This form may also have a reimbursement schedule you would follow to pay back a pro-rated share of your relocation benefits should you leave the company within a year of the date of your last relocation reimbursement or last relocation expense incurred by Dollar General.

Both of these forms can be emailed or faxed to the following:

Email: Relocation@DollarGeneral.com
Fax: (615) 855-4139

EXPENSE REIMBURSEMENT

Most ordinary expenses involved in moving from one location to another are covered under this policy. Any questions of interpretation should be discussed with your dedicated Relocation Coach *before you take action*.

All relocation expenses must be submitted on the Relocation Expense Report Form (will be provided to you by GMS) and *must not* be combined with regular business expenses. In order to determine the federal and state tax liability for reimbursed expenses, all relocation expenses must be reported accurately.

Where relocation-related expenses are specifically reimbursable, consistent guidelines apply.

- → All reimbursable expenses must be reasonable and appropriate.
- → All relocation benefits are reflected in U.S. dollars.
- → All reimbursable moving expenses must be incurred within 12 months from the effective date of employment or transfer and submitted for payment within 90 days from the date the expense is incurred.
- → Only expenses specifically outlined in the policy will be reimbursed.
- → You must submit original receipts for reimbursement. Your completed expense reports together with your original receipts should be forwarded directly to your dedicated Relocation Coach.
- → It is important not to include any business expenses on relocation expense forms.

RELOCATION AND TRANSITION EXPENSES

Miscellaneous Expense Allowance

The Company will provide you with an allowance equal to $10,000, to cover many of the incidental expenses not specifically reimbursed under this policy, which may occur as a direct result of your transfer. Some of these expenses may include:

- → driver's licenses and automobile registrations in the new location,
- → meals during temporary living,
- → duplicate mortgage,
- → utility deposits,
- → shipment of pets,
- → cleaning or maid service (new or old location),
- → non-refundable tuition, memberships, club dues or subscriptions,
- → piano tuning,
- → tips to movers,
- → drapery and carpet installation or alterations,
- → television or cable installation or adjustments,
- → overnight mail charges,
- → tax consulting,
- → items unique to your personal move not covered by this policy,
- → disassemble/reassemble playground, gym equipment, swimming pools, and similar items.

For newly hired employees, a check will be processed and deposited into your account within 2 weeks after your start date.

Tax Assistance

Gross-up will not be provided for the Miscellaneous Expense Allowance.

House Hunting

Dollar General will provide you and your spouse or one additional household member and your children with two (2) house hunting/apartment hunting trips for a total of seven (7) days. The House Hunting Trip will include the following:

- → Hotel accommodations for a maximum six (6) nights.
- → Airfare or mileage reimbursement at current Company rate if personal vehicle is driven.
- → Reimbursement for rental car for maximum of seven (7) days.
- → Reimbursable meal expenses not to exceed $25.00/day per adult, $15.00/day per child (original receipts must be submitted).

Tax Assistance

Gross-up will be provided for residence hunting expenses.

Temporary Living

Temporary Living Assistance is intended only for short-term living arrangements at the new location. Dollar General will reimburse you for up to 90 days of temporary living expenses. Temporary living assistance includes the following:

- → One bedroom fully furnished corporate apartment for employee only.
- → If trailing family, a two bedroom fully furnished corporate apartment may be requested in lieu of a one bedroom.
- → Reimbursement for full size rental car for a maximum of two (2) weeks.

If you require temporary living assistance please contact your dedicated Relocation Coach at least two weeks in advance. He or she will be happy to help you make arrangements and answer any questions you may have.

Return Trip

If you are required to report to work in your new location prior to your family's final move, you shall receive coverage of travel expenses for one (1) return trip home per month up to a total of 3 round trips during the temporary living period. One family member may visit you in the new location in lieu of a return trip.

Tax Assistance

Gross-up will be provided for temporary living and return trip expenses.

HOME SALE ASSISTANCE PROGRAM

Your dedicated Relocation Coach will provide you with the necessary expertise to facilitate the sale of your home through the services described below.

Home Eligibility

A home eligible for home sale assistance is any completed single-family or two-family residence, including a condominium that is used as your principal residence and that is owned by you, your spouse, any of your dependents residing in the same household, or any combination of those persons at the time you are asked to relocate. This also includes land customarily considered part of a residential lot and all personal property normally sold with a residence according to local custom. If your home does not meet these eligibility guidelines, you may qualify for reimbursement of certain home sale closing costs and commission expenses if you sell your primary residence on your own.

Homes considered *ineligible* for home sale assistance (Guaranteed Buyout Offer/Buyer Value Option) include, but are not limited to, the following:

- → cooperative apartments,
- → mobile homes,
- → vacation/secondary homes,
- → investment properties,
- → homes with excessive acreage (+5 acres),
- → homes that are partially completed or under substantial renovation,
- → homes ineligible for conventional financing,
- → houseboats,
- → homes deemed ineligible through building inspections, and
- → vacant lots appraised as contributory value only.

If you have any questions regarding your home's eligibility, please contact your dedicated Relocation Coach prior to beginning the relocation process.

Overview

Marketing Your Home

The home sale process will begin with the appraisal and listing your home. Your dedicated Relocation Coach will help you select a qualified real estate agent and together they will determine selling strategies targeted to help you receive the best possible offer for your home. The advantage to successfully marketing your home and selling to an outside buyer is that you may receive a greater cash return than the Appraised Value Offer.

> You are required to speak with your dedicated Relocation Coach prior to taking any steps to list or market your home. You are required to market your home for a minimum of 90 days from the date your home is listed with an approved real estate agent.

Appraised Value Offer

Two independent appraisers will appraise your home to determine the Appraised Value Offer. Your relocation coach will provide a list of ERC endorsed appraisers in your area to choose from. This offer will be your "safety net" providing you with a guaranteed price, should your home not sell on the open market. Your Appraised Value Offer will be available to you for 90 days.

Amended Value Sale

If you receive a qualified offer on your home from an outside buyer you have an opportunity to "amend" the Appraised Value Offer from GMS to reflect your buyer's offer.

Marketing Assistance

As soon as the Company authorizes your relocation, your dedicated Relocation Coach will contact you to explain the first step—the listing, marketing and appraisal of your home. Placing your home on the market as advantageously as possible is a critical element in successfully marketing your home. Throughout the home sale process, your dedicated Relocation Coach will continuously track your agent's efforts to market your home. The goal of these efforts is to help you obtain the best offer for your home within a reasonable time frame.

Your dedicated Relocation Coach's objectives are to:

- help you identify a qualified and active broker to assist you in marketing and listing your home in a highly effective manner;
- work with your real estate agent to develop a strategic marketing plan to sell your home at the best possible market value;
- in conjunction with your real estate agent, suggest any minor repairs and/or improvements that will increase the marketability of your home; and
- work with you throughout the process of you selling your home.

How the Marketing Process Works…

The following is a step-by-step process of marketing assistance services provided by your dedicated Relocation Coach.

Agent Selection

Your dedicated Relocation Coach will place a referral with two (2) area real estate agents who will visit your home and prepare a complete Employee Relocation Council (ERC) Market Analysis. If you would like to designate a particular real estate agent that has not been recommended, please notify your dedicated Relocation Coach. As long as the real estate agent agrees to the program's requirements, he or she will be able to work with you as one of your two selected agents. You may not utilize or ask to have qualified any real estate agent that is a family member; i.e., spouse, child, mother, father, brother, sister or in-laws. If you have no preference or are not familiar with local brokers, your dedicated Relocation Coach will assist you in the selection.

