DOLLAR GENERAL CORP
Form DEF 14A
April 09, 2010

Use these links to rapidly review the document
TABLE OF CONTENTS

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

Dollar General Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Dollar General Corporation
100 Mission Ridge
Goodlettsville, Tennessee 37072

Dear Shareholder:

The 2010 Annual Meeting of Shareholders of Dollar General Corporation will be held on Thursday, June 3, 2010, at 9:00 a.m., Central Time, at Goodlettsville City Hall Auditorium, 105 South Main Street, Goodlettsville, Tennessee. All shareholders of record at the close of business on March 29, 2010 are invited to attend the annual meeting. For security reasons, however, to gain admission to the meeting you may be required to present photo identification and comply with other security measures.

At this year's meeting, you will have an opportunity to vote on the matters described in our accompanying Notice of Annual Meeting of Shareholders and Proxy Statement. Our 2009 Annual Report also accompanies this letter.

Your interest in Dollar General and your vote are very important to us. We encourage you to read the Proxy Statement and vote your proxy as soon as possible so your vote can be represented at the annual meeting. You may vote your proxy via the Internet or telephone, or if you received a paper copy of the proxy materials by mail, you may vote by mail by completing and returning a proxy card.

On behalf of the Board of Directors, I would like to express our appreciation for your continued interest in Dollar General.

Sincerely,

/s/ Rick Dreiling

Rick Dreiling
Chairman & Chief Executive Officer

April 16, 2010

Table of Contents

Dollar General Corporation
100 Mission Ridge
Goodlettsville, Tennessee 37072

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

DATE:	Thursday, June 3, 2010
TIME:	9:00 a.m., Central Time
PLACE:	Goodlettsville City Hall Auditorium 105 South Main Street Goodlettsville, Tennessee
ITEMS OF BUSINESS:	1) To elect as directors the 7 nominees listed in the accompanying proxy statement; 2) To ratify the appointment of the independent registered public accounting firm for fiscal 2010; and 3) To transact any other business that may properly come before the annual meeting and any adjournments of that meeting.
WHO MAY VOTE:	Shareholders of record at the close of business on March 29, 2010

By Order of the Board of Directors,

/s/ Christine L. Connolly

Goodlettsville, Tennessee
April 16, 2010

Christine L. Connolly
Corporate Secretary

Please vote your proxy as soon as possible even if you expect to attend the annual meeting in person. You may vote your proxy via the Internet or by phone by following the instructions on the notice of internet availability or proxy card, or if you received a paper copy of these proxy materials by mail, you may vote by mail by completing and returning the enclosed proxy card in the enclosed reply envelope. No postage is necessary if the proxy is mailed within the United States. You may revoke your proxy by following the instructions listed on page 4 of the proxy statement.

DOLLAR GENERAL CORPORATION

Proxy Statement for
2010 Annual Meeting of Shareholders

TABLE OF CONTENTS

IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS

This Proxy Statement, our 2009 Annual Report and a form of proxy card are available at www.proxyvote.com. You will need your Notice of Internet Availability or proxy card to access the proxy materials.

As permitted by rules adopted by the Securities and Exchange Commission ("SEC"), we are furnishing our proxy materials over the Internet to some of our shareholders. This means that some shareholders will not receive paper copies of these documents. Instead, these shareholders will receive only a Notice of Internet Availability containing instructions on how to access the proxy materials over the Internet. The Notice of Internet Availability also contains instructions on how each of those shareholders can request a paper copy of our proxy materials, including the Proxy Statement, our 2009 Annual Report and a proxy card. Shareholders who do not receive a Notice of Internet Availability will receive a paper copy of the proxy materials by mail, unless they have previously requested delivery of proxy materials electronically. If you received only the Notice of Internet Availability and would like to receive a paper copy of the proxy materials, the notice contains instructions on how you can request copies of these documents.

Table of Contents

GENERAL INFORMATION

What is this document?

This document is the Proxy Statement of Dollar General Corporation for the Annual Meeting of Shareholders to be held on Thursday, June 3, 2010. We will begin mailing printed copies of this document or the Notice of Internet Availability to our shareholders on or about April 16, 2010. We are providing this document to solicit your proxy to vote upon certain matters at the annual meeting.

In this document we refer to our company as "we" or "us" or "Dollar General." In addition, unless otherwise noted in this document or the context requires otherwise, "2010," "2009," "2008" and "2007" refer to our fiscal years ending or ended January 28, 2011, January 29, 2010, January 30, 2009, and February 1, 2008.

What is a proxy?

It is your legal designation of another person, called a "proxy," to vote the stock you own. The document that designates someone as your proxy is also called a proxy or a proxy card.

Who is paying the costs of this document and the solicitation of my proxy?

Dollar General will pay all expenses of this solicitation.

Who is soliciting my proxy, and will anyone be compensated to solicit my proxy?

Your proxy is being solicited by and on behalf of our Board of Directors. In addition to solicitation by use of the mails, our directors, officers and employees may solicit proxies in person or by telephone, telegram, electronic mail, facsimile or other means of communication. Those persons will not be additionally compensated, but may be reimbursed for out-of-pocket expenses in connection with any solicitation. We also may reimburse custodians, nominees and fiduciaries for their expenses in sending proxies and proxy material to beneficial owners.

Who may attend the annual meeting?

Only shareholders, their proxy holders and our invited guests may attend the meeting. If your shares are registered in the name of a broker, trust, bank or other nominee, you will need to bring a proxy or a letter from that record holder or your most recent brokerage account statement that confirms your ownership of those shares as of March 29, 2010. For security reasons, we also may require photo identification for admission.

Will Board members attend the annual meeting?

Yes. Our Board of Directors has adopted a policy that all directors will attend annual shareholders' meetings unless attendance is not feasible due to unavoidable circumstances.

Where can I find directions to the annual meeting?

You can find directions to Goodlettsville City Hall, where we will hold the annual meeting, on the "Investor Information Conference Calls and Investor Events" portion of our web site located at www.dollargeneral.com.

Table of Contents

What is Dollar General Corporation and where is it located?

We operate convenient-sized stores to deliver everyday low prices on products that families use every day. We are the largest discount retailer in the United States by number of stores with more than 8,800 locations in 35 states as of March 29, 2010. Our principal executive offices are located at 100 Mission Ridge, Goodlettsville, TN 37072. Our telephone number is 615-855-4000.

Where is Dollar General common stock traded?

Our common stock is traded and quoted on the New York Stock Exchange ("NYSE") under the symbol "DG."

Where can I find information regarding Dollar General's corporate governance practices?

We have posted Dollar General governance-related information on the "Investor Information Corporate Governance" portion of our web site located at www.dollargeneral.com, including without limitation our Corporate Governance Guidelines, Code of Business Conduct and Ethics, the charter of each of the Audit Committee, Compensation Committee, and Nominating & Corporate Governance Committee, and the names of the persons chosen to lead the executive sessions of the non-management directors and of the independent directors. This information is available in print to any shareholder who sends a request in writing to: Investor Relations, Dollar General Corporation, 100 Mission Ridge, Goodlettsville, TN 37072.

How can I communicate with the Board of Directors?

Our Board of Directors has approved a process for security holders and other interested parties to contact the Board, a particular director, or the non-management or the independent directors as a group. Such process is described on the "Investor Information Corporate Governance" portion of our web site located at www.dollargeneral.com.

Table of Contents

VOTING MATTERS

How many votes must be present to hold the annual meeting?

A quorum, consisting of the presence in person or by proxy of the holders of a majority of shares of our common stock outstanding on March 29, 2010, must exist to conduct any business.

What am I voting on?

You will be voting on the election of 7 directors and the ratification of the appointment of our independent registered public accounting firm for 2010.

May other matters be raised at the annual meeting?

We currently are unaware of any other matters to be acted upon at the meeting. Under Tennessee law and our governing documents, no other non-procedural business may be raised at the meeting unless proper notice has been given to shareholders. If other business is properly raised, your proxies have authority to vote as they think best, including to adjourn the meeting.

Who is entitled to vote?

You may vote if you owned shares of Dollar General common stock at the close of business on March 29, 2010. As of that date, there were 340,821,004 shares of Dollar General common stock outstanding and entitled to vote. Each share is entitled to one vote on each matter.

How do I vote?

If you are a shareholder of record, you may vote your proxy over the telephone or Internet or, if you received printed proxy materials, by marking, signing, dating and returning the printed proxy card in the enclosed envelope. Please refer to the instructions on the Notice of Internet Availability or proxy card, as applicable. Alternatively, you may vote in person at the meeting.

If you are a "street name" holder, your broker, bank, or other nominee will provide materials and instructions for voting your shares. You may vote in person at the meeting if you obtain a proxy from your broker, banker, trustee or other nominee giving you the right to vote the shares.

What is the difference between a "shareholder of record" and a "street name" holder?

You are a "shareholder of record" if your shares are registered directly in your name with Wells Fargo Shareowner Services, our transfer agent. You are a "street name" holder if your shares are held in the name of a brokerage, bank, trust or other nominee as custodian.

What if I receive more than one Notice of Internet Availability or proxy card?

You will receive multiple Notices of Internet Availability or proxy cards if you hold your shares in different ways (e.g., joint tenancy, trusts, custodial accounts, etc.) or in multiple accounts. If you are a street name holder, you will receive your Notice of Internet Availability or proxy card or other voting information from your broker, and you will follow your broker's instructions for voting your shares. You should vote the shares represented by each Notice of Internet Availability or proxy card you receive.

How will my proxy be voted?

The persons named on the proxy card will vote your proxy as you direct on the proxy card. If your signed proxy card does not specify instructions, your proxy will be voted: "FOR" all directors nominated and "FOR" ratification of Ernst & Young LLP as our independent registered public accounting firm for 2010.

Table of Contents

Can I change my mind and revoke my proxy?

Yes. If you are a shareholder of record, to revoke a proxy given pursuant to this solicitation you must:

- sign a later-dated proxy card and submit it so that it is received before the annual meeting in accordance with the instructions included in the proxy card;
- at or before the annual meeting, send to our Corporate Secretary a written notice of revocation dated later than the date of the proxy;
- submit a later-dated vote by telephone or Internet no later than 11:59 p.m. (EDT) on June 2, 2010; or
- attend the annual meeting and vote in person.

If you are a street name holder, to revoke a proxy given pursuant to this solicitation you must follow the instructions of the bank, broker, trustee or other nominee who holds your shares.

