DOLLAR GENERAL CORP
Form PRER14A
May 09, 2007

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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. 1)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

ý Preliminary Proxy Statement

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

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §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):

o No fee required.

ý 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:
Common Stock, par value $.50 per share ("Common Stock") of Dollar General Corporation

(2) Aggregate number of securities to which transaction applies:
314,616,813 shares of Common Stock, 17,561,933 options to purchase shares of Common Stock; restricted stock units with respect to 1,425,958 shares of Common Stock; and deferred equity units with respect to 130,967 shares of Common Stock.

(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):

The maximum aggregate value was determined based upon the sum of (A) 314,616,813 shares of Common Stock multiplied by $22.00 per share; (B) options to purchase 17,561,933 shares of Common Stock with exercise prices less than $22.00 multiplied by $3.45 (which is the difference between $22.00 and the weighted average exercise price of $18.55 per share); (C) restricted stock units with respect to 1,425,958 shares of Common Stock multiplied by $22.00 per share; and (D) deferred equity units with respect to 130,967 shares of Common Stock multiplied by $22.00. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.00003070 by the sum calculated in the preceding sentence.

(4) Proposed maximum aggregate value of transaction:
$7,016,410,904.85

(5) Total fee paid:
$216,000

ý 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:

100 Mission Ridge
Goodlettsville, Tennessee 37072

, 2007

Dear Fellow Shareholder:

You are cordially invited to attend a special meeting of Dollar General Corporation shareholders to be held on [ ], 2007, starting at [ ] a.m., local time, at [ ].

At the special meeting, you will be asked to consider and vote upon a proposal to approve a merger agreement under which Dollar General would be acquired by Buck Holdings, L.P., an entity controlled by investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P., a private equity firm. We entered into this merger agreement on March 11, 2007. If the merger agreement is approved by our shareholders and the merger is completed, as a shareholder you will be entitled to receive $22.00 in cash, without interest and less any applicable withholding tax, for each share of Dollar General common stock owned by you at completion of the merger, as more fully described in the enclosed proxy statement.

Dollar General's board of directors has unanimously adopted and declared advisable the merger agreement and the transactions contemplated by the merger agreement, determined that the transactions contemplated by the merger agreement are advisable and in the best interests of Dollar General and its shareholders and resolved to recommend that Dollar General's shareholders vote in favor of the approval of the merger agreement.

Accordingly, our board of directors unanimously recommends that you vote "FOR" the approval of the merger agreement and "FOR" the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies.

Your vote is very important, regardless of the number of shares of common stock you own. We cannot complete the merger unless the merger agreement is approved by the affirmative vote of the holders of outstanding shares of our common stock representing at least a majority of all the votes entitled to vote at the special meeting. **Therefore, the failure of any shareholder to vote on the proposal to approve the merger agreement will have the same effect as a vote by that shareholder against the approval of the merger agreement.**

The attached proxy statement provides you with detailed information about the special meeting, the merger agreement and the merger. A copy of the merger agreement is attached as Annex A to this document. We encourage you to read this document and the merger agreement carefully and in their entirety. You may also obtain more information about Dollar General from documents we have filed with the Securities and Exchange Commission.

Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying reply envelope, or submit your proxy by telephone or the Internet. If you have Internet access, we encourage you to record your vote via the Internet. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted.

Thank you in advance for your cooperation and continued support.

Sincerely,

David A. Perdue
Chairman and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The proxy statement is dated [ ], 2007, and is first being mailed to shareholders on or about [ ], 2007.

Dollar General Corporation
100 Mission Ridge
Goodlettsville, Tennessee 37072

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Be Held On [ ], 2007

To the Shareholders of Dollar General Corporation:

A special meeting of shareholders of Dollar General Corporation, a Tennessee corporation, will be held on [ ], 2007, starting at [ ] a.m., local time, at [ ], for the following purposes:

1. To consider and vote on a proposal to approve the Agreement and Plan of Merger (the "merger agreement"), dated as of March 11, 2007, by and among Buck Holdings, L.P., a Delaware limited partnership ("Parent"), Buck Acquisition Corp., a Tennessee corporation and a wholly owned subsidiary of Parent ("Merger Sub"), and Dollar General Corporation. A copy of the merger agreement is attached as Annex A to the accompanying proxy statement. Pursuant to the terms of the merger agreement, Merger Sub will merge with and into Dollar General (the "merger") and upon the merger becoming effective each outstanding share of Dollar General's common stock, par value $0.50 per share (excluding shares owned, directly or indirectly, by Parent or Merger Sub or held by any direct or indirect wholly owned subsidiary of Dollar General, but including shares held by Dollar General in trust under certain pension and deferred compensation arrangements), will be converted into the right to receive $22.00 in cash, without interest and less any applicable withholding tax, as described in the accompanying proxy statement.