Listing Your Home

Your dedicated Relocation Coach will ask you to select one real estate agent from the two you have interviewed. He or she will then work with you and your selected agent to develop a marketing strategy and establish a list price that is both attractive and realistic in the local market.

You are required to list your home within 110% Appraised Value. You are required to list your home for a minimum of 90 days from the initial list date before you are eligible to accept the Appraised Value Offer.

Listing Exclusion Clause

When you speak with your dedicated Relocation Coach, he or she will discuss the necessity of including the following language in the listing agreement with your broker. The reason for this clause is to allow for cancellation of the listing agreement if necessary for GMS to close with the buyer. This clause is considered "standard operating procedure" among agents who work with corporate transferees. The following Exclusion Clause should be attached as an addendum to the Listing Agreement.

"In the event of any conflict or inconsistency between this Addendum and the Listing Agreement, the terms of this Addendum shall control.

It is understood and agreed that regardless of whether or not an offer is presented by a ready, willing and able buyer:

1. No commission or compensation shall be earned by, or be due and payable to, broker until the sale of the property has been consummated between seller and buyer, the deed delivered to the buyer and the purchase price delivered to the seller; and

2. The seller reserves the right to sell the property to GMS or to: ____________ (individually and collectively a "Named Prospective Purchaser") at any time. Upon the execution by a Named Prospective Purchaser and me (us) of an Agreement of Sale with respect to the property, this listing agreement shall immediately terminate without obligation of my (our) part or on the part of any Named Prospective Purchaser to either pay a commission or to continue this listing."

____________________	____________________
Real Estate Agent	Date
____________________	____________________
Seller	Date
____________________	____________________
Seller	Date

Monitoring the Marketing Process

Your dedicated Relocation Coach will work with you and your real estate agent throughout the marketing process to ensure maximum exposure for your home, provide feedback on the marketing process, and recommend strategy modifications, if needed.

Negotiating a Sale

When you have an interested buyer and receive an offer, your dedicated Relocation Coach will be a valuable resource as you negotiate a price and an Offer Letter. You must submit ALL offers received to your dedicated Relocation Coach for review and consideration. DO NOT SIGN a contract (or any other document) with the buyers or take any money as a deposit from the real estate agent or prospective buyer.

Finalizing a Sale

Your dedicated Relocation Coach will handle the details of the real estate transaction once the terms of the sales agreement have been finalized.

APPRAISED VALUE OFFER

Your decision to relocate should not be hampered by concerns about selling your home. GMS will assist you by making an offer to purchase your home at a value established by independent fee appraisers. *The appraisal process will begin immediately after entering the relocation program.*

Appraiser Selection

Once you have notified your dedicated Relocation Coach of your choice of appraisers, your dedicated Relocation Coach will notify the approved appraisers to contact you in order schedule a convenient time to survey your home.

Relocation Appraisal

A relocation appraisal is an estimate of the anticipated sales price of your home over a reasonable selling period. Relocation Appraisers estimate value primarily by comparing your home to the sales of similar properties making detailed adjustments for the differences between those properties and your home. The appraisers consider location, size, age, condition, and marketability.

When the appraisers arrive to inspect your home, you should be prepared to discuss any facts that may be important in determining the value of your home:

- → any improvements you have made to the home that may or may not be visible to the appraisers; and
- → any information on similar homes that have recently sold in your area.

Your home will be appraised in "as is" condition, so it is important your home shows favorably to maximize the appraised value and resale efforts. Your dedicated Relocation Coach and your real estate agent will assist in suggesting specific fix-up items to help maximize your marketing efforts.

The appraisers may also ask for a copy of the land survey and a copy of the title policy that you received when you closed on your home. They will need these items to obtain the correct legal description.

Determining the Appraised Value Offer

Your Appraised Value Offer will be equal to the average of two independent relocation appraisals. However, if the variance between the two appraisals is greater than 5% of the higher amount, a third relocation appraisal will be ordered. In this case, your offer will be determined by averaging the two closest appraisals. Normal and customary home inspections will be ordered at the time of the appraisals.

Your dedicated Relocation Coach will present you with your Appraised Value Offer once the inspection and appraisal reports have been received and reviewed. Your home will have to pass all inspections and/or you must satisfactorily remedy any deficiencies before your offer is finalized. The entire process should be completed within 30 days from the date of the last inspection.

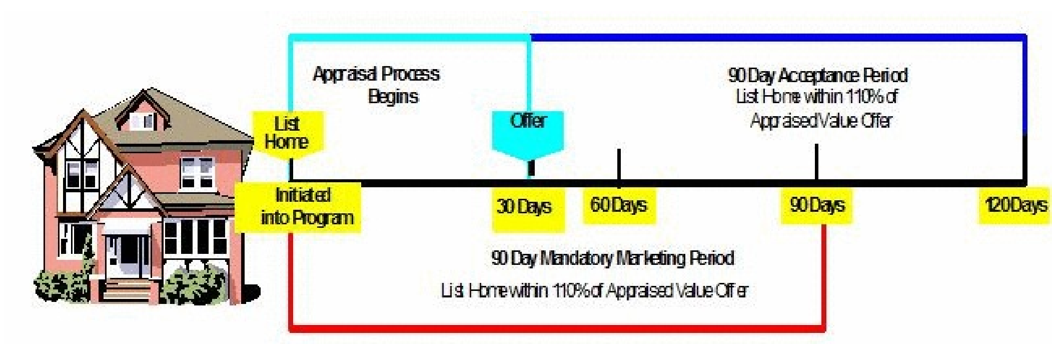
You are required to list your home at no more than 110% of the Appraised Value Offer. This may require you to make an adjustment to your most current list price.

Title Search

In addition to arranging for the appraisals and inspections, a title search will be initiated in order to prepare for closing. You may need to be involved in clearing any title issues should they appear on the title report. Please inform your real estate agent that GMS is bringing the title up-to-date. This can avoid a duplicate title search. Often an agent will arrange for a title search upon notification from a lender of a buyer's loan approval.

Offer Period

Your dedicated Relocation Coach will call you with your Appraised Value Offer and outline the timing and process of the home sale program. The Appraised Value Offer has a 90-day acceptance period—90 days to continue marketing your home knowing you have a set "safety net". Your 90-day acceptance period begins the day your Offer Letter is postmarked. You may accept the appraised value offer at any time after marketing your home for 90 days.



You are required to market your home for 90 days from the list date before you are able to accept the Appraised Value Offer.

Accepting the Appraised Value Offer

If you are unable to sell your home during the 90-day offer period and accept the Appraised Value Offer, you and your spouse should sign the GMS Offer Letter and return both copies to your dedicated Relocation Coach along with the other supporting documents. Your execution of the Offer Letter is a legal transaction. You will need to sign and notarize the Offer Letter and other related documents.

The signed GMS Offer Letter and related documents must be received by your dedicated Relocation Coach on or prior to the expiration date of your offer. The contract will be dated on the day all necessary documents are completed and signed by you and your dedicated Relocation Coach.