How many votes are needed to elect directors and approve other matters?

Directors are elected by a plurality of the votes cast by holders of shares entitled to vote at the meeting. You may vote for all nominees or you may withhold your vote on one or more nominees.

The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2010 will be approved if the votes cast for the proposal exceed the votes cast against it. You may vote in favor of or against this ratification, or you may elect to abstain from voting your shares.

How will abstentions and broker non-votes be treated?

Abstentions and broker non-votes, if any, will be treated as shares that are present and entitled to vote for purposes of determining whether a quorum is present, but will not be counted as votes cast either in favor of or against a particular proposal.

What are broker non-votes?

Your broker is the record holder of any shares that you hold in street name, but your broker must vote those shares pursuant to your instructions. If you do not provide instructions, your broker may exercise discretionary voting power over your shares for "routine" matters but not for "non-routine" items. The election of directors is considered to be a non-routine matter, while the ratification of the appointment of the independent registered public accounting firm is considered to be a routine matter.

"Broker non-votes" occur when shares held of record by a broker are not voted on a matter because the broker has not received voting instructions from the beneficial owner of the shares and either lacks or declines to exercise the authority to vote the shares in its discretion. To avoid giving them the effect of negative votes, broker non-votes are disregarded for the purpose of determining the total number of votes cast with respect to a proposal.

Will my vote be confidential?

Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that is intended to protect your voting privacy. Your vote will not be intentionally disclosed either within Dollar General or to third parties, except (1) as necessary to meet applicable legal requirements; (2) in a dispute regarding authenticity of proxies and ballots; (3) in the case of a contested proxy solicitation, if the other party soliciting proxies does not agree to comply with the confidential voting policy; (4) to allow for the tabulation of votes and certification of the vote; (5) to facilitate a successful proxy solicitation; or (6) when a shareholder makes a written comment on the proxy card or otherwise communicates the vote to management.

4

Table of Contents

PROPOSAL 1:
ELECTION OF DIRECTORS

What is the structure of the Board of Directors?

Our Board of Directors must consist of at least 1 but not more than 15 directors. The exact number is set by the Board pursuant to and in compliance with our shareholders' agreement with our controlling shareholder, Buck Holdings, L.P., and the sponsor shareholders indentified in that agreement, and is currently fixed at 7. All directors are elected annually by our shareholders.

Who are the nominees this year?

The nominees for the Board of Directors consist of 7 current directors. If elected, each nominee would hold office until the 2011 annual meeting of shareholders or until his or her successor is elected and qualified. These nominees, their ages at the date of this document and the calendar year in which they first became a director are listed in the table below.

Name	Age	Director Since
Raj Agrawal	37	2007
Warren F. Bryant	64	2009
Michael M. Calbert	47	2007
Richard W. Dreiling	56	2008
Adrian Jones	45	2007
William C. Rhodes, III	45	2009
David B. Rickard	63	2010

What are the backgrounds of this year's nominees?

Mr. Agrawal joined Kohlberg Kravis Roberts & Co., L.P. ("KKR") in May 2006 and is a member of the Infrastructure team. He previously was a member of KKR's Retail and Energy industry teams. From 2002 to May 2006, he was a Vice President with Warburg Pincus, where he participated in the execution and oversight of a number of investments in the energy sector. Mr. Agrawal's prior experience also includes Thayer Capital Partners and McKinsey & Co., where he provided strategic and mergers and acquisitions advice to clients in a variety of industries. KKR's affiliates indirectly own a substantial portion of our outstanding common stock through their investment in Buck Holdings, L.P. and related entities.

Mr. Bryant served as the President and Chief Executive Officer of Longs Drug Stores Corporation, a retail drugstore chain on the West Coast and in Hawaii, from 2002 through 2008 and as its Chairman of the Board from 2003 through his retirement in 2008. Prior to joining Longs Drug Stores, Mr. Bryant served as the Senior Vice President of The Kroger Co., a retail grocery chain, from 1999 to 2002. Mr. Bryant is a director of OfficeMax Incorporated.

Mr. Calbert has been with KKR for over nine years and during that time has been directly involved with several portfolio companies. He heads the Retail industry team. Mr. Calbert is currently on the board of directors of Toys "R" Us, Inc. and U.S. Foodservice. He joined Randall's Food Markets as the Chief Financial Officer in 1994, ultimately taking the company through a transaction with KKR in June 1997. He left Randall's Food Markets after the company was sold in September 1999 and joined KKR. Mr. Calbert started his professional career as a consultant with Arthur Andersen Worldwide, where his primary focus was on the retail/consumer industry. He served as our Chairman until December 2008. KKR's affiliates indirectly own a substantial portion of our outstanding common stock through their investment in Buck Holdings, L.P. and related entities.

Table of Contents

Mr. Dreiling joined Dollar General in January 2008 as Chief Executive Officer and a member of our Board. He was appointed Chairman of the Board on December 2, 2008. Prior to joining Dollar General, Mr. Dreiling served as Chief Executive Officer, President and a director of Duane Reade Holdings, Inc. and Duane Reade Inc., the largest drugstore chain in New York City, from November 2005 until January 2008 and as Chairman of the Board of Duane Reade from March 2007 until January 2008. Prior to that, Mr. Dreiling, beginning in March 2005, served as Executive Vice President Chief Operating Officer of Longs Drug Stores Corporation, an operator of a chain of retail drug stores on the West Coast and Hawaii, after having joined Longs in July 2003 as Executive Vice President and Chief Operations Officer. From 2000 to 2003, Mr. Dreiling served as Executive Vice President Marketing, Manufacturing and Distribution at Safeway, Inc., a food and drug retailer. Prior to that, Mr. Dreiling served from 1998 to 2000 as President of Vons, a Southern California food and drug division of Safeway.

Mr. Jones has been with Goldman, Sachs & Co. since 1994. He is a managing director in Principal Investment Area (PIA) in New York where he focuses on consumer-related and healthcare opportunities. Affiliates of Goldman, Sachs & Co. indirectly own a substantial portion of our outstanding common stock through their investment in Buck Holdings, L.P. and related entities. Mr. Jones is currently on the board of directors of Biomet, Inc., Education Management Corporation, HealthMarkets, Inc. and Signature Hospital, LLC. He also previously served on the board of directors of Burger King Holdings, Inc. from 2002 to 2008.

Mr. Rhodes was elected Chairman of AutoZone, a specialty retailer and distributor of automotive replacement parts and accessories, in June 2007. He has served as President, Chief Executive Officer, and a director of AutoZone since 2005. Prior to his appointment as President and Chief Executive Officer, Mr. Rhodes was Executive Vice President Store Operations and Commercial. Prior to 2005, he had been Senior Vice President Supply Chain and Information Technology since 2002, and prior thereto had been Senior Vice President Supply Chain since 2001. Prior to that time, he served in various capacities with AutoZone, including Vice President Stores, Senior Vice President Finance and Vice President Finance and Vice President Operations Analysis and Support. Prior to 1994, Mr. Rhodes was a manager with Ernst & Young, LLP.

Mr. Rickard served as the Executive Vice President, Chief Financial Officer and Chief Administrative Officer of CVS Caremark Corporation, a retail pharmacy chain and provider of healthcare services and pharmacy benefits management, from September 1999 until his retirement in December 2009. Prior to joining CVS Caremark, Mr. Rickard was the Senior Vice President and Chief Financial Officer of RJR Nabisco Holdings Corporation from March 1997 to August 1999. Previously, he was Executive Vice President of International Distillers and Vintners Americas. Mr. Rickard is a director of Harris Corporation and Jones Lang LaSalle Incorporated. He served as a director of The May Companies from January 2005 to August 2005.

How are directors identified and nominated?

All persons nominated for election as directors at the 2010 annual meeting are currently serving on our Board of Directors and were recommended for re-election by our Nominating and Corporate Governance Committee. We established that Committee in connection with the initial public offering of our common stock in November 2009. The Nominating and Corporate Governance Committee is responsible for identifying, evaluating and recommending future director candidates, subject to the terms of the shareholders' agreement and Mr. Dreiling's employment agreement discussed below.

The Nominating and Corporate Governance Committee's charter and our Corporate Governance Guidelines require the Committee to consider candidates timely submitted by our shareholders in accordance with the notice provisions and procedures set forth in our Bylaws (as

Table of Contents

described below under "Can shareholders nominate directors?") and to apply the same criteria to the evaluation of those candidates as the Committee applies to other director candidates. The Committee may also use a variety of other methods to identify potential director candidates, such as recommendations by our directors, management, or third party search firms. No third party search firm is currently retained to assist in that process. Our Board is responsible for nominating the slate of directors to be elected by our shareholders at the annual meeting, upon the Committee's recommendation.

Our directors, Messrs. Agrawal, Calbert, Dreiling and Jones, are managers of Buck Holdings, LLC, which serves as the general partner of Buck Holdings, L.P. The Second Amended and Restated Limited Liability Company Agreement of Buck Holdings, LLC generally requires that Buck Holdings, LLC cause any of our common stock held by Buck Holdings, L.P. to be voted in favor of any person designated to be a member of our Board pursuant to our shareholders' agreement with Buck Holdings, L.P. described below.

Pursuant to our shareholders' agreement with Buck Holdings, L.P. and the sponsor shareholders identified in that agreement, certain of our shareholders have the right to designate nominees to our Board, subject to their election by our shareholders at the annual meeting. Specifically, KKR 2006 Fund L.P., KKR PEI Investments, L.P., KKR Partners III, L.P., 8 North America Investor LP and their respective permitted transferees (collectively, the "KKR Shareholders") have the right to designate the following percentage of the number of total directors comprising our Board so long as Buck Holdings, L.P. beneficially owns the following specified amount of the then outstanding shares of our common stock:

% of Directors KKR may Designate	**Beneficial Ownership of Dollar General Common Stock by Buck Holdings, L.P.**
Up to a majority	>50%
Up to 40%	>40% but < or equal to 50%
Up to 30%	>30% but < or equal to 40%
Up to 20%	>20% but < or equal to 30%
Up to 10%	At least 5%

Any fractional amount that results from determining the percentage of the total number of directors will be rounded up to the nearest whole number (for example, if the applicable percentage would result in 2.1 directors, the KKR Shareholders will have the right to designate 3 directors). In addition, in the event that the KKR Shareholders only have the right to designate one director, they also have the right to designate one person to serve as a non-voting observer to the Board.