2. To consider and vote on any proposal to adjourn or postpone the special meeting to a later date or time, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement if there are insufficient votes at the time of such adjournment or postponement to approve the merger agreement.

3. To consider and vote on such other business as may properly come before the special meeting or any adjournments or postponements thereof.

Our board of directors has specified [ ], 2007, as the record date for the purpose of determining the shareholders who are entitled to receive notice of, and to vote at, the special meeting. Only shareholders of record at the close of business on the record date are entitled to notice of and to vote at the special meeting and at any adjournment or postponement thereof.

Our board of directors has unanimously adopted and declared advisable the merger agreement and the transactions contemplated by the merger agreement, determined that the transactions contemplated by the merger agreement are advisable and in the best interests of Dollar General and its shareholders and resolved to recommend that Dollar General's shareholders vote in favor of the approval of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" APPROVAL OF THE MERGER AGREEMENT AND "FOR" THE ADJOURNMENT OR POSTPONEMENT OF THE SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, TO SOLICIT ADDITIONAL PROXIES.

Your vote is important. The approval of the merger agreement requires the affirmative vote of the holders of outstanding shares of our common stock representing at least a majority of all the votes entitled to vote at the special meeting. Therefore, your failure to vote in person at the special meeting or to submit a signed proxy card will have the same effect as a vote by you "AGAINST" the approval of the merger agreement. Properly executed proxy cards with no instructions indicated on the proxy card will be voted "**FOR**" the approval of the merger agreement and "**FOR**" the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return

the enclosed proxy or submit your proxy by telephone or the Internet prior to the special meeting to ensure that your shares will be represented at the special meeting if you are unable to attend. If you have Internet access, we encourage you to record your vote via the Internet. If you fail to return your proxy card or fail to submit your proxy by phone or the Internet and you fail to attend the special meeting, your shares will not be counted for purposes of determining whether a quorum is present at the meeting, but will not affect the outcome of the vote regarding the adjournment proposal, if necessary. If you hold your shares through a bank, broker or other custodian, you must obtain a legal proxy from such custodian in order to vote in person at the special meeting. If you attend the special meeting, you may revoke your proxy and vote in person if you wish, even if you have previously returned your proxy card. Your prompt attention is greatly appreciated.

Shareholders of Dollar General will not have dissenters' rights under Tennessee law unless our common stock is delisted from the New York Stock Exchange prior to consummation of the merger.

Please note that space limitations make it necessary to limit attendance at the special meeting to shareholders as of the record date (or their authorized representatives). If you attend, please note that you may be asked to present valid photo identification. If your shares are held by a bank or broker, please bring to the special meeting your statement evidencing your beneficial ownership of common stock. The list of shareholders entitled to vote at the special meeting will be available for inspection at our principal executive offices at 100 Mission Ridge, Goodlettsville, Tennessee 37072, beginning two business days after notice of the special meeting is given and continuing through the meeting.

By Order of the Board of Directors,

Christine L. Connolly

Corporate Secretary and Chief Compliance Officer

Goodlettsville, Tennessee
[ ], 2007

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SUMMARY TERM SHEET

The following summary highlights selected information in this proxy statement and may not contain all the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement. Each item in this summary includes a page reference directing you to a more complete description of that topic. See "Where You Can Find More Information" beginning on page 64. We sometimes make reference to Dollar General Corporation and its subsidiaries in this proxy statement by using the terms "Dollar General," the "Company," "we," "our" or "us."