Vacating the Home

You have 60 days from the date you sign the GMS Offer Letter in which to vacate the property provided a resale closing does not occur sooner. If you cannot move within 60 days, please let your dedicated Relocation Coach know and you may be granted additional time to vacate, if circumstances warrant.

After you and GMS have signed the Offer Letter, you will continue to be responsible for the costs of maintenance, repairs, utilities, insurance, etc., until you actually vacate. Prior to vacating, you will be expected to cooperate fully with all attempts by GMS to market the home by allowing prospective purchasers to view the premises by appointment during reasonable hours.

From the date you vacate, GMS will make all future mortgage, tax, and other carrying payments on your home. It will also assume payment of maintenance and utility costs. Your equity statement will reflect mortgage interest through your executed GMS contract or vacate date, whichever comes last.

Utilities

Since sudden cold weather can cause damage due to freezing, do not turn off any utilities when you vacate the home. The utilities must be left in your name until you contract with GMS or vacate the home, whichever is later. At that time, you should request final readings from the utility companies serving your home. Your dedicated Relocation Coach will instruct your real estate agent to transfer the utilities into the real estate company's name until the home closes with new buyers. The day you vacate is customarily the date utilities are transferred to the real estate company. If you receive a utility bill covering a period of time when payment was not your responsibility, please submit the invoice to your dedicated Relocation Coach for payment.

Insurance

You will need to cancel your homeowner's insurance policy effective when GMS signs the Offer Letter or you vacate, whichever is later. Any refund due to you from the insurance company will be paid directly to you. Make note to discuss this with your insurance agent and follow-up if necessary.

If you are vacating your home prior to contracting with GMS, contact your insurance agent to arrange coverage during any periods the home will be unoccupied. Most homeowner's insurance policies state coverage is void if the dwelling is unoccupied for a specific period of time.

AMENDED VALUE SALE

Achieving an Amended Value Sale is of benefit to you and the Company. The Company avoids the significant expense of purchasing, maintaining, and reselling your home through GMS and you receive the highest possible price for your home.

> If at any time during your marketing period, you receive an offer through the efforts of your real estate agent, you must submit the offer to your dedicated Relocation Coach. DO NOT SIGN a contract (or any other document) with the buyers or take any money as a deposit from the real estate agent or prospective buyer.

Advantages of an Amended Value Sale

- → You may receive a greater cash net return than the Appraised Value Offer.
- → You will be relieved of the responsibilities of property ownership upon vacate or contract date with GMS, whichever is later.
- → You will be relieved of the necessity of closing with the buyer.
- → After contracting with GMS, you will be assured of receiving the net proceeds based upon the Amended Value Sale even if the original sale falls through and does not close.

Analyzing the Offer

Your dedicated Relocation Coach will review the terms of the offer in an effort to determine whether the offer is bona fide (made in good faith), and to confirm that it is not subject to the sale of the buyer's property, does not contain any unusual or unreasonable terms, and is not subject to interim financing.

Amending the Offer Letter

Once the final offer has been approved, your dedicated Relocation Coach will ask you to "amend" the amount in your GMS Offer Letter to reflect the buyer's offer and to sign and return the Offer Letter.

Buyer's Offer Less Than Appraised Value Offer

At its discretion, the Company may also accept offers which are lower than your Appraised Value Offer. You will remain eligible to receive your equity calculation based on the Appraised Value Offer.

Closing an Amended Value Sale

GMS will acquire your home, according to the terms of the amended GMS Offer Letter with you. GMS will also fully honor the terms of the Purchase Agreement with the buyers.

GMS will make every effort to close the transaction with the buyer. However, since GMS has already purchased your home, you will not be impacted if the sale to the buyer is not eventually consummated. Your equity payment will be based upon the Amended Value Sale Price.

Responsibility for your property remains with you until you contract with GMS or vacate, whichever is later. This includes maintenance of your home, payments for utilities, mortgage, taxes, and premiums for insurance.

Equity

Your equity is calculated as of the GMS contract date or your scheduled vacate date, whichever is later, and is based upon the Amended Value sale price or guaranteed offer price, whichever is greater. You will need to coordinate the timing of your equity check with your dedicated Relocation Coach. You may be eligible to receive an equity advance once you have signed the GMS Offer Letter and when there is a specific need for funds to close on a new home in the destination area.

It is important to note that certain items are not covered under the policy and will be deducted from your final equity, if you have agreed to any of these additional seller's expenses:

- → repairs and improvements requested by the buyer;
- → buyer's closing costs;
- → homeowner warranties;
- → buyer's incentives;
- → real estate commission above the standard rate for your area;
- → closing dates beyond 60 days of vacating or contracting with GMS.

INDEPENDENT SALE

If your home is considered ineligible for the Company's Home Sale Assistance Program (Buyer Value Option or Amended Value Offer) or you elect to sell your home independently prior to initiation into GMS' Home Sale Assistance Program, you may be eligible to receive direct reimbursement of normal and customary home sale closing costs and commission when you sell your home on your own. Contact your dedicated Relocation Coach to determine if your home qualifies for this home sale option.

> If your home is *eligible* for GMS' home sale assistance (Buyer Value Option or Amended Value Offer) and you sell your home on your own, the Company will *not* provide tax assistance for your home sale commission and closing cost expenses.

Reimbursement of Expenses

Normal and customary home sale closing costs and real estate commission at the prevailing rate in your current location (maximum of 6%) will be reimbursed if you sell your home independently within twelve (12) months of your effective date of transfer.

Discount points incurred through negotiation with FHA, VA and conventional financing are not reimbursable.

Tax Assistance

You will receive tax assistance for normal and customary home sale closing costs and eligible commission expenses only if your home is ineligible for the Home Sale Assistance Program (Buyer Value Option or Amended Value Offer). If you choose to sell your home on your own, no tax assistance will be provided to you.

RENTERS' ASSISTANCE

Lease Cancellation

If you are presently renting your home or apartment at the origination location, you should immediately notify your landlord or lease holder of your move to avoid or minimize penalty charges. You should attempt to obtain a written waiver of any provisions of the lease requiring fees or penalties due to your transfer. The Company asks that you make every effort to minimize the penalties by making the best possible arrangements with your landlord.

Should you be required to pay a penalty, the Company reimburses up to a maximum of two (2) months' rent for any combination of lease termination penalty charges, forfeiture of lease deposit, and/or duplicate rent on your former home or apartment. If necessary, your dedicated Relocation Coach can assist you with lease cancellation arrangements.

New Lease Agreement

Should you decided to rent a home or apartment in the destination location your new lease should be examined carefully before it is signed. You should negotiate a cancellation clause that would give you the right to cancel the lease without penalty after giving 30 days' notice, in the event of a company-initiated transfer.

Sample Clause:

If tenant's employer relocates tenant to a location more than fifty (50) miles from the premises that are the subject of this lease, this lease will be automatically terminated without further liability at any time. Tenant agrees to give landlord at least 30 days' *notice of his/her intention to terminate this lease along with proof of such transfer of employment.*

Tax Assistance

Gross-up will be provided for renters' assistance reimbursements.

DESTINATION LOCATION

Planning Your House Hunting Trip

Whether you are a homeowner or a renter, selecting a new community and home is one of the most important decisions you will make as a result of your job transfer. The Company's relocation program offers you professional home finding counseling through GMS. The Company encourages you to take advantage of this valuable service.