In addition, pursuant to the shareholders' agreement, GS Capital Partners VI Fund, L.P., GS Capital Partners VI Parallel, L.P., GS Capital Partners VI GmbH & Co. KG, GS Capital Partners VI Offshore Fund, L.P., GSUIG, L.L.C., Goldman Sachs DGC Investors, L.P. and Goldman Sachs DGC Investors Offshore Holdings, L.P., and their permitted transferees (collectively, the "Goldman Shareholders") have the right to designate (i) one director so long as they beneficially own at least 5% of the then outstanding shares of our common stock and (ii) one person to serve as a non-voting observer.

Each of the KKR Shareholders and the Goldman Shareholders has the right to remove and replace its director-designees at any time and for any reason and to fill any vacancies otherwise resulting in such director positions.

Pursuant to the shareholders' agreement, the KKR Shareholders have nominated Messrs. Calbert and Agrawal, and the Goldman Shareholders have nominated Mr. Jones. These nominees, like all of our director nominees, are subject to election by our shareholders at our annual meeting.

Table of Contents

Given current beneficial ownership by Buck Holdings, L.P. of our common stock, we are a "controlled company" under NYSE listing standards. For as long as we continue to qualify as a "controlled company" under NYSE listing standards and subject to applicable law, (i) the KKR Shareholders have the right to designate a majority of the members of our Nominating and Corporate Governance Committee and up to two members of our Compensation Committee and (ii) the Goldman Shareholders have the right to designate one member to each such committee, as long as the Goldman Shareholders have the right to designate one director to our Board. If we do not qualify as a "controlled company" under NYSE listing standards, the KKR Shareholders have the right to designate one member to each of our Nominating and Corporate Governance Committee and Compensation Committee for as long as they have the right to designate one director to our Board.

In addition, our employment agreement with Mr. Dreiling provides that he shall serve as a member of our Board for as long as he is employed with us under that agreement. Our failure to nominate Mr. Dreiling for election by our shareholders or our shareholders' failure to elect Mr. Dreiling to our Board would give rise to a breach of contract claim.

Our CEO initially recommended Messrs. Bryant and Rhodes to our Board for consideration, while Mr. Rickard was initially recommended by certain of our non-management directors.

How are nominees evaluated; what are the minimum qualifications?

Subject to the shareholders' agreement and Mr. Dreiling's employment agreement discussed above, the Nominating and Corporate Governance Committee is charged with identifying, recruiting and recommending to the Board only those candidates that the Committee believes are qualified to become Board members consistent with the criteria for selection of new directors adopted from time to time by the Board. We have a policy to strive to have a Board representing diverse experience at policy-making levels in business, education or other areas that are relevant to our business. To implement this policy, the Committee assesses diversity in evaluating each candidate's individual qualities in the context of how that candidate would relate to the Board as a whole. The Committee will periodically assess the effectiveness of this policy by considering whether the Board as a whole represents such diverse experience and recommending to the Board changes to the criteria for selection of new directors as appropriate. The Committee recommends candidates, including those submitted by shareholders, only if the Committee believes the candidate's knowledge, experience and expertise would strengthen the Board and that the candidate is committed to representing the long-term interests of all Dollar General shareholders.

For as long as we continue to qualify as a "controlled company" under NYSE listing standards, we do not have to comply with the general NYSE rule that a majority of the Board be independent.

The Nominating and Corporate Governance Committee assesses a candidate's independence, background and experience, as well as the current Board's skill needs and diversity. With respect to incumbent directors selected for re-election, the Committee assesses each director's meeting attendance record and the suitability of continued service. In addition, individual directors and any nominee should be in a position to devote an adequate amount of time to the effective performance of director duties and possess the following characteristics: integrity and accountability, informed judgment, financial literacy, a cooperative approach, a record of achievement, loyalty, and the ability to consult with and advise management.

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?

Our Board of Directors believes that each of this year's nominees is in a position to devote an adequate amount of time to the effective performance of director duties and has concluded that each nominee possesses the minimum qualifications identified under "How are nominees evaluated; what are the minimum qualifications" above. In considering the Board as a whole, the Board has determined that this year's nominees complement each other, meet the Board's skill needs, and represent diverse experience at policy-making levels in areas relevant to our business.

In addition, the Board believes that the nominees possess the following experience, qualifications, attributes and skills and considered the following in determining that the nominees should serve as directors of Dollar General:

Mr. Dreiling. Mr. Dreiling brings to Dollar General over 40 years of retail experience at all operating levels. He provides a unique perspective regarding our industry as a result of his experience progressing through the ranks within various retail companies. Mr. Dreiling also has a thorough understanding of all key areas of our business as a result of his experience overseeing the operations, marketing, manufacturing and distribution functions of other retail companies. In addition, Mr. Dreiling's service in leadership and policy-making positions of other companies in the retail industry has provided him with the necessary leadership skills to effectively guide and oversee the direction of Dollar General and with the consensus-building skills required to lead our management team and our Board. Moreover, during the more than 2 years that Mr. Dreiling has served as our CEO, he has gained a thorough understanding of our operations and has managed us through significant change.

Mr. Agrawal. Mr. Agrawal, who was nominated by the KKR Shareholders pursuant to the shareholders' agreement, has 10 years of experience in managing and analyzing companies owned by private equity companies, including over 2.5 years with Dollar General. He has a strong understanding of corporate finance and strategic business planning activities that are unique to highly-leveraged companies such as Dollar General. While serving as a member of KKR's Retail and Energy industry teams, he gained significant experience advising retail companies. Mr. Agrawal also has invaluable risk assessment experience.

Mr. Bryant. Mr. Bryant has over 40 years of retail experience, including experience in marketing, merchandising, operations and finance. His substantial experience in leadership and policy-making roles at other retail companies provides him with an extensive understanding of our industry, as well as with valuable executive management skills and the ability to effectively advise our CEO. As a former board chairman and as the chairman of the governance and nominating committee of another public company, Mr. Bryant also possesses leadership experience in the area of corporate governance. As a result, our Board has chosen Mr. Bryant to preside over the executive sessions of our independent directors.

Mr. Calbert. Mr. Calbert, who was nominated by the KKR Shareholders pursuant to the shareholders' agreement and who has served on our Board for over 2.5 years, has considerable experience in managing private equity portfolio companies and is familiar with corporate finance and strategic business planning activities that are unique to highly-leveraged companies such as Dollar General. As the head of KKR's Retail industry team, Mr. Calbert has a strong background and extensive experience in advising and managing companies in the retail industry, including evaluating business strategies, financial plans and structures, and management teams. Mr. Calbert also has a significant financial and accounting background evidenced by his prior experience as the chief financial officer of a public retail company and his 10 years of practice as a certified public accountant. Our Board has chosen Mr. Calbert to lead the executive sessions of the non-management directors.

Mr. Jones. Mr. Jones, who was nominated by the Goldman Shareholders pursuant to the shareholders' agreement, has 12 years of experience in governing private equity portfolio companies, including over 2.5 years with Dollar General. His 16 years at Goldman, Sachs & Co. have provided him with extensive understanding of the corporate finance and strategic business planning activities that are unique to highly-leveraged companies such as Dollar General. In addition, his experience as a director of public companies outside of the retail industry and his focus at Goldman Sachs on consumer and healthcare companies enables Mr. Jones to contribute a different perspective to Board discussions.

Mr. Rhodes. Mr. Rhodes has 15 years of experience in the retail industry, including extensive experience in operations, supply chain and finance, among other areas. This background serves as a strong foundation for offering invaluable perspective and expertise to our CEO and our Board. In addition, his experience as a board chairman and chief executive officer of a public retail company and as the Chairman of the Retail Industry Leaders Association provides leadership, consensus-building, strategic planning and budgeting skills, as well as extensive understanding of both short- and long-term issues confronting the retail industry. Mr. Rhodes also has a strong financial background and our Board has determined that he qualifies as an audit committee finance expert.

Mr. Rickard. Mr. Rickard has held senior management and executive positions for much of his 37 years in the corporate world. He has significant retail experience and a diverse retail industry background, including experience serving on the board of another retail company. He also has an extensive financial and accounting background, having served as the chief financial officer of two public companies, including a large retailer. As a result, our Board has determined that Mr. Rickard is an audit committee financial expert and has elected him to serve as the Chairman of the Audit Committee. Mr. Rickard's financial experience within the retail industry also brings expertise and perspective to our Board's discussions regarding strategic planning and budgeting.

Acting upon the recommendation of the Nominating and Corporate Governance Committee and in accordance with the shareholders' agreement, our Board has concluded that these nominees possess the appropriate experience, qualifications, attributes and skills to serve as directors of Dollar General and has nominated these individuals to be elected by our shareholders at our annual meeting.

Can shareholders nominate directors?

The KKR Shareholders and the Goldman Shareholders may nominate directors pursuant to the shareholders' agreement discussed above under "How are directors identified and nominated." Other shareholders can nominate directors by following the procedures set forth in our Bylaws. In short, the shareholder must timely deliver a written notice to our Corporate Secretary at 100 Mission Ridge, Goodlettsville, TN 37072. To be timely, the notice must be received no earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting. However, if the meeting is held more than 30 days before or more than 60 days after such anniversary date, the notice must be received no earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the date of such annual meeting. If the first public announcement of the annual meeting date is less than 100 days prior to the date of such annual meeting, the notice must be received by the 10th day following the day on which the public announcement was made.

For example, to be considered for the 2011 annual shareholders' meeting, if the 2011 annual meeting is held not more than 30 days before and not more than 60 days after June 3, 2011, the notice must be received no earlier than the close of business on February 3, 2011 and no later than the close of business on March 5, 2011. The notice must contain all information required by our Bylaws about the shareholder proposing the nominee and about the nominee, which generally includes:

- the nominee's name, age, business address and residence address;
- the nominee's principal occupation or employment;
- the class and number of shares of Dollar General stock that are beneficially owned by the nominee;
- any other information relating to the nominee that is required to be disclosed in solicitations of proxies with respect to nominees for election as directors pursuant to Regulation 14A of the Securities Exchange Act of 1934 (including the nominee's written consent to being named in the proxy statement as a nominee and to serving as a director, if elected);
- the name and address of the shareholder proposing the nominee, as they appear on our record books, and the name and address of the beneficial holder (if applicable);
- the class and number of shares of Dollar General that are beneficially owned by the shareholder proposing the nominee;
- any other interests of the proposing shareholder or the proposing shareholder's immediate family in the securities of Dollar General, including interests the value of which is based on increases or decreases in the value of securities of Dollar General or the payment of dividends by Dollar General;
- a description of all compensatory arrangements or understandings between the proposing shareholder and each nominee; and
- a description of all arrangements or understandings between the proposing shareholder and each nominee and any other person pursuant to which the nomination is to be made by the shareholder.