The Merger (Page 15)

The Agreement and Plan of Merger, dated as of March 11, 2007, which we refer to as the merger agreement, by and among Dollar General, Buck Holdings, L.P. (which we refer to as Parent) and Buck Acquisition Corp. (which we refer to as Merger Sub), provides that Merger Sub, an entity controlled through Parent by investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P., a private equity firm (which we refer to as KKR), will merge with and into Dollar General. As a result of the merger, Dollar General will become a private company, controlled by investment funds affiliated with KKR. Dollar General will be the surviving corporation in the merger (which we refer to as surviving corporation) and, following the merger, will continue to do business as "Dollar General Corporation." As a private company, the registration of Dollar General's common stock and the reporting obligations with respect to the common stock under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), will be terminated upon application to the Securities and Exchange Commission (the "SEC"). In addition, upon completion of the proposed merger, shares of Dollar General's common stock will no longer be listed on any stock exchange or quotation system, including the New York Stock Exchange ("NYSE").

Effects of the Merger (Page 42)

If the merger is completed, each outstanding share of Dollar General common stock will be converted into the right to receive $22.00 in cash, without interest and less any applicable withholding tax. We refer to this amount in this proxy statement as the merger consideration. As a shareholder, you will be entitled to receive the merger consideration for each share of our common stock owned by you. Following the merger, you will no longer own any shares of the surviving corporation and Dollar General will cease to be a publicly traded company. If the merger agreement is not approved, Dollar General will remain an independent public company and our common stock will continue to be listed and traded on the NYSE.

Completion of the Merger (Page 41)

We are working toward completing the merger as quickly as possible, and we currently anticipate that it will be completed in the third quarter of 2007. However, we cannot predict the exact timing of the completion of the merger and whether the merger will be completed. In order to complete the merger, we must obtain shareholder approval and the other closing conditions under the merger agreement must be satisfied or waived. In addition, Parent is not obligated to complete the merger until the expiration of a 20-business day "Marketing Period" that it may use to complete its financing for the merger.

The Parties to the Merger (Page 11)

Dollar General Corporation. Dollar General is a leading value discount retailer of quality general merchandise at everyday low prices. Through conveniently located stores, Dollar General offers a focused assortment of basic consumable merchandise including health and beauty aids, packaged food

and refrigerated products, home cleaning supplies, housewares, stationery, seasonal goods, basic clothing and domestics. Dollar General® stores serve primarily low-, middle- and fixed-income families.

Dollar General was founded in 1939 as J.L. Turner and Son, Wholesale and opened its first dollar store in 1955, when it was first incorporated as a Kentucky corporation under the name J.L. Turner & Son, Inc. The Company changed its name to Dollar General Corporation in 1968 and reincorporated as a Tennessee corporation in 1998. As of March 2, 2007, Dollar General operated 8,260 stores in 35 states, primarily in the southern, southwestern, midwestern and eastern United States.

Buck Holdings, L.P. Buck Holdings, L.P. is a Delaware limited partnership, managed by its general partner, Buck Holdings, LLC, a Delaware limited liability company, which is controlled by investment funds affiliated with KKR. Each of Buck Holdings, L.P. and Buck Holdings, LLC was formed solely for the purpose of acquiring Dollar General and has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement.

Buck Acquisition Corp. Buck Acquisition Corp. is a Tennessee corporation and a wholly owned subsidiary of Parent, which was formed solely for the purpose of facilitating Parent's acquisition of Dollar General. Merger Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Upon consummation of the proposed merger, Merger Sub will merge with and into Dollar General and will cease to exist, with Dollar General continuing as the surviving corporation.

The Special Meeting (Page 12)

Date, Time and Place. The special meeting will be held on [ ], 2007, starting at [ ] a.m., local time, at [ ].

Purpose. You will be asked to consider and vote upon (1) the approval of the merger agreement, (2) the adjournment or postponement of the special meeting to a later date, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement if there are insufficient votes at the time of the meeting to approve the merger agreement and (3) such other business as may properly come before the special meeting or any adjournments or postponements thereof.

Record Date and Quorum. You are entitled to vote at the special meeting if you owned shares of our common stock at the close of business on [ ], 2007, the record date for the special meeting. You will have one vote for each share of our common stock that you owned on the record date. As of the record date, there were [ ] shares of our common stock issued and outstanding and entitled to vote. A majority of our common stock issued, outstanding and entitled to vote at the special meeting constitutes a quorum for the purpose of considering the proposals.