Your dedicated Relocation Coach will discuss your family's specific needs, preferences, and lifestyle. After review of your requirements, your dedicated Relocation Coach will select a local real estate professional who is experienced in the areas of interest to you.

Remember to contact your dedicated Relocation Coach prior to contacting any real estate agent in the new location.

Your dedicated Relocation Coach and real estate agent will work together to organize your house hunting trip so it is productive. By planning in advance, the agent will be prepared to take you on area tours and discuss items of interest to you and your family. Preparation gives you a better chance of quickly finding a residence to fit your needs at a price you can afford.

Once your real estate agent is contacted, he or she will provide the following information:

- schools, churches, etc.,
- commuting times,
- child and elder care services, and
- pre-selected homes for viewing

If you are a current homeowner, you should delay house hunting in the new location until you have an estimated value on your present home and you have been pre-qualified by a mortgage lender. Home purchase decisions made with unrealistic expectations of current equity may result in over-commitment at the new location.

Internet Home Search

Although the Internet can be a useful tool to gain information on housing in the new area, keep in mind you need to use the approved real estate agent assigned to you to obtain information or to view any home you find on the Internet. This will avoid confusion as to which agent you are working with and any possible real estate commission disputes.

HOME PURCHASE CLOSING COST ASSISTANCE

If you are purchasing a residence in the new location, you will be reimbursed for reasonable and actual home purchase closing costs provided you sign a contract to purchase a home in the new area and close within one year of your employment effective date or effective date of transfer.

One time closing costs for permanent financing will be reimbursed including:

- → normal attorney's fees,
- → appraisal fees,
- → tax service fees,
- → title insurance (lender's coverage, only),
- → recording fees (including tax stamps),
- → credit reports,
- → survey fees,
- → flood certification, and
- → inspections required by the lender

The Company does not cover one-time closing adjustments such as property taxes, home hazard insurance, fuel adjustments, or private mortgage insurance (PMI). The Company does not cover the costs associated with establishing second mortgages, home equity lines of credit or construction loans.

Tax Assistance

Gross-up will be provided for non-deductible home purchase closing costs.

National Mortgage Lender Program

The Company has selected national mortgage lenders to provide you with a wide variety of mortgage services. Your dedicated Relocation Coach will provide you with information on participating mortgage companies.

Using the services of these preferred lenders offers many advantages:

- → familiarity with the Company's program,
- → mortgage loan pre-approval process,
- → direct billing of closing costs to the Company, and
- → consideration of current spousal income

New Construction

If you elect to build a home in the new location, you may incur additional expenses as opposed to purchasing an existing home. Be aware in making your decision that policy benefits will not be extended if you decide to build.

MOVING TO THE NEW LOCATION

To enable you and your family to make an effective transition to the new area, the Company's relocation program provides for a range of move-related assistance:

- → pre-move survey of your household goods by the moving company;
- → complete packing of all items;
- → transportation of your household goods to your new residence;
- → up to $125,000 in full replacement valuation coverage for your household goods;
- → unloading, unpacking, and placement of all furniture in your new residence; and
- → storage of your household goods for up to 90 days, if required.

Shipment of Household Goods

You, or a representative appointed by you, will need to plan to be present during all phases of your move—pack, load, delivery, and unpacking. Your own planning, preparation, and involvement during the process will contribute to a successful move.

Items Excluded From Shipment

The items listed below are not ordinarily considered household goods and are your responsibility. The Company, GMS Relocation, and the moving company will not be able to take responsibility for these items.

The Miscellaneous Expense Allowance is intended to assist you with expenses unique to your personal move and for items not covered by this policy. Please note the Company will not pay for the shipping of the following items. If you have any questions, contact your dedicated Relocation Coach.

- → boats
- → campers, trailers, motor homes
- → farm machinery
- → firewood, rocks, sand, soil, etc.
- → perishable food items, refrigerated or frozen
- → aerosol cans, flammable liquids and other hazardous materials
- → lumber, bricks, blocks, cement, tiles and building materials
- → airplanes
- → plants, animals
- → large playground equipment
- → tool or storage sheds, outdoor buildings
- → valuables such as jewelry, money, coins, coin and stamp collections, irreplaceable photos, stocks, bonds, deeds, wills, and other legal documents

Playground and Similar Equipment

Playground, gym equipment, swimming pools, and similar items must be disassembled prior to your move day. If the movers disassemble and reassemble these items, you will be responsible for payment of these costs at the time of service.

Insurance

Your household goods are protected with up to $125,000 of full replacement valuation coverage.

Items of Extraordinary Value (Including Antiques)

It is recommended that items of extraordinary value such as antiques, fine art, furs, silver, china, crystal, photography equipment, oriental rugs, baseball cards, comics, other collectibles, etc. be professionally appraised prior to your move. If purchased within the last year, the value can be substantiated with a sales receipt. The Company will not pay for appraisals or any special handling and packaging of antiques or other high-value items.

Packing and Loading

Careful packing and proper loading are very important steps in assuring a successful move. It is important that the mover packs all your household goods. The driver will prepare a complete inventory list of your household goods describing the condition of each item (nicks, scratches, dents, etc.). Review the inventory carefully to make sure you agree with the driver's description before you sign the inventory. The inventory is an important document in the settlement of claims for loss and damage.

Unloading

Check with the van driver about delivery times at the new location. Be sure to give them all possible telephone numbers where you can be reached en route and in the new location.

As your goods are being unloaded, you must check off each item on your inventory sheets. Make notations on the sheets of missing or damaged items immediately and have the driver sign it. Assembly of furniture will be completed prior to the driver leaving your home. Unpacking of your goods consists of removing the items from the cartons in the room for which they are labeled. This does not include putting items away. Disposal of cartons is included in the move services.

Billing

The van line will send the invoice for your move directly to GMS. If you transport household goods not covered by the policy or incur unauthorized charges, you will be expected to pay for these items at the time of delivery.

Tipping

Tips to the movers are not covered under this policy. Your Miscellaneous Expense Allowance is designed to offset costs associated with tipping.

Shipment of Automobiles

The Company will reimburse mileage at the current business rate for up to two (2) automobiles to be driven to the new location. In lieu of driving, the Company will pay to ship up to two automobiles if the distance to the new location exceeds 300 miles.

Storage in the New Location

You should make every effort to move directly to your permanent residence. If necessary, you may store your household goods for up to 90 days.

Time Off for Moving

Dollar General understands that moving can be a time-consuming and stressful project. Therefore, you may need to take some time off from work for this purpose. At your manager's approval, Dollar General will allow you up to one week of paid time off for relocation. During this time it is suggested that you take care of anything relating to your relocation so that you are able to become settled in your new residence and be fully focused on your job upon your return. Please discuss your plans to take time off for moving with your manager <u>well in advance</u>, so that he or she may plan for your absence.

Travel to the New Location

You will be reimbursed for one-way transportation for you and your family to travel to the new location. If you drive, you will be expected to drive a minimum of 300 miles per day and via the most direct route as established by a standard Rand McNally table or equivalent.