You should consult our Bylaws for more detailed information regarding the process by which shareholders may nominate directors. Our Bylaws are posted on the "Investor Information Corporate Governance" portion of our web site located at www.dollargeneral.com. No shareholder nominees have been proposed for this year's meeting, other than the nominees designated pursuant to the shareholders' agreement as discussed above.

What if a nominee is unwilling or unable to serve?

That is not expected to occur. If it does, the persons designated as proxies on your proxy card are authorized to vote your proxy for a substitute designated by our Board of Directors.

Are there any familial relationships between any of the nominees?

There are no familial relationships between any of the nominees or between any of the nominees and any of our executive officers.

What does the Board of Directors recommend?

Our Board recommends that you vote **FOR** the election of each of the director nominees.

Table of Contents

CORPORATE GOVERNANCE

Does Dollar General combine the positions of Chairman and CEO?

Yes. Our CEO, Mr. Dreiling, serves as the Chairman of our Board of Directors. The Board believes this provides an efficient and effective leadership model for Dollar General because, given his day-to-day involvement with and intimate understanding of our specific business, industry and management team, Mr. Dreiling is particularly suited to effectively identify strategic priorities, lead the discussion and execution of strategy, and facilitate information flow between management and the Board. The Board further believes that combining these roles fosters clear accountability, effective decision-making, and alignment on the development and execution of corporate strategy. To promote effective independent oversight, the Board has adopted a number of governance practices, including:

- Ensuring the opportunity for executive sessions of the independent directors after every regularly scheduled Board meeting. While the Board has not appointed a lead independent director, Mr. Bryant has been chosen to preside over such executive sessions.

- Ensuring the opportunity for executive sessions of the non-management directors after every regularly scheduled Board meeting. The Board has chosen Mr. Calbert to preside over such executive sessions.

- Conducting annual performance evaluations of Mr. Dreiling by the Compensation Committee, the results of which are reviewed with the Board.

The Board recognizes that no single leadership model is right for all companies and at all times, and the Board will review its leadership structure as appropriate to ensure it continues to be in the best interests of Dollar General and our shareholders.

Does the Board have standing Audit, Compensation and Nominating Committees?

Yes. Our Board of Directors has a standing Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee. The Board has determined that all members of the Audit Committee and two members of the Compensation Committee are independent as defined in the NYSE listing standards and in our Corporate Governance Guidelines. In addition, the Board has established a sub-committee of our Compensation Committee consisting of Messrs. Rhodes and Bryant for purposes of approving any compensation that may otherwise be subject to Section 162(m) of the Internal Revenue Code of 1986, as amended. None of the members of the Nominating and Corporate Governance Committee are independent as defined in the NYSE listing standards and in our Corporate Governance Guidelines.

The Board has adopted a written charter for each of these committees. All committee charters are available on the "Investor Information Corporate Governance" portion of our web site located at www.dollargeneral.com.

Table of Contents

Current information regarding the Audit, Compensation and Nominating and Corporate Governance Committees is set forth below. From the beginning of 2009 until the completion of our initial public offering in November 2009, our Audit Committee was comprised of Messrs. Agrawal and Calbert, our Compensation Committee was comprised of Messrs. Agrawal, Calbert and Jones, and we did not have a Nominating and Corporate Governance Committee.

Name of Committee & Members	Committee Functions
AUDIT: Mr. Rickard, Chairman Mr. Bryant Mr. Rhodes	Selects the independent registered public accounting firm Pre-approves all audit engagement fees and terms, as well as audit and permitted non-audit services to be provided by the independent registered public accounting firm Reviews an annual report describing the independent registered public accounting firm's internal quality control procedures and any material issues raised by its most recent review of internal quality controls Annually evaluates the independent registered public accounting firm's qualifications, performance and independence Discusses the scope of the audit and any audit problems or difficulties Sets policies regarding the hiring of current and former employees of the independent registered public accounting firm Discusses the annual audited and quarterly unaudited financial statements with management and the independent registered public accounting firm Discusses types of information to be disclosed in earnings press releases and provided to analysts and rating agencies Discusses policies governing the process by which risk assessment and risk management is to be undertaken Reviews disclosures made by the CEO and CFO regarding any significant deficiencies or material weaknesses in our internal control over financial reporting Reviews internal audit activities, projects and budget Establishes procedures for receipt, retention and treatment of complaints we receive regarding accounting or internal controls Discusses with our general counsel legal matters having an impact on financial statements Periodically reviews and reassesses the committee's charter Provides information to our Board that may be relevant to the annual evaluation of performance and effectiveness of the Board and its committees Prepares the report required by the SEC to be included in our proxy statement Evaluates and makes recommendations to the Board concerning shareholder proposals relating to matters of which the committee has expertise.

Table of Contents

Name of Committee & Members	Committee Functions
COMPENSATION: Mr. Calbert, Chairman Mr. Agrawal Mr. Bryant Mr. Jones Mr. Rhodes	Reviews and approves corporate goals and objectives relevant to the compensation of our chief executive officer Determines the compensation of our officers and recommends the compensation of our directors Recommends, when appropriate, changes to our compensation philosophy and principles Administers overall compensation and benefits programs Recommends any changes in our incentive compensation and equity-based plans that are subject to Board approval Reviews and discusses with management, prior to the filing of the proxy statement, the disclosure prepared regarding executive compensation, including the Compensation Discussion and Analysis and compensation tables (in addition to preparing a report on executive compensation for the proxy statement) Provides information to our Board that may be relevant to the annual evaluation of performance and effectiveness of the Board and its committees Evaluates and makes recommendations to our Board concerning shareholder proposals relating to matters of which the committee has expertise Periodically reviews and reassesses the committee's charter.
NOMINATING AND CORPORATE GOVERNANCE: Mr. Calbert, Chairman Mr. Agrawal Mr. Jones	Develops and recommends criteria for selecting new directors Screens and recommends to our Board individuals qualified to become members of our Board Recommends to our Board the structure and membership of Board committees Recommends to our Board persons to fill Board and committee vacancies Develops and recommends to our Board Corporate Governance Guidelines and makes other recommendations relative to corporate governance issues Evaluates and makes recommendations to our Board concerning shareholder proposals relating to matters of which the committee has expertise Periodically reviews and reassesses the committee's charter Provides information to our Board that may be relevant to the annual evaluation of performance and effectiveness of the Board and its committees.

Table of Contents

Does Dollar General have an audit committee financial expert serving on its Audit Committee?

Yes. Our Board has designated Messrs. Rhodes and Rickard as audit committee financial experts and has determined that each is independent as defined in NYSE listing standards and in our Corporate Governance Guidelines. Audit committee financial experts have the same responsibilities as the other Audit Committee members. They are not our auditors or accountants, do not perform "field work" and are not employees. The SEC has determined that designation as an audit committee financial expert will not cause a person to be deemed to be an "expert" for any purpose.

What is the Board's role in risk oversight?

Our Board of Directors and its various committees have an important role in our risk oversight process. Our Board regularly reviews with management our financial and business strategies, and those reviews include a discussion of relevant material risks as appropriate. Our General Counsel also periodically reviews with the Board our comprehensive insurance coverage and programs.

As part of its charter, the Audit Committee discusses our policies with respect to risk assessment and risk management, primarily through review and oversight of our enterprise risk management program. The enterprise risk management program is coordinated by our Internal Audit department and entails a review and documentation of our comprehensive risk management practices, including an assessment of internal and external risks. The program evaluates each risk, identifies mitigation strategies used to address each risk, and assesses the remaining residual risk. The program is updated through interviews with members of the leadership team and senior management, review of strategic initiatives, evaluation of the fiscal budget, review of upcoming legislative or regulatory changes, and review of other outside information concerning business, financial, legal, reputational, and other risks. Semi-annually the results are presented to the Audit Committee and the categories with high residual risk, along with their mitigation strategies, are discussed individually.

Our Compensation Committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements. In addition, as discussed under "Executive Compensation Compensation Risk Considerations" below, the Compensation Committee also periodically assesses the risks relating to our overall compensation programs.

While the Audit Committee and the Compensation Committee oversee the management of the risk areas identified above, the entire Board is regularly informed through committee reports about such risks. This enables the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships.

How often did the Board and its committees meet in 2009?

During 2009, our Board of Directors, Audit Committee and Compensation Committee met 8, 4 and 8 times, respectively. Our Nominating and Corporate Governance Committee, which was established towards the end of 2009 after the completion of our initial public offering, did not meet in 2009. Each incumbent director attended at least 75% of the total of all meetings of the Board and all committees on which he or she served, except for Mr. Rickard who was unable to attend a special Board meeting held shortly after his appointment to our Board in January 2010.

Table of Contents

DIRECTOR COMPENSATION

The following table and text discuss the compensation of persons who served as a member of our Board of Directors during all or part of 2009, other than Mr. Dreiling whose compensation is discussed under "Executive Compensation" below and who was not separately compensated for Board service. We have omitted from this table the columns pertaining to non-equity incentive plan compensation and nonqualified deferred compensation earnings because they are inapplicable.

Fiscal 2009 Director Compensation

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Option Awards ($)(2)	All Other Compensation ($)(3)	Total ($)
Raj Agrawal	47,195	34,389	53,171		134,755
Warren F. Bryant(4)	15,217	34,389	53,171		102,777
Michael M. Calbert	52,268	34,389	53,171		139,828
Adrian Jones	47,195	34,389	53,171		134,755
William C. Rhodes, III(4)	17,504	34,389	53,171		105,064
David B. Rickard(4)	6,681	34,403	54,290		95,374
Dean B. Nelson(4)	10,000				10,000

(1) Represents the aggregate grant date fair value of restricted stock units awarded to each director in 2009, computed in accordance with FASB ASC Topic 718. The grants were made to Messrs. Agrawal, Bryant, Calbert, Jones, and Rhodes on November 18, 2009 and to Mr. Rickard on January 6, 2010. As of January 29, 2010, each of Messrs. Agrawal, Bryant, Calbert, Jones, and Rhodes had a total of 1,525, and Mr. Rickard had a total of 1,459, restricted stock units outstanding, none of which were vested at that time. For information regarding the assumptions made in the valuation of these awards, see Note 11 of the annual consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended January 29, 2010, filed with the SEC on March 31, 2010 (our "2009 Form 10-K").