Vote Required. The approval of the merger agreement requires the affirmative vote of the holders of outstanding shares of our common stock representing at least a majority of all the votes entitled to vote at the special meeting. Approval of any proposal to adjourn or postpone the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies requires the affirmative vote of the holders of a majority of the shares of our common stock present in person or represented by proxy at the special meeting and entitled to vote on the matter.

Common Stock Ownership of Directors and Executive Officers. As of the record date, the directors and executive officers of Dollar General beneficially owned in the aggregate approximately [ ]% of the shares of our common stock entitled to vote at the special meeting. All of our directors and executive officers have informed Dollar General that they currently intend to vote all of their shares of common stock "**FOR**" the approval of the merger agreement and "**FOR**" the postponement proposal.

Voting and Proxies. Any shareholder of record entitled to vote at the special meeting may submit a proxy by telephone, via the Internet, by returning the enclosed proxy card by mail, or by voting in person at the special meeting. If you intend to submit your proxy by telephone or the Internet you must do so no later than 11:59 p.m. Eastern Daylight Savings Time on [ ], 2007, and if you intend to submit your proxy by mail it must be received by the Company prior to the commencement of the special meeting. If your shares of our common stock are held in "street name" by your broker, you should instruct your broker on how to vote such shares of common stock using the instructions provided by your broker. If you do not provide your broker with instructions, your shares of our common stock will not be voted, which will have the same effect as a vote "AGAINST" the approval of the merger agreement. The persons named in the accompanying proxy will also have discretionary authority to vote on any adjournments or postponements of the special meeting. Even if you plan to attend the special meeting, after carefully reading and considering the information contained in this proxy statement, if you hold your shares of common stock in your own name as the shareholder of record, please vote your shares by completing, signing, dating and returning the enclosed proxy card or by using the telephone number printed on your proxy card or by using the Internet voting instructions printed on your proxy card.

If you return your signed proxy card, but do not mark the boxes showing how you wish to vote, your shares will be voted "**FOR**" the proposal to approve the merger agreement and "**FOR**" the adjournment proposal, if applicable.

Revocability of Proxy. Any shareholder of record who executes and returns a proxy card (or submits a proxy via telephone or the Internet) may revoke the proxy at any time before it is voted at the special meeting by attending the special meeting and voting in person. Your attendance at the special meeting will not, by itself, revoke your proxy. To revoke your proxy, you must vote in person at the special meeting. If you hold your shares in your name as a shareholder of record, you may also revoke the proxy by notifying the Investor Relations Department, Attn.: Emma Jo Kauffman, at 100 Mission Ridge, Goodlettsville, Tennessee 37072. Further, the proxy may be revoked by submitting a later-dated proxy card, or, if you voted by telephone or the Internet, by voting a second time by telephone or Internet. In the event you have instructed a broker, bank or other nominee to vote your shares of our common stock, you have to follow the directions received from your broker, bank or other nominee and change those instructions in order to revoke your proxy.

Sale of Shares. The record date of the special meeting is earlier than the date of the special meeting and the date that the merger is expected to be completed. If you transfer your shares of common stock after the record date but before the special meeting, you will retain the right to vote at the special meeting, but you will have transferred the right to receive the merger consideration. In order to receive the merger consideration, you must beneficially own your shares of common stock through completion of the merger.

Dissenters' Rights. Our shareholders do not have dissenters' rights in connection with the merger under the Tennessee Business Corporation Act unless our common stock is delisted from the NYSE prior to the consummation of the merger.

Solicitation of Proxies; Costs. Dollar General will pay all expenses of this solicitation, including the cost of preparing and mailing this document. The proxies are being solicited by and on behalf of our board of directors. In addition to solicitation by use of the mails, proxies may be solicited by our directors, officers and employees in person or by telephone, telegram, electronic mail, facsimile transmission or other means of communication. Those persons will not be additionally compensated for solicitation activities, 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. In addition, we have retained D.F. King & Co., Inc. to assist in the solicitation of proxies for the special meeting for a fee of approximately $10,000, plus a

nominal fee per shareholder contact, reimbursement of reasonable out-of-pocket expenses and indemnification against certain losses, costs and expenses.

Treatment of Options and Other Awards (Page 34)

Stock Options. Immediately prior to the effective time of the merger, except as separately agreed by a holder and Parent, all options to acquire our common stock issued and outstanding under our equity incentive plans or otherwise will become fully vested and be converted into the right to receive a cash payment equal to the number of shares of our common stock underlying the options multiplied by the amount (if any) by which $22.00 exceeds the exercise price, without interest and less any applicable withholding taxes.