You will be reimbursed for the following reasonable and actual en route expenses:

→ lodging (one night in departure or destination location or en route night as needed),
→ meals, reimbursed up to $25.00/day for adults and $15.00/day for children (original receipts must be submitted),
→ mileage (current business mileage rate), parking, and tolls, and
→ airfare, if necessary (14-day advance purchase required).

TAX ASSISTANCE

Many reimbursements made to you are considered taxable income. The Company is required to report all relocation reimbursements as compensation with the exception of items identified below. For informational purposes, the Company will provide you with a tax assistance sheet that will be prepared and mailed to you in January following your move.

The following expenses are *excluded* from taxable income:

→ up to thirty days (30) of household goods storage while waiting to occupy your residence in the new location; and
→ reasonable and normal expenses for transportation and lodging for you and your eligible family members from your present location to the new location.

The Company will assist in paying the additional tax resulting from taxable relocation reimbursements. Payments will be made directly to the federal, state, and FICA tax authorities. It is recommended you seek guidance from a tax professional for any year in which you receive relocation-related services or expense reimbursements. Accurate expense documentation is very important.

The tax assistance provided to you is based solely on your Company derived income, your filing status, and number of 1040 exemptions. Spouse income, investment income or any other outside income will not be included in the calculations. Individual variances from the program's calculations will not be reimbursed.

The additional taxes as calculated by the gross-up program and paid on your behalf will be included on your W-2 as income.

TAX TREATMENT TABLE

Keep in mind some relocation items are not eligible for gross-up. The table below outlines which relocation payments will be tax assisted.

Relocation Provision	Taxable	Deductible/ Excludable	Grossed Up
Miscellaneous Expense Allowance	☑		No
House Hunting	☑		Yes
Temporary Living	☑		Yes
Home Sale Assistance	Billed directly to Company		
Independent Sale - *eligible home*	☑		No
Independent Sale - *ineligible home*	☑		Yes
Renters' Assistance	☑		Yes
Home Purchase Closing Cost	☑		Yes
Household Goods Move	☑		Yes
Storage	☑ Days over 30	☑	Yes Days over 30
Travel to the New Location	Meals & Mileage greater than the current IRS mileage rate for moving	Transportation & Lodging	Meals & Mileage greater than the current IRS mileage rate for moving

Exhibit 10.7

DOLLAR GENERAL CORPORATION
STOCK OPTION AWARD AGREEMENT

THIS AGREEMENT (the "Agreement"), dated as of the date indicated on **Schedule A** hereto (the "Grant Date"), is made by and between Dollar General Corporation, a Tennessee corporation (hereinafter referred to as the "Company"), and the individual whose name is set forth on the signature page hereof, who is an employee of the Company or a Subsidiary or Affiliate of the Company (hereinafter referred to as the "Optionee"). Any capitalized terms herein not otherwise defined in this Agreement shall have the meaning set forth in the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan, as such Plan may be amended from time to time (the "Plan").

WHEREAS, the Company wishes to carry out the Plan, the terms of which are hereby incorporated by reference and made a part of this Agreement; and

WHEREAS, the Compensation Committee (or a duly authorized subcommittee thereof) of the Board of the Company appointed to administer the Plan (the "Committee") has determined that it would be to the advantage and best interest of the Company and its shareholders to grant the Option provided for herein to the Optionee, and has advised the Company thereof and instructed the undersigned officer to issue said Option.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I
DEFINITIONS

Whenever the following terms are used in this Agreement, they shall have the meaning specified below unless the context clearly indicates to the contrary.

Section 1.1. Cause

"Cause" shall mean (A) "Cause" as such term may be defined in any employment agreement between the Optionee and the Company or any of its Subsidiaries or Affiliates that is in effect at the time of termination of employment; or (B) if there is no such employment agreement in effect, "Cause" as such term may be defined in any change-in-control agreement between the Optionee and the Company or any of its Subsidiaries or Affiliates that is in effect at the time of termination of employment; or (C) if there is no such employment or change-in-control agreement, with respect to an Optionee: (i) any act of the Optionee involving fraud or dishonesty, or any willful failure to perform reasonable duties assigned to the Optionee which failure is not cured within 10 business days after receipt from the Company of written notice of such failure; (ii) any material breach by the Optionee of any securities or other law or regulation or any Company policy governing trading or dealing with stock, securities, investments or the like, or any inappropriate disclosure or "tipping" relating to any stock, securities, investments or the like; (iii) other than as required by law, the carrying out by the Optionee of any activity, or the Optionee making any public statement, which prejudices or ridicules the good name and standing of the Company or its Affiliates or would bring such persons into public contempt or ridicule; (iv) attendance by the Optionee at work in a state of intoxication or the Optionee otherwise being found in possession at the Optionee's place of work of any prohibited drug or substance, possession of which would amount to a criminal offense; (v) any assault or other act of violence by the Optionee; or (vi) the Optionee being indicted for any crime constituting (x) any felony whatsoever or (y) any misdemeanor that would preclude employment under the Company's hiring policy.

Section 1.2. <u>Disability</u>

"Disability" shall mean (A) "Disability" as such term may be defined in any employment agreement between the Optionee and the Company or any of its Subsidiaries or Affiliates that is in effect at the time of termination of employment; or (B) if there is no such employment agreement in effect, "Disability" as such term may be defined in any change-in-control agreement between the Optionee and the Company or any of its Subsidiaries or Affiliates that is in effect at the time of termination of employment; or (C) if there is no such employment or change-in-control agreement, "Disability" as defined in the Company's long-term disability plan.

Section 1.3. <u>Good Reason</u>

"Good Reason" shall mean (A) a material diminution in the Optionee's base salary unless such action is in connection with across-the-board base salary reductions affecting 100 percent of employees at the same grade level; or (B) a material diminution in the Optionee's authority, duties or responsibilities. To qualify as a termination due to Good Reason under this Agreement, the Optionee must have provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within thirty (30) days of the initial existence of such grounds and must have given the Company at least thirty (30) days from receipt of such notice to cure the condition constituting Good Reason. Such termination of employment must have become effective no later than one year after the initial existence of the condition constituting Good Reason.

Section 1.4. <u>Option</u>

"Option" shall mean the right and option to purchase, on the terms and conditions set forth herein, all or any part of an aggregate of the number of Shares of Common Stock set forth on **<u>Schedule A</u>** hereto.

Section 1.5. <u>Qualifying Termination</u>

"Qualifying Termination" shall mean the Optionee's employment with the Company and all Service Recipients is involuntarily terminated by the Company other than with Cause or terminated by the Optionee for Good Reason other than when Cause to terminate exists, in each case within two years following a Change in Control. In no event shall a Qualifying Termination include the Retirement, death, Disability or any other termination of the Optionee not specifically covered by the preceding sentence.

Section 1.6. <u>Retirement</u>

"Retirement" shall mean the voluntary termination of the Optionee's employment with the Company or any of its Subsidiaries or Affiliates on or after (A) reaching the minimum age of sixty-two (62) and (B) achieving five (5) consecutive years of service; provided, however, that the sum of the Optionee's age plus years of service (counting whole years only) must equal at least seventy (70) and provided further that there is no basis for the Company to terminate the Optionee with Cause at the time of Optionee's voluntary termination.

Section 1.7. Secretary

"Secretary" shall mean the Secretary of the Company.