(2) Represents the aggregate grant date fair value of stock options awarded to each director in 2009, computed in accordance with FASB ASC Topic 718. The grants were made to Messrs. Agrawal, Bryant, Calbert, Jones, and Rhodes on November 18, 2009 and to Mr. Rickard on January 6, 2010. As of January 29, 2010, each of Messrs. Agrawal, Bryant, Calbert, Jones, and Rhodes had a total of 5,549, and Mr. Rickard had a total of 5,306, stock options outstanding, none of which were vested at that time. For information regarding the assumptions made in the valuation of these awards, see Note 11 of the annual consolidated financial statements included in our 2009 Form 10-K.

(3) Perquisites and personal benefits, if any, totaled less than $10,000 per director.

(4) Messrs. Bryant and Rhodes joined our Board in November 2009. Mr. Rickard joined our Board in January 2010. Mr. Nelson resigned from our Board in March 2009.

Table of Contents

We do not compensate for Board service any director who simultaneously served as a Dollar General employee. We will reimburse directors for certain fees and expenses incurred in connection with continuing education seminars and for travel and related expenses related to Dollar General business. We may allow directors to travel on the Dollar General airplane for those purposes.

Prior to our initial public offering in November 2009, our director compensation structure encompassed only cash compensation consisting of a $40,000 annual retainer fee, payable in quarterly installments. Effective upon the consummation of our initial public offering, our Board adopted a director compensation program pursuant to which each non-employee director receives quarterly payment of the following cash compensation, as applicable:

- $75,000 annual retainer for service as a Board member;
- $17,500 annual retainer for service as chairman of the Audit Committee;
- $15,000 annual retainer for service as chairman of the Compensation Committee;
- $10,000 annual retainer for service as chairman of the Nominating and Corporate Governance Committee; and
- $1,500 for each Board or committee meeting in excess of 12 that a director attends during each fiscal year.

In addition to the director compensation described above, each non-employee director receives an equity award with an estimated value of $75,000 on the grant date, with such estimated value determined by the Compensation Committee's compensation consultant using economic variables such as the trading price of our common stock, expected volatility of the stock trading prices of similar companies as determined by the compensation consultant, and the terms of the awards. Sixty percent of the value of the equity grant consists of non-qualified stock options to purchase shares of our common stock ("Options") and 40% consists of restricted stock units ultimately payable in shares of our common stock ("RSUs"). The Options vest as to 25% of the Option on each of the first four anniversaries of the grant date, and the RSUs vest as to $33^1/_3$% of the award on each of our first three annual shareholder meetings following the grant date, each subject to the director's continued service on our Board. Our directors may elect to defer receipt of shares underlying the RSUs.

Pursuant to our Corporate Governance Guidelines, each non-employee director is expected to directly or indirectly acquire a number of shares of our common stock with a value of $75,000 by the date on which such director joins our Board and must continue to hold such shares until such director ceases to be a member of our Board. Directors who were nominated by the KKR Shareholders or the Goldman Shareholders can satisfy this requirement by investing in an investment vehicle that indirectly owns shares of our common stock and was formed for the purpose of facilitating the investment by employees of KKR or Goldman, Sachs & Co. in their portfolio company investments.

Table of Contents

DIRECTOR INDEPENDENCE

Is Dollar General subject to the NYSE governance rules regarding director independence?

Buck Holdings, L.P. controls a majority of our outstanding common stock. As a result, we are a "controlled company" within the meaning of the NYSE corporate governance standards. Under the NYSE rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain NYSE corporate governance standards, including:

- the requirement that we have a majority of the Board of Directors that consists of independent directors; and

- the requirements that we have a compensation committee and a nominating/corporate governance committee that are composed entirely of independent directors.

We are, however, subject to the NYSE and SEC rules that require full independence of our Audit Committee. As a result, our Audit Committee is entirely comprised of independent directors, but we do not have a majority of independent directors on our Board, and our Compensation Committee and our Nominating and Corporate Governance Committee do not consist entirely of independent directors.

How does the Board determine director independence?

The Board of Directors affirmatively determines the independence of each director and director nominee in accordance with guidelines it has adopted, which include all elements of independence set forth in the NYSE listing standards as well as certain Board-adopted categorical independence standards. These guidelines are contained in our Corporate Governance Guidelines which are posted on the "Investor Information Corporate Governance" portion of our web site located at www.dollargeneral.com.

The Board first analyzes whether any director has a relationship covered by the NYSE listing standards that would prohibit an independence finding for Board or Audit Committee purposes. The Board then analyzes any relationship of a director to Dollar General or to our management that does not fall within the parameters set forth in the Board's separately adopted categorical independence standards to determine whether or not that relationship is material. The Board may determine that a director who has a relationship that falls outside of the parameters of the categorical independence standards is nonetheless independent (to the extent that the relationship would not constitute a bar to independence under the NYSE listing standards). Any director who has a material relationship is not considered to be independent.

Are all of the current directors and nominees independent?

Our Board of Directors consists of Raj Agrawal, Warren Bryant, Mike Calbert, Richard Dreiling, Adrian Jones, Bill Rhodes and Dave Rickard. Messrs. Bryant, Rhodes and Rickard serve on our Audit Committee. Messrs. Agrawal, Bryant, Calbert, Jones and Rhodes serve on our Compensation Committee. Messrs. Agrawal, Calbert and Jones serve on our Nominating and Corporate Governance Committee. Dean Nelson served on our Board until March 2009.

Our Board of Directors has affirmatively determined that Messrs. Bryant, Rhodes and Rickard, but not Messrs. Agrawal, Calbert, Dreiling or Jones, are independent from our management under both the NYSE's listing standards and our additional standards. Though not formally considered by our Board given that our securities were not registered or traded on a national securities exchange at the time of his service on our Board, we do not believe that Mr. Nelson would have been considered independent under the listing standards of the NYSE because of his relationship with KKR and other relationships with us described under "Transactions with Management and Others" below.

Any relationship between an independent director and Dollar General or our management fell within the Board-adopted categorical standards and, accordingly, was not reviewed by our Board.

Table of Contents

TRANSACTIONS WITH MANAGEMENT AND OTHERS

Does the Board have a policy for the review, approval or ratification of related-party transactions?

Our Board of Directors has adopted a written policy for the review, approval or ratification of "related party" transactions. For purposes of this policy, a "related party" includes our directors, executive officers, and greater than 5% shareholders, as well as their immediate family members, and a "transaction" includes one in which (1) the total amount may exceed $100,000, (2) Dollar General is a participant, and (3) a related party will have a direct or indirect material interest (other than as a director or a less than 10% owner of another entity, or both).

Pursuant to this policy and subject to certain exceptions, all known related party transactions require prior Board approval. In addition, at least annually after receiving a list of immediate family members and affiliates from our directors, executive officers and over 5% shareholders, the Corporate Secretary will coordinate with relevant internal departments to determine whether any transactions were unknowingly entered into with a related party and will present a list of such transactions, subject to certain exceptions, to the Board for review.

This policy authorizes Mr. Dreiling to approve a related party transaction in which he is not involved if the total amount is expected to be less than $1 million and if the Board is informed of transactions approved in this manner. In addition, the following transactions are deemed automatically pre-approved and require no further Board review or approval:

- Transactions involving a related party that is an entity or involving another company with a relationship to a related party if the total amount does not exceed the greater of $1 million or 2% of that company's total annual consolidated revenues (total consolidated assets in the case of a lender) and no related party who is an individual participates in the actual provision of services or goods to, or negotiations with, us on the other company's behalf or receives special compensation as a result.

- Charitable contributions if the total amount does not exceed 2% of the entity's total annual receipts and no related party who is an individual participates in the grant decision or receives any special compensation or benefit as a result.

- Transactions where the interest arises solely from share ownership in Dollar General and all of our shareholders receive the same benefit on a pro rata basis.

- Transactions where the rates or charges are determined by competitive bid.

- Transactions for services as a common or contract carrier or public utility at rates or charges fixed in conformity with law or governmental authority.

- Transactions involving services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

- Compensatory transactions available on a nondiscriminatory basis to all salaried employees generally, or ordinary course business travel and expenses and reimbursements.

The policy prohibits the related party from participating in any discussion or approval of the transaction and requires the related party to provide to the Board all material information concerning the transaction.

Table of Contents

Were there any related-party transactions in 2009 or are any planned for 2010?

We describe below the transactions that have occurred since the beginning of 2009, and any currently proposed transactions, that involve Dollar General and exceed $120,000, and in which a related party had or has a direct or indirect material interest.

Relationships with Management and Directors. Simultaneously with the closing of our 2007 merger and, thereafter, in connection with our offering equity awards to our employees under our 2007 Stock Incentive Plan, we, Buck Holdings L.P. and our employees who hold shares of common stock, or who were granted options to acquire shares of common stock or who were granted shares of restricted common stock, of Dollar General (collectively, "management shareholders") entered into shareholder's agreements (each, a "Management Stockholder's Agreement"). The Management Stockholder's Agreement imposes significant restrictions on transfer of shares of our common stock held by management shareholders that are subject to the agreement. Generally, shares will be nontransferable by any means at any time prior to the fifth anniversary of either the closing date of our July 6, 2007 merger or a later specified date (depending upon the terms of the Management Stockholder's Agreement), except (i) sales pursuant to an effective registration statement filed by us under the Securities Act of 1933 (the "Securities Act") in accordance with the Management Stockholder's Agreement, (ii) a sale to certain permitted transferees, or (iii) as otherwise permitted by our Board of Directors or pursuant to a waiver of the restrictions on transfers; provided, that, in the event KKR or its affiliates transfer limited partnership units owned by them to a third party, such transfer restrictions shall lapse with respect to the same proportion of shares of common stock owned by a management shareholder as the proportion of limited partnership units transferred by KKR and such affiliates relative to the aggregate number of limited partnership units owned by them prior to such transfer. Following our initial public offering in November 2009, we amended the Management Stockholder's Agreements so that shares acquired in the open market or through the directed share program administered as part of the initial public offering are not subject to the transfer restrictions of the Management Stockholder's Agreement. However, shares acquired by executive officers in the open market or through the directed share program will still be subject to any lock-up arrangements with the underwriters of any public offering of shares.