Restricted Shares. Immediately prior to the effective time of the merger, except as separately agreed by a holder and Parent, each share of restricted stock issued and outstanding under our equity incentive plans or otherwise and any accrued stock dividends will vest in full and be converted into the right to receive $22.00 in cash, less any required withholding taxes.

Restricted Stock Units. Immediately prior to the effective time of the merger, each restricted stock unit issued and outstanding under our equity incentive plans will vest in full and be converted into the right to receive $22.00 in cash, less any required withholding taxes.

Deferred Equity Units. Immediately prior to the effective time of the merger, all amounts held in participant accounts and denominated in our common stock under our CDP/SERP Plan and Deferred Compensation Plan for Non-Employee Directors, will vest in full and be converted into cash equal to $22.00 multiplied by the number of shares deemed held in such participant accounts, payable or distributable in accordance with the terms of the agreement, plan or arrangement relating to such participant account, less any required withholding taxes.

Recommendation of Our Board of Directors (Page 18)

Our board of directors unanimously adopted and declared advisable the merger agreement and the transactions contemplated by the merger agreement, determined that the transactions contemplated by the merger agreement are advisable and in the best interests of Dollar General and its shareholders and resolved to recommend that Dollar General's shareholders vote in favor of the approval of the merger agreement and the transactions contemplated by the merger agreement, including the merger. The board of directors unanimously recommends that our shareholders vote "**FOR**" the approval of the merger agreement and "**FOR**" the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies.

Opinion of Dollar General's Financial Advisor (Page 19)

The board of directors received a written opinion, dated March 11, 2007, from its financial advisor, Lazard Frères & Co. LLC, which we refer to as Lazard, to the effect that, as of the date of its opinion and subject to the matters described in its opinion, the $22.00 per share in cash consideration to be paid to the holders of Dollar General's common stock, other than Parent and its affiliates, in the merger was fair to such holders from a financial point of view. The opinion is attached as Annex B to this proxy statement.

Lazard's written opinion does not address the relative merits of the merger as compared to other business strategies or transactions that might be available with respect to Dollar General or the underlying business decision by Dollar General to engage in the merger, and is not intended to and does not constitute a recommendation to any holder of Dollar General common stock as to how such holder should vote with respect to the merger or any matter relating thereto. We encourage you to

read the opinion and the section "The Merger Opinion of Financial Advisor" beginning on page 19 carefully and in its entirety.

Interests of the Company's Directors and Executive Officers in the Merger (Page 32)

In considering the recommendation of the board of directors, you should be aware that our directors and executive officers may be considered to have interests in the merger that are different from, or in addition to, your interests as a shareholder. Such interests include (i) severance payments and benefits payable to executive officers upon termination of employment under a qualifying actual or constructive termination of employment pursuant to agreements previously entered into between the executive officers and Dollar General, (ii) the accelerated vesting and cashing out of certain equity, compensation and equity awards and the accelerated vesting and/or payment of deferred compensation arrangements for certain directors and officers and (iii) rights to continued indemnification and insurance coverage after the merger for acts or omissions occurring prior to the merger. In addition, a number of our executive officers may, prior to the closing of the merger, enter into new arrangements with Parent or the surviving corporation regarding employment with, or the right to purchase or participate in the equity of, the surviving corporation.

Financing (Page 27)

Parent estimates that the total amount of funds necessary to complete the merger is anticipated to be approximately $7.65 billion, a portion of which is payable to Dollar General's shareholders and holders of other equity-based interests, with the remainder used to repay and refinance existing indebtedness, and to pay customary fees and expenses in connection with the merger, the financing arrangements and related transactions.

Equity Financing. Parent has received an equity commitment letter from KKR 2006 Fund L.P., a private equity fund affiliated with KKR, pursuant to which, and subject to the conditions contained therein, KKR 2006 Fund L.P., has committed to make a capital contribution equal to $2.775 billion to Parent in connection with the completion of the merger. Such equity commitment obligation may be assigned to affiliates of KKR 2006 Fund L.P. or other co-investors, whereby KKR 2006 Fund L.P. remains obligated to perform such obligation to