ARTICLE II
GRANT OF OPTION

Section 2.1. Grant of Option

For good and valuable consideration, on and as of the Grant Date the Company irrevocably grants to the Optionee the Option on the terms and conditions set forth in this Agreement.

Section 2.2. Exercise Price

Subject to Section 2.4, the exercise price of the Shares of Common Stock covered by the Option (the "Exercise Price") shall be as set forth on **Schedule A** hereto, which shall be the Fair Market Value on the Grant Date.

Section 2.3. No Guarantee of Employment

Nothing in this Agreement or in the Plan shall confer upon the Optionee any right to continue in the employ of the Company or any Subsidiary or Affiliate or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries or Affiliates, which are hereby expressly reserved, to terminate the employment of the Optionee at any time for any reason whatsoever, with or without cause, subject to the applicable provisions of, if any, the Optionee's employment agreement with the Company or offer letter provided by the Company to the Optionee.

Section 2.4. Adjustments to Option

The Option shall be subject to the adjustment provisions of Sections 8 and 9 of the Plan, provided, however, that in the event of the payment of an extraordinary dividend by the Company to its shareholders: the Exercise Price of the Option shall be reduced by the amount of the dividend paid, but only to the extent the Committee determines it to be permitted under applicable tax laws and to not have adverse tax consequences to the Optionee under Section 409A of the Code; and, if such reduction cannot be fully effected due to such tax laws and it will not have adverse tax consequences to the Optionee, then the Company shall pay to the Optionee a cash payment, on a per Share basis, equal to the balance of the amount of the dividend not permitted to be applied to reduce the Exercise Price of the applicable Option as follows: (a) for each Share subject to a vested Option, immediately upon the date of such dividend payment; and (b) for each Share subject to an unvested Option, on the date on which such Option becomes vested and exercisable with respect to such Share.

ARTICLE III
PERIOD OF EXERCISABILITY

Section 3.1. Commencement of Exercisability

(a) Except as otherwise provided in Section 3.1(b), (c) or (d) below, so long as the Optionee continues to be employed by the Company or any other Service Recipient, the Option shall become vested and exercisable with respect to 25% of the Shares subject to such Option on each April 1 of the four (4) fiscal years following the fiscal year in which the Grant Date occurs, as set forth on **Schedule A** hereto (each such date, a "Vesting Date"). To the extent this vesting schedule results in the vesting of fractional shares, the fractional shares shall be combined and be exercisable on the earliest Vesting Date.

(b) Notwithstanding Section 3.1(a) above, upon the earliest occurrence of (i) the Optionee's death, or (ii) a termination of the Optionee's employment by reason of the Optionee's Disability, the Option shall become immediately vested and exercisable with respect to 100% of the Shares subject to such unvested Option immediately prior to such event (but only to the extent such Option has not otherwise terminated, been forfeited or become exercisable).

(c) Notwithstanding Section 3.1(a) above, in the event the Optionee experiences a Qualifying Termination, the Option shall become immediately vested and exercisable on the date of such Qualifying Termination with respect to 100% of the Shares subject to such unvested Option (but only to the extent such Option has not otherwise terminated, been forfeited or become exercisable).

(d) Notwithstanding Section 3.1(a) above, in the event of the Optionee's Retirement, that portion of the Option that would have become vested and exercisable within the one (1) year period following the Optionee's Retirement date if the Optionee had remained employed with the Company or the applicable Service Recipient shall remain outstanding for a period of one (1) year following the Optionee's Retirement date and shall become vested and exercisable on the anniversary of the Grant Date that falls within the one (1) year period following the Optionee's Retirement date (but only to the extent such portion of the Option has not otherwise terminated, been forfeited or become exercisable); provided, however, that if during such one (1) year period the Optionee dies or incurs a Disability, such portion of the Option shall instead become immediately vested and exercisable (but only to the extent such portion of the Option has not otherwise terminated or been forfeited) upon such death or Disability.

(e) No Option shall become vested or exercisable as to any additional Shares following the Optionee's termination of employment for any reason, and any Option which is unexercisable as of the Optionee's termination of employment shall immediately terminate and be forfeited without payment therefor, in each case except as otherwise provided in Section 3.1(b), (c) or (d) above.

Section 3.2. Expiration of Option

The Optionee may not exercise the Option to any extent after the first to occur of the following events:

(a) The tenth anniversary of the Grant Date;

(b) The fifth anniversary of the date of the Optionee's termination of employment with the Company and all Service Recipients by reason of Retirement;

(c) The first anniversary of the date of the Optionee's termination of employment with the Company and all Service Recipients by reason of death or Disability;

(d) The third anniversary of the date of the Optionee's Qualifying Termination;

(e) Ninety (90) days after the date of the Optionee's involuntary termination of employment by the Company and all Service Recipients without Cause that is not a Qualifying Termination;

(f) Ninety (90) days after the date of the Optionee's voluntary termination of employment with the Company and all Service Recipients by the Optionee that is not a Qualifying Termination or Disability or Retirement;

(g) Immediately upon the date of the Optionee's termination of employment by the Company and all Service Recipients with Cause;

(h) At the discretion of the Company, if the Committee so determines pursuant to Section 9 of the Plan.

ARTICLE IV
EXERCISE OF OPTION

Section 4.1. Person Eligible to Exercise

During the lifetime of the Optionee, only the Optionee (or his or her duly authorized legal representative) may exercise the Option or any portion thereof. After the death of the Optionee, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 3.2, be exercised by the Optionee's personal representative or by any person empowered to do so under the Optionee's will or under the then applicable laws of descent and distribution.

Section 4.2. Partial Exercise

Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 3.2; provided, however, that any partial exercise shall be for whole Shares of Common Stock only.

Section 4.3. Manner of Exercise

The Option, or any exercisable portion thereof, may be exercised solely by delivering to the Secretary or his or her designee all of the following prior to the time when the Option or such portion becomes unexercisable under Section 3.2:

(a) Notice in writing signed by the Optionee or the other person then entitled to exercise the Option or portion thereof, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Committee;

(b) (i) Full payment (in cash or by check or by a combination thereof) for the Shares with respect to which such Option or portion thereof is exercised (provided, however, that full payment is deemed made if the Company receives cash in respect of the exercise price no later than the date on which the Company or its agent delivers or releases Shares to the Optionee or his or her agent, which date shall not be later than two (2) business days following the date on which the Option is exercised, in the event of a cashless exercise via a third party in a manner that is compliant with applicable law) or (ii) notice in writing that the Optionee elects to have the number of Shares that would otherwise be issued to the Optionee reduced by a number of Shares having an equivalent Fair Market Value to the payment that would otherwise be made by the Optionee to the Company pursuant to clause (i) of this subsection (b);

(c) (i) Full payment (in cash or by check or by a combination thereof) to satisfy the minimum withholding tax obligation with respect to which such Option or portion thereof is exercised (provided, however, that full payment is deemed made if the Company receives such payment no later than the date on which the Company must remit such withholding to the Internal Revenue Service in the event of a cashless exercise via a third party in a manner that is compliant with applicable law); (ii) notice in writing that the Optionee elects to have the number of Shares that would otherwise be issued to the Optionee reduced by a number of Shares having an equivalent Fair Market Value to the payment that would otherwise be made by the Optionee to the Company pursuant to clause (i) of this subsection (c); or (iii) notice in writing to the Company at least 10 days prior to date of exercise that the Optionee elects to pay the withholding tax obligation with previously owned Shares and, subject to all applicable rules established by the Committee, the delivery (or deemed delivery, as allowed by the Committee) on or prior to the date of exercise of such Shares having a Fair Market Value equal to the withholding amount;