In the event that a registration statement is filed with respect to our common stock, the Management Stockholder's Agreement prohibits management shareholders from selling shares not included in the registration statement from the time of receipt of notice that we have filed or intend to file such registration statement until 180 days (in the case of an initial public offering) or 90 days (in the case of any other public offering) of the effective date of the registration statement. The Management Stockholder's Agreement also provides for the management shareholder's ability to cause us to repurchase his outstanding stock and vested options (and vested restricted stock, with respect to Mr. Dreiling) subject to the Management Stockholder's Agreement in the event of the management shareholder's death or disability, and for our ability to cause the management shareholder to sell his stock or options subject to the Management Stockholder's Agreement back to us upon certain termination events.

Certain members of senior management, including the executive officers (the "Senior Management Shareholders"), will have limited "piggyback" registration rights with respect to their shares of Dollar General common stock in the event that certain investors sell, or cause to be sold, shares of our common stock in a public offering. See the description of the registration rights agreement under "Relationships with the Investors" below. In connection with our initial public offering in November 2009, the Senior Management Shareholders agreed to waive their piggyback registration rights arising from that offering in consideration of our releasing them from the transfer restrictions contained in the Management Stockholder's Agreements after the expiration of the 180-day restricted period contained in the underwriting agreement with respect to that number of shares of Dollar General common stock equal to the number of shares of Dollar General common stock that

Table of Contents

such Senior Management Shareholders could have required us to register in connection with our initial public offering.

At our request, the underwriters reserved up to 1,705,000 shares of common stock for sale at the initial public offering price ($21.00 per share) to our directors, officers and employees and certain persons who are otherwise associated with us through a directed share program. The number of shares of common stock available for sale to the general public in the public offering were reduced to the extent these persons purchase these reserved shares. Any shares not so purchased were offered by the underwriters to the general public on the same basis as other shares offered in the initial public offering. The following members of our Board of Directors purchased shares in the directed share program: Mr. Bryant (4,000 shares); Mr. Calbert (10,000 shares); Mr. Rhodes (4,000 shares); and Mr. Rickard (4,500 shares).

Interlocks. Mr. Dreiling serves as a manager of Buck Holdings, LLC for which Messrs. Calbert, Agrawal and Jones (three of our Compensation Committee members) serve as managers.

Relationships with the Investors. In connection with our initial public offering in November 2009, we entered into a shareholders' agreement with affiliates of each of KKR and Goldman, Sachs & Co. Among its other terms, the shareholders' agreement establishes certain rights with respect to our corporate governance including the designation of directors. For additional information regarding those rights, see "How are directors identified and nominated" elsewhere in this document. The shareholders' agreement also provides that, as long as Buck Holdings, L.P. owns at least 35% of our outstanding shares of common stock, the following actions require the approval of KKR: hiring and firing of our CEO, any change of control as defined in the shareholders' agreement, entering into any agreement providing for the acquisition or divestiture of assets for aggregate consideration in excess of $1 billion, and any issuance of equity securities for an aggregate consideration in excess of $100 million.

Since our 2007 merger through our initial public offering in November 2009, Goldman, Sachs & Co. and KKR provided management and advisory services to us and our affiliates pursuant to a sponsor advisory agreement with us and Buck Holdings, L.P. Under the terms of the sponsor advisory agreement, among other things, we paid to those entities an aggregate annual management fee plus all reasonable out of pocket expenses incurred in connection with the provision of services under the agreement. We paid to those entities an aggregate management fee of approximately $4.3 million in fiscal 2009, $0.9 million of which was paid to Goldman, Sachs & Co. and $3.4 million of which was paid to KKR. We also reimbursed KKR approximately $129,000 for expenses incurred in fiscal 2009.

In connection with our initial public offering in November 2009, the parties terminated the sponsor advisory agreement in accordance with its terms. Upon completion of the offering, and in connection with our termination of the sponsor advisory agreement, we paid a fee of approximately $63.6 million to KKR and Goldman, Sachs & Co., $13.8 million of which was paid to Goldman, Sachs & Co. and $49.9 million of which was paid to KKR. This amount included a transaction fee of approximately $4.8 million (equal to 1% of the gross primary proceeds received by us in the initial public offering) and approximately $58.8 million to terminate the agreement in accordance with its terms.

In connection with entering into the sponsor advisory agreement, on July 6, 2007 we and Buck Holdings, L.P. also entered into a separate indemnification agreement with the parties to the sponsor advisory agreement, pursuant to which we agreed to provide customary indemnification to such parties and their affiliates.

Table of Contents

In connection with our 2007 merger, we entered into a registration rights agreement with Buck Holdings, L.P., Buck Holdings, LLC (the general partner of Buck Holdings, L.P.) and KKR and Goldman, Sachs & Co. (and certain of their affiliated investment funds), among certain other parties. Pursuant to this registration rights agreement, investment funds affiliated with KKR have an unlimited number of demand registration rights and investment funds affiliated with Goldman, Sachs & Co. have two demand registration rights which can be exercised once a year commencing 180 days after our initial public offering in November 2009. Pursuant to such demand registration rights, we are required to register the shares of common stock beneficially owned by them through Buck Holdings L.P. with the SEC for sale by them to the public, provided that each of them hold at least $100 million in registrable securities and such registration is reasonably expected to result in aggregate gross proceeds of $50 million. We are not obligated to file a registration statement relating to any request to register shares pursuant to such demand registration rights without KKR's consent within a period of 180 days after the effective date of any other registration statement we file pursuant to such demand registration rights. In addition, in the event that we are registering additional shares of common stock for sale to the public, whether on our own behalf or on behalf of the investment funds as described above we are required to give notice of such registration to all parties to the registration rights agreement, including certain senior management members, and such persons have piggyback registration rights providing them the right to have us include the shares of common stock owned by them in any such registration. In each such event, we are required to pay the registration expenses.

We believe affiliates of KKR and Goldman, Sachs & Co. (among other entities) continue to be lenders under our senior secured term loan facility. Goldman Sachs Credit Partners L.P. also served as syndication agent for the term loan facility. The amount of principal outstanding under this term loan facility from our 2007 merger to September 30, 2009, was $2.3 billion. Effective September 30, 2009, we became required to repay borrowings under the term loan facility in equal quarterly principal amounts in an aggregate amount per year equal to 1% of the total funded principal amount at July 6, 2007, resulting in the payment of principal of $11.5 million in fiscal 2009. We also voluntarily prepaid an additional $325 million of principal in fiscal 2009, and as a result are no longer subject to the quarterly repayments. In addition, we paid approximately $74.8 million of interest on the term loan during fiscal 2009.

Goldman, Sachs & Co. is a counterparty to an amortizing interest rate swap with a notional amount totaling $396.7 million as of January 29, 2010, entered into in connection with the senior secured term loan facility. We paid Goldman, Sachs & Co. approximately $17.9 million in fiscal 2009 pursuant to this swap.

Our Board members, Messrs. Calbert and Agrawal, serve as executives of KKR, while our Board member, Mr. Jones, serves as a Managing Director of Goldman, Sachs & Co. KKR and certain affiliates of Goldman, Sachs & Co. indirectly own, through their investment in Buck Holdings, L.P., a substantial portion of our common stock.

From time to time we use Capstone Consulting, LLC, a team of executives who work exclusively with KKR portfolio companies providing certain consulting services. During fiscal 2009, the aggregate fees and expenses incurred for Capstone's services totaled approximately $0.2 million. Our former Board member, Mr. Dean Nelson, is the Chief Executive Officer of Capstone.

We entered into an underwriting agreement with KKR Capital Markets LLC (an affiliate of KKR), Goldman, Sachs & Co., Citigroup Global Markets Inc., and several other entities to serve as underwriters in connection with our initial public offering in November 2009. We provided underwriting discounts of approximately $27.4 million pursuant to the underwriting agreement, $6,030,255 of which was provided to each of (a) KKR Capital Markets LLC; (b) Goldman, Sachs & Co.; and (c) Citigroup Global Markets Inc. Prior to our initial public offering, affiliates of Citigroup Capital Markets, Inc. indirectly owned through their investment in Buck Holdings, L.P. at least 5% of our common stock. We

Table of Contents

paid approximately $3.4 million in expenses related to the initial public offering (excluding underwriting discounts and commissions), including the offering-related expenses of the selling shareholder which we were required to pay under the terms of an existing registration rights agreement.

On November 30, 2009, we used the net proceeds to us from the initial public offering to redeem $195.7 million aggregate principal amount of our 10.625% senior notes due 2015 and $205.2 million aggregate principal amount of our 11.875%/12.625% senior subordinated toggle notes due 2017 at redemption prices of 110.625% and 111.875%, respectively, plus accrued and unpaid interest. Affiliates of Goldman, Sachs & Co. and KKR may have received a portion of the proceeds of the offering by reason of the redemption of any notes held by them.

From time to time, affiliates of KKR and Goldman, Sachs & Co. may invest in other indebtedness issued by us.

Table of Contents

EXECUTIVE COMPENSATION

We refer to the persons included in the Summary Compensation Table below as our "named executive officers." References to "2010," "2009," "2008," and "2007" mean, respectively, our fiscal years ending or ended January 28, 2011, January 29, 2010, January 30, 2009, and February 1, 2008. References to the "merger" or the "2007 merger" mean our merger that occurred on July 6, 2007 as a result of which substantially all of our common stock became owned by Buck Holdings, L.P. ("Buck"), a Delaware limited partnership controlled by investment funds affiliated with Kohlberg Kravis Roberts & Co., L.P. ("KKR").

Compensation Discussion and Analysis

Executive Compensation Philosophy and Objectives

We strive to attract, retain and motivate persons with superior ability, to reward outstanding performance, and to align the interests of our named executive officers with the long-term interests of our shareholders. The material compensation principles applicable to the 2010 and 2009 compensation of our named executive officers included the following, all of which are discussed in more detail in "Elements of Named Executive Officer Compensation" below:

- We generally target total compensation at the benchmarked median range of our market comparator group, but we make adjustments based on circumstances, such as unique job descriptions and responsibilities as well as our particular niche in the retail sector, that are not reflected in the market data. For competitive or other reasons, our levels of total compensation or any component of compensation may exceed or be below the median range of our comparator group.

- We set base salaries to reflect the responsibilities, experience, performance and contributions of the named executive officers and the salaries for comparable benchmarked positions, subject to minimums set forth in employment agreements.

- We reward named executive officers who enhance our performance by linking cash and equity incentives to the achievement of our financial goals.

- We promote share ownership to align the interests of our named executive officers with those of our shareholders.

The Compensation Committee of our Board of Directors utilizes employment agreements with the named executive officers which, among other things, set forth minimum levels of certain compensation components. The Compensation Committee believes such arrangements are a common protection offered to named executive officers at comparable companies and help to ensure continuity and aid in retention. The employment agreements, some of which were renewed in 2009, also provide for standard protections to both the executive and to Dollar General should the executive's employment terminate.

Named Executive Officer Compensation Process

Oversight. The Compensation Committee of our Board of Directors is responsible for approving the compensation of our CEO and our other named executive officers. In 2009, the Board retained sole authority to determine CEO compensation based upon the Compensation Committee's recommendations. This authority was delegated to the Compensation Committee in connection with the initial public offering of our common stock in November 2009 (the "IPO"). A subcommittee of the Compensation Committee consisting entirely of independent directors (the "162(m) Subcommittee") is responsible for approving any part of the compensation of our named executive officers or Board members that is intended to qualify as "performance-based compensation" for purposes of Section 162(m) of the Internal Revenue Code or that is intended to be exempt for purposes of Section 16(b) of the Securities Exchange Act of 1934. The Compensation Committee members for the full 2009 fiscal year included Messrs. Calbert, Agrawal and Jones. Messrs. Rhodes and Bryant joined the Compensation Committee upon their appointment to our Board on November 18, 2009. The 162(m) Subcommittee consists of Messrs. Rhodes and Bryant.

Use of Outside Advisors. Prior to our 2007 merger, the Compensation Committee in effect at such time selected Hewitt Associates ("Hewitt") as its compensation consultant and approved a written agreement with Hewitt which described the general terms of the working relationship. Hewitt remained a consultant to Dollar General and to the Compensation Committee subsequent to our 2007 merger. Although the written agreement with Hewitt had not been formally renewed, until March 2010 we continued to operate consistent with its terms. The Compensation Committee entered into a new written agreement with Hewitt and ratified the selection of Hewitt as its compensation consultant in March 2010.

The written agreement with Hewitt details how Hewitt will provide ongoing executive and non-employee director compensation advisory services for Dollar General, including working directly with the Committee or cooperatively with management as directed by the Committee to prepare data, materials and proposals for review, providing independent counsel to the Committee, and ensuring that the Committee receives information and advice needed to make informed and reasonable decisions. The agreement specifies that services provided by Hewitt may include, without limitation, competitive market pay analyses, including total compensation measurement services, proxy data studies, board of director pay studies, dilution analyses and market trends; preparation for attendance at selected meetings with management or the Committee; ongoing support regarding legal, regulatory or accounting considerations impacting compensation and benefit programs; assistance with the redesign of those programs; and other miscellaneous work.

In addition to services relating to director and executive compensation, from time to time Hewitt also provides consulting services to management for various projects and assignments pertaining to general employee compensation and benefits matters. Fees incurred for services and products provided by Hewitt unrelated to director and executive compensation did not exceed $120,000 in 2009.

Although the Compensation Committee or any of its members may consult directly with Hewitt should it or they choose to do so, during 2009 Hewitt directly dealt solely with Mr. Dreiling and Mr. Robert Ravener, our Executive Vice President and Chief People Officer, as well as with non-executive members of our human resources group in connection with named executive officer compensation (as described below under "Management's Role"). The Compensation Committee reviewed benchmark information provided by Hewitt regarding 2009 executive compensation and discussed with Messrs. Dreiling and Ravener their executive compensation recommendations. With respect to 2010 executive compensation decisions thus far, Hewitt has met directly with the Compensation Committee to review the results of the compensation benchmark study.

Management's Role. Messrs. Dreiling and Ravener, along with non-executive members of the human resources group, assist Hewitt in gathering and analyzing relevant competitive data and identifying and evaluating various alternatives for named executive officer compensation (including their own). Messrs. Dreiling and Ravener discuss with the Compensation Committee their recommendations regarding named executive officer pay components, typically based on benchmarking data compiled by Hewitt as well as, with respect to 2010 compensation decisions, the officer's subjective performance and contributions. Mr. Dreiling subjectively assesses performance of each other named executive officer for purposes of determining whether each named executive officer is eligible as a threshold matter for a base salary increase, the extent of that increase (with respect to 2010 compensation decisions), and whether the officer is eligible as a threshold matter for a Teamshare

Table of Contents

bonus payout in the event the relevant EBITDA-based performance level is achieved (each as discussed more fully below under "Elements of Named Executive Officer Compensation").

Although the Board and the Compensation Committee members valued and welcomed such input from management, the Board, where applicable, and the Compensation Committee ultimately made all decisions regarding named executive officer compensation for 2009 and to-date in 2010.

Use of Market Benchmarking Data. To attract and retain named executive officers who we believe will enhance our long-term business results, we must pay compensation that is competitive with the external market for executive talent. We believe that this primary talent market consists of retail companies with revenues both larger and smaller than ours and with business models similar to ours because those companies have executive positions similar in breadth, complexity and scope of responsibility to our named executive officer positions. For 2009, Hewitt provided data to management regarding total and individual compensation elements from its proprietary salary survey database and from the proxy statements of selected retail companies that met these criteria. We refer to this combined group as the market comparator group. In 2009, this group consisted of 7-Eleven, AutoZone, Big Lots, Collective Brands, Family Dollar, Genuine Parts, Longs Drug Stores, McDonald's, Nordstrom, OfficeMax, PetSmart, Staples, J.C. Penney, The Gap, Macy's, Blockbuster, The Pantry, Ross Stores and Yum Brands. Hewitt was also asked to provide summary market data from all of the retail companies in its database, from a subset of the market comparator group and from the proxy statement information for certain other significantly larger retail companies to help us gain a general understanding of overall retail compensation trends. The market data from these additional groups was not used, either wholly or in part, as reference points upon which to base, justify or provide a framework for the 2009 or 2010 compensation decisions.

For 2010 compensation decisions, the same market comparator group identified above was used except for Longs Drug Stores, which discontinued its participation in the Hewitt study.

The Compensation Committee believes that the median range of the competitive market generally is the appropriate target for a named executive officer's total compensation, and the Compensation Committee takes into account the estimated value of each named executive officer's long-term compensation when determining the levels of the cash compensation components. The Compensation Committee recognizes, however, that because of liquidity and other comparability issues, it is difficult to compare equity awards that were granted to our named executive officers while we were a private company to equity granted to named executive officers of a public company. The Compensation Committee has not made annual equity awards to the named executive officers, as it believes that the long-term equity previously granted to the named executive officers in 2007 or at the time they commenced employment with us, as applicable, has been sufficiently retentive and otherwise adequately meets our current compensation objectives as discussed under "Long-Term Equity Incentive Program" below.

Elements of Named Executive Officer Compensation

We provide compensation in the form of base salary, short-term cash incentives, long-term equity incentives, benefits and perquisites. As discussed in more detail below, the Compensation Committee believes that each of these elements is a necessary component of the total compensation package and is consistent with compensation programs at competing companies.

Base Salary. Base salary generally promotes the recruiting and retention functions of our compensation principles by reflecting the salaries for comparable positions in the competitive marketplace, by rewarding strong performance, and by providing a stable and predictable source of income for our executives. The Compensation Committee believes that we would be unable to attract or retain quality named executive officers in the absence of competitive base salary levels. For this reason, base salary constitutes a significant portion of a named executive officer's total compensation.

Table of Contents

As a threshold matter, a named executive officer is not eligible for a salary increase unless he or she achieves a satisfactory overall subjective performance evaluation.

At the end of 2008, Mr. Dreiling subjectively assessed each other named executive officer in the context of that executive's job responsibilities and made a determination as to whether that executive's performance for 2008 was satisfactory or unsatisfactory on an overall basis. A determination of unsatisfactory performance would have precluded that named executive officer from receiving an increase in 2009 base salary. A threshold determination of satisfactory performance did not by itself result in any variation in a named executive officer's compensation. Rather, satisfactory performance merely created the possibility of an increase in base salary. Once a named executive officer's eligibility for an increase in base salary was established, the magnitude of any salary increase was determined on the basis of benchmarking information from Hewitt regarding the compensation and role of each named executive officer within our management structure in comparison to the compensation that companies in our market comparator group provide to similarly situated executives. Because Mr. Dreiling determined that each such person performed satisfactorily overall, as a threshold matter each such named executive officer was eligible to be considered for a 2009 salary increase.

Mr. Dreiling's performance in the context of his job responsibilities was also subjectively reviewed in this manner by both the Compensation Committee and the Board. Because it was determined that he performed satisfactorily overall, as a threshold matter he was also eligible to be considered for a 2009 base salary increase.

In connection with the Compensation Committee's determination of each named executive officer's 2009 base salary, Mr. Ravener discussed with the Compensation Committee the results of the Hewitt benchmarking analysis. In order to maintain both total cash compensation and base salaries within the median range of the market comparator group, the Compensation Committee recommended, and the non-management Board members approved, a 12.1% base salary increase for Mr. Dreiling, and the Compensation Committee approved a 2.25% base salary increase for each other named executive officer (other than Mr. Todd Vasos who was not considered for an increase given his recent hiring in December 2008).

In December 2008, Mr. Vasos was hired as our Executive Vice President, Division President, and Chief Merchandising Officer. The Compensation Committee determined his base salary based on consideration of the 2008 market comparator group data provided by Hewitt, his compensation with his prior employer, the relationship of his position to similar executive positions and the amount we believed necessary to entice him to accept our offer of employment.

Subsequent to the end of 2009, the Compensation Committee considered 2010 base salary increases for each named executive officer (other than Mr. Bere, who left Dollar General effective at the close of business on January 29, 2010). Mr. Dreiling advised the Compensation Committee that he had subjectively assessed the overall performance of each other named executive officer and determined that each had performed the duties and responsibilities of the respective position in a satisfactory manner. In addition, the Compensation Committee subjectively reviewed Mr. Dreiling's performance in 2009 in the context of his job responsibilities and determined that such performance was satisfactory on an overall basis. As in prior years, unsatisfactory performance would have precluded a named executive officer from receiving an increase in base salary. However, in 2010 the magnitude of the salary increase for certain officers was determined not only on the basis of benchmarking information from Hewitt regarding data from our market comparator group, but also upon the categorical rating assigned by Mr. Dreiling to each named executive officer after completion of a subjective individual performance evaluation. Specifically, any named executive officer, other than Mr. Dreiling, received a set increase depending upon whether Mr. Dreiling's performance evaluation of such officer resulted in a "Needs Improvement," "Good," "Very Good" or "Outstanding" individual subjective performance rating.