(d) A bona fide written representation and agreement, in a form satisfactory to the Committee, signed by the Optionee or other person then entitled to exercise such Option or portion thereof, stating that the Shares of Common Stock are being acquired for his or her own account, for investment and without any present intention of distributing or reselling said Shares or any of them except as may be permitted under the Securities Act of 1933, as amended (the "Act"), and then applicable rules and regulations thereunder, and that the Optionee or other person then entitled to exercise such Option or portion thereof will indemnify the Company against and hold it free and harmless from any loss, damage, expense or liability resulting to the Company if any sale or distribution of the Shares by such person is contrary to the representation and agreement referred to above; provided, however, that the Committee may, in its reasonable discretion, take whatever additional actions it deems reasonably necessary to ensure the observance and performance of such representation and agreement and to effect compliance with the Act and any other federal or state securities laws or regulations; and

(e) In the event the Option or portion thereof shall be exercised pursuant to Section 4.1 by any person or persons other than the Optionee, appropriate proof of the right of such person or persons to exercise the Option.

Without limiting the generality of the foregoing, the Committee may require an opinion of counsel acceptable to it to the effect that any subsequent transfer of Shares acquired on exercise of the Option does not violate the Act, and may issue stop-transfer orders covering such Shares. Share certificates evidencing stock issued on exercise of the Option may bear an appropriate legend referring to the provisions of subsection (d) above and the agreements herein. The written representation and agreement referred to in subsection (d) above shall, however, not be required if the Shares to be issued pursuant to such exercise have been registered under the Act, and such registration is then effective in respect of such Shares.

Section 4.4. Conditions to Issuance of Stock Certificates

The Shares deliverable upon the exercise of the Option, or any portion thereof, may be either previously authorized but unissued Shares or issued Shares, which have then been reacquired by the Company. Such Shares shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any certificate or certificates for Shares purchased (if certificated, or if not certificated, register the issuance of such Shares on its books and records) upon the exercise of the Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The obtaining of approval or other clearance from any state or federal governmental agency which the Committee shall, in its reasonable and good faith discretion, determine to be necessary or advisable; and

(b) The lapse of such reasonable period of time following the exercise of the Option as the Committee may from time to time establish for reasons of administrative convenience or as may otherwise be required by applicable law.

Section 4.5. Rights as Shareholder

Except as otherwise provided in Section 2.4 of this Agreement, the holder of an Option shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of any Shares purchasable upon the exercise of the Option or any portion thereof unless and until certificates representing such Shares shall have been issued by the Company to such holder or the Shares have otherwise been recorded in the records of the Company as owned by such holder.

ARTICLE V
MISCELLANEOUS

Section 5.1. Administration

The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Optionee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Option. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement.

Section 5.2. Option Not Transferable

Neither the Option nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Optionee or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 5.2 shall not prevent transfers by will or by the applicable laws of descent and distribution or other transfers authorized in limited circumstances by the Committee (or its designee).

Section 5.3. Notices

Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary or his or her designee, and any notice to be given to the Optionee shall be addressed to him or her at the last address of the Optionee known to the Company unless otherwise directed by the Optionee. By a notice given pursuant to this Section 5.3, either party may hereafter designate a different address for notices to be given to him or her. Any notice, which is required to be given to the Optionee, shall, if the Optionee is then deceased, be given to the Optionee's personal representative if such representative has previously informed the Company of his or her status and address by written notice under this Section 5.3. Any notice shall have been deemed duly given when (i) delivered in person; or, except for notice under Section 4.3 which must be received to be duly given, (ii) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service, or (iii) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with fees prepaid) in an office regularly maintained by FedEx, UPS, or comparable non-public mail carrier.

Section 5.4. Titles; Pronouns

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 5.5. Applicability of Plan [and Management Stockholder's Agreement]

The Option and the Shares of Common Stock issued to the Optionee upon exercise of the Option shall be subject to all of the terms and provisions of the Plan to the extent applicable to an Option and Shares. In the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control. [The Option and the Shares of Common Stock issued to the Optionee upon exercise of the Option shall not be subject to, and hereby are expressly exempted from, all of the terms and provisions of any Management Stockholder's Agreement between the Optionee and the Company in existence on the Grant Date.]

Section 5.6. Amendment

This Agreement may only be amended pursuant to Section 10 of the Plan.

Section 5.7. Governing Law

The laws of the State of Delaware shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

Section 5.8. Arbitration

In the event of any controversy among the parties hereto arising out of, or relating to, this Agreement which cannot be settled amicably by the parties, such controversy shall be finally, exclusively and conclusively settled by mandatory arbitration conducted expeditiously in accordance with the American Arbitration Association rules, by a single independent arbitrator. Such arbitration process shall take place within the Nashville, Tennessee metropolitan area. The decision of the arbitrator shall be final and binding upon all parties hereto and shall be rendered pursuant to a written decision, which contains a detailed recital of the arbitrator's reasoning. Judgment upon the award rendered may be entered in any court having jurisdiction thereof. Each party shall bear its own legal fees and expenses, unless otherwise determined by the arbitrator.

Section 5.9. Clawback

As a condition of receiving the Option, the Optionee acknowledges and agrees that the Optionee's rights, payments, and benefits with respect to the Option shall be subject to any reduction, cancellation, forfeiture or recoupment, in whole or in part, upon the occurrence of certain specified events, as may be required by any rule or regulation of the Securities and Exchange Commission or by any applicable national exchange, or by any other applicable law, rule or regulation or as set forth in a separate "clawback" or recoupment policy as may be adopted from time to time by the Board or the Committee.

Section 5.10 Signature in Counterparts

This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[*Signatures on next pages*]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

DOLLAR GENERAL CORPORATION

By: ____________________________________
Name: ____________________________________
Title: ____________________________________

ADDRESS:

Dollar General Corporation
100 Mission Ridge
Goodlettsville, TN 37072

[Signature Page of Stock Option Award Agreement]

OPTIONEE:

Signature: ______________________________
Print Name: ______________________________

[Signature Page of Stock Option Award Agreement]

Schedule A to Stock Option Award Agreement

Grant Date:	[ ]
Exercise Price (per Share):	$[ ]

Option Grant:
Aggregate number of Shares of Common Stock for which the Option granted hereunder is exercisable: [ ]

Vesting Dates:	**Percentage**	**Date**
	25%	April 1, [year]
	25%	April 1, [year]
	25%	April 1, [year]
	25%	April 1, [year]

Exhibit 12

Dollar General Corporation
Ratio of Earnings to Fixed Charges, Combined Fixed Charges and Preferred Stock Dividends(1)

	Fiscal Year Ended				
	February 2, 2018	**February 3, 2017(2)**	**January 29, 2016**	**January 30, 2015**	**January 31, 2014**
Earnings(3):					
Income before income taxes	$ 1,907.3	$ 1,965.6	$ 1,853.0	$ 1,680.9	$ 1,628.3
Fixed Charges, exclusive of capitalized interest	656.7	593.0	527.9	489.3	436.8
	$ 2,564.0	$ 2,558.6	$ 2,380.9	$ 2,170.2	$ 2,065.1
Fixed Charges(3):					
Interest charged to expense	$ 97.4	$ 98.0	$ 87.0	$ 88.3	$ 89.0
Interest factor on rental expense(4)	559.3	495.0	440.9	401.0	347.8
	656.7	593.0	527.9	489.3	436.8
Interest capitalized	2.0	1.4	1.4	0.2	1.2
	$ 658.7	$ 594.4	$ 529.3	$ 489.5	$ 438.0
Ratio of earnings to fixed charges	3.9 x	4.3 x	4.5 x	4.4 x	4.7 x

(1) During the periods indicated, we had no outstanding shares of preferred stock. Accordingly, our historical ratio of earnings to fixed charges, combined fixed charges and preferred stock dividends is the same as our ratio of earnings to fixed charges in all periods.
(2) The fiscal year ended February 3, 2017 was comprised of 53 weeks.
(3) For purposes of computing the ratio of earnings to fixed charges, (a) earnings consist of income (loss) before income taxes, plus fixed charges less capitalized expenses related to indebtedness (amortization expense for capitalized interest is not significant) and (b) fixed charges consist of interest expense (whether expensed or capitalized), the amortization of debt issuance costs and discounts related to indebtedness, and the interest portion of rent expense.
(4) The portion of rent expense representative of interest is based on the present value of the future lease payments discounted at 10%.

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT
(as of March 23, 2018)

Name of Entity	Jurisdiction of Incorporation/Organization
DC Financial, LLC	Tennessee
Dolgencorp, LLC (f/k/a Dolgencorp, Inc.) (d/b/a Dolgen, LLC in Virginia and New Jersey)	Kentucky
DG Louisiana, LLC(1)	Tennessee
Dolgen I, Inc.	Tennessee
Dolgen II, Inc.	Tennessee
Dollar General I (HK) Limited(2)	Hong Kong
Dollar General II (HK) Limited(2)	Hong Kong
Dolgen V(3)	People's Republic of China
Dollar General Global Sourcing Holdings Limited(4)	Hong Kong
Dollar General Global Sourcing (Shenzhen) Co. Ltd.(5)	People's Republic of China
Dolgen III, Inc.	Tennessee
DG eCommerce, LLC (f/k/a Strategic V, LLC)	Tennessee
DG Strategic II, LLC	Tennessee
DG Strategic VI, LLC	Tennessee
Dollar General Partners(6)	Kentucky
DG Promotions, Inc. (f/k/a Nations Title Company, Inc.)	Tennessee
DG Strategic I, LLC(7)	Tennessee
Dolgencorp of Texas, Inc.(8)	Kentucky
DG Product Services, LLC(9)	Tennessee
DG Retail, LLC(9)	Tennessee
Dolgen California, LLC (f/k/a DG Strategic IV, LLC)(9)	Tennessee
Dolgen Midwest, LLC (f/k/a DG Strategic III, LLC)(9)	Tennessee
Dolgen New York, LLC(9)	Kentucky
Dolgen Rhode Island, LLC(9)	Tennessee
DG Strategic VII, LLC	Tennessee
DG Distribution of Texas, LLC (f/k/a DG Strategic VIII, LLC)	Tennessee
DG Transportation, Inc.	Tennessee
DG Logistics, LLC(10)	Tennessee
South Boston Holdings, Inc.	Delaware
Sun-Dollar, L.P.(11)	California
South Boston FF&E, LLC(12)	Delaware
Ashley River Insurance Company, Inc.	Tennessee
DGC Holdings, LLC	Delaware
Dollar General Global Sourcing Limited(13)	Hong Kong
Dollar General Literacy Foundation(14)	Tennessee
Retail Property Investments, LLC	Delaware
Retail Risk Solutions, LLC	Tennessee
DG Distribution Midwest, LLC	Tennessee
DG Distribution Northeast, LLC	Tennessee
DG Distribution Southeast, LLC	Tennessee
Dolgen NW, LLC	Tennessee

(1) A limited liability company in which Dolgencorp, LLC is the sole member.
(2) A corporation (settlor and beneficiary of Dolgen V) in which the sole shareholder is Dolgen II, Inc.
(3) A People's Republic of China business trust in which Dollar General I (HK) Limited is settlor and beneficiary, Dollar General II (HK) Limited is also a settlor and beneficiary, and Dollar General Global Sourcing Holdings Limited is the trustee.
(4) A corporation (trustee for Dolgen V) in which the sole shareholder is Dolgen II, Inc.
(5) A People's Republic of China limited liability company in which Dollar General Global Sourcing Holdings Limited is sole investor, as trustee, on behalf of Dolgen V, the trust.
(6) A general partnership in which the general partners are DG Strategic VI, LLC and DG Promotions, Inc.
(7) A limited liability company in which DG Promotions, Inc. is the sole member.
(8) A corporation in which the sole shareholder is DG Strategic I, LLC.
(9) A limited liability company in which Dolgencorp of Texas, Inc. is the sole member.
(10) A limited liability company in which DG Transportation, Inc. is the sole member.
(11) A limited partnership in which the general partner is South Boston Holdings, Inc. and the limited partner is Dollar General Corporation.
(12) A limited liability company in which Sun-Dollar, L.P. is the sole member.
(13) A corporation in which the sole shareholder is Dollar General Corporation.
(14) A nonprofit, public benefit membership corporation in which Dollar General Corporation is the sole member.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No. 333-216940) pertaining to the Shelf Registration Statement of Dollar General Corporation and its Affiliates,

(2) Registration Statement (Form S-8 No. 333-163200) pertaining to the Amended and Restated 2007 Stock Incentive Plan for Key Employees of Dollar General Corporation and its Affiliates,

(3) Registration Statement (Form S-8 No. 333-151655) pertaining to the 2007 Stock Incentive Plan for Key Employees of Dollar General Corporation and its Affiliates,

(4) Registration Statement (Form S-8 No. 333-151049) pertaining to the Dollar General Corporation CDP/SERP Plan, and

(5) Registration Statement (Form S-8 No. 333-151047) pertaining to the 2007 Stock Incentive Plan for Key Employees of Dollar General Corporation and its Affiliates

of our reports dated March 23, 2018, with respect to the consolidated financial statements of Dollar General Corporation and subsidiaries and the effectiveness of internal control over financial reporting of Dollar General Corporation and subsidiaries included in this Annual Report (Form 10-K) of Dollar General Corporation for the year ended February 2, 2018.

/s/ Ernst & Young LLP

Nashville, Tennessee
March 23, 2018

Exhibit 31

CERTIFICATIONS

I, Todd J. Vasos, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 23, 2018

/s/ Todd J. Vasos
Todd J. Vasos
Chief Executive Officer

I, John W. Garratt, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 23, 2018

/s/ John W. Garratt
John W. Garratt
Chief Financial Officer

Exhibit 32

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

Each of the undersigned hereby certifies that to his knowledge the Annual Report on Form 10-K for the fiscal year ended February 2, 2018 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: March 23, 2018

/s/ John W. Garratt
Name: John W. Garratt
Title: Chief Financial Officer
Date: March 23, 2018