Table of Contents

After reviewing a summary of the Hewitt benchmarking data and taking into account the categorical rating resulting from the subjective individual performance evaluations, in order to maintain both total cash compensation and base salaries within the median range of the market comparator group and to recognize 2009 performance, the Compensation Committee approved a 2.5% increase in base salary for Mr. Tehle, Ms. Guion and Mr. Vasos. Mr. Vasos received an additional 2.31% increase in base salary, reflecting the Committee's desire to achieve internal pay equity among comparable level executive officers. All such increases were effective April 1, 2010. Mr. Dreiling did not receive a base salary increase, as the Committee has begun negotiations with Mr. Dreiling to extend his employment agreement, and his new compensation will be set during that process.

Short-Term Cash Incentive Plan. Our short-term cash incentive plan, called Teamshare, motivates named executive officers to achieve pre-established, objective financial goals annually. For our named executive officers, the Teamshare program is established pursuant to our Annual Incentive Plan (the "AIP"). Under the AIP, "covered employees" under Section 162(m) of the Internal Revenue Code, any of our executive officers, and such other of our employees as the Compensation Committee may select (including our named executive officers), may earn up to $5,000,000 (up to $2,500,000 in 2008 and 2009) in respect of a given fiscal year, subject to the achievement of certain performance targets based on any of the following performance measures: net earnings or net income (before or after taxes), earnings per share, net sales or revenue growth, gross or net operating profit, return measures (including, but not limited to, return on assets, capital, invested capital, equity, sales, or revenue), cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital), earnings before or after taxes, interest, depreciation, and/or amortization, gross or operating margins, productivity ratios, share price (including, but not limited to, growth measures and total shareholder return), expense targets, margins, operating efficiency, customer satisfaction, working capital targets, economic value added, volume, capital expenditures, market share, costs, regulatory ratings, asset quality, net worth, or safety. The Compensation Committee administers the AIP and can amend or terminate it at any time.

As a threshold matter, unless required by contract, a named executive officer is not eligible to receive a bonus under the 2009 Teamshare program if that executive receives an "unsatisfactory" overall subjective individual performance rating, and payment of any bonus is in the Compensation Committee's discretion if the executive receives a "needs improvement" overall individual performance rating. Accordingly, Teamshare fulfills an important part of our pay for performance philosophy while aligning the interests of our named executive officers and our shareholders. Teamshare also helps us to meet our recruiting and retention objectives by providing compensation opportunities that are consistent with those prevalent in our market comparator group.

(a) *2009 Teamshare Structure.* Teamshare provides an opportunity for each named executive officer to receive a cash bonus payment equal to a certain percentage of base salary based upon Dollar General's achievement of one or more pre-established financial performance measures. As it did in 2008, the Compensation Committee selected a measure based upon earnings before interest, taxes, depreciation and amortization ("EBITDA") as the 2009 Teamshare financial performance measure, with certain adjustments similar to those made for the purposes of calculating performance targets for our long-term equity incentive program including exclusion of the impact of:

- any fee paid to KKR, Goldman, Sachs & Co. and any affiliates thereof pursuant to the terms of the sponsor advisory agreement, dated July 6, 2007, entered into with KKR and Goldman, Sachs & Co.;

- all consulting, accounting, legal, valuation, banking, filing, disclosure and similar costs, fees and expenses directly related to the consideration, negotiation, approval and consummation of our 2007 merger and related financing (including without limitation any costs, fees and expenses relating to the filing and maintenance of the market maker registration statement

Table of Contents

pertaining to the indebtedness issued in connection with the 2007 merger) and any related litigation or settlement of any related litigation; and

any costs, fees and expenses directly related to the consideration, negotiation, and consummation of any public offering of our common stock (including our initial public offering) or any asset sale, merger or other transaction that results in a change in control of Dollar General; and

any unplanned items of a non-recurring or extraordinary nature as determined in good faith by the CEO and CFO and approved by the Compensation Committee.

The Compensation Committee established the target EBITDA-based performance level for purposes of the 2009 Teamshare program at $1.142 billion, which, consistent with prior practice, was equal to the annual objective in our annual financial plan. The Compensation Committee also established the threshold financial EBITDA-based performance level, below which no bonus would be paid under the 2009 Teamshare program, at 95% of the target, which was consistent with the 2008 Teamshare program, pursuant to which the Compensation Committee determined that such threshold level was more consistent with other companies within the KKR portfolio than the prior threshold level. The Compensation Committee also determined that, similar to the 2008 Teamshare program, no maximum level of EBITDA performance would be established for the 2009 Teamshare program. The Compensation Committee felt that setting a maximum EBITDA performance level could discourage employees from striving to achieve EBITDA results beyond the maximum level and that the outstanding 2008 EBITDA results may have been, in part, attributable to not capping the incentive opportunity under the 2008 Teamshare program.

The Compensation Committee considered the 2009 Teamshare program EBITDA-based performance target level to be challenging and generally consistent with the level of difficulty of achievement associated with our performance-based awards for prior years. We did not achieve the threshold Teamshare performance level in fiscal years 2006 or 2005. We achieved Teamshare performance levels between threshold and target in fiscal years 2004 and 2002, between target and maximum in fiscal year 2007, at maximum in fiscal year 2003. Fiscal 2008 was the first year in which we did not associate a maximum level of EBITDA-based performance with the bonus program. For fiscal 2008, we achieved an EBITDA-based performance level of approximately 112.47% of the target.

The bonus payable to each named executive officer if Dollar General reached the 2009 target EBITDA-based performance level was equal to the applicable percentage of each executive's salary as set forth in the chart below. Such payout percentages remained unchanged from payout percentages under the 2008 Teamshare program because they continued to fall within the median range of the Hewitt data regarding competitive target incentives for comparable positions in our market comparator group.

Name	**Target Payout Percentage**
Mr. Dreiling(1)	100%
Mr. Bere	70%
Mr. Tehle	65%
Ms. Guion	65%
Mr. Vasos	65%

(1) Mr. Dreiling's minimum threshold (50%) and target (100%) bonus percentages are established in his employment agreement with us.

Table of Contents

Payments for financial performance below or above the target level are prorated on a graduated scale commensurate with performance levels in accordance with the following schedule:

% of Target Performance Level	**% of Bonus Target**
95%	50%
96%	60%
97%	70%
98%	80%
99%	90%
100%	100%
101%	110%
102%	120%
103%	130%
104%	140%
105%	150%
106%	160%
107%	170%
108%	180%
109%	190%
110%(1)	200%(1)

(1) For every 1% increase over 110% of the target performance level, each named executive officer was eligible to receive an additional 9.14% of his or her bonus target (when calculated against the estimated total incentive dollars at the start of the performance period that would be paid for performance above 110% of the target financial performance level, the incremental incentive payout equates to an additional 9.14% of each named executive officer's bonus target for each additional 1% increase above 110% of the target performance level). Individual awards for 2009 were capped at $2.5 million in accordance with the AIP in effect at that time.

This pro ration schedule, through 110% of the target performance level, is consistent with the pro ration schedule approved by the Compensation Committee in 2007 in reliance upon Hewitt's benchmarking data which, at that time, indicated that the typical practice was to set the threshold payout percentage at half of the target and the maximum payout percentage at twice the target. The Compensation Committee did not reconsider the pro ration schedule in 2009. The Compensation Committee determined in 2008 that the pro ration schedule for EBITDA-based performance above 110% of target should approximate a sharing between Dollar General and the Teamshare participants of 20% of the EBITDA dollars earned above that level. The Compensation Committee did not reconsider that determination in 2009.

(b) *2009 Teamshare Results.* Following 2009, Mr. Dreiling assessed each named executive officer (other than himself and Mr. Bere) in the context of that executive's job responsibilities and made a subjective determination as to whether that executive's performance for 2009 was satisfactory or unsatisfactory on an overall basis. A subjective determination of unsatisfactory performance would have precluded that named executive officer from receiving a Teamshare payout for 2009 performance regardless of whether we achieved our overall, objective EBITDA performance target for 2009. A threshold determination of satisfactory performance did not by itself result in any variation in the named executive officer's incentive compensation. Rather, satisfactory performance merely created the possibility of a payout under the Teamshare program. Once a named executive officer's eligibility was established, the Teamshare payout was determined based upon our objective EBITDA-based performance. Because Mr. Dreiling determined that each named executive officer (other than himself and Mr. Bere) achieved overall satisfactory performance, each named executive officer, as a threshold

Table of Contents

matter, was eligible to receive a 2009 Teamshare payout to the extent we achieved the relevant EBITDA-based performance level.

In connection with his employment separation, the Compensation Committee entered into a Separation Agreement with Mr. Bere that provided for a payout of his 2009 Teamshare bonus, in the event the EBITDA-based performance target was, in fact, satisfied, without the need for a performance evaluation.

The Compensation Committee also subjectively reviewed Mr. Dreiling's individual performance for 2009 in a manner similar to Mr. Dreiling's evaluations of the other named executive officers discussed above. The Compensation Committee determined that he had performed satisfactorily and that, as a threshold matter, he was therefore eligible to receive a 2009 Teamshare payout to the extent we achieved the relevant EBITDA-based performance level.

In March 2010, the Compensation Committee approved the EBITDA-based performance level at 111.87% of target which equates to a payout of 217.21% of individual bonus targets. Accordingly, a Teamshare payout pursuant to the 2009 Teamshare program was made to each named executive officer at the following percentages of base salary earned: Mr. Dreiling, 217.21%; Mr. Bere, 152.05%; and each of Mr. Tehle, Ms. Guion and Mr. Vasos, 141.18%. Such amounts are reflected in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table for all such executives other than Mr. Bere whose amount is reflected in the "All Other Compensation" column of the Summary Compensation Table.

(c) *2010 Teamshare Structure.* The Compensation Committee selected adjusted EBITDA, as calculated in accordance with the Company's credit agreements and further adjusted for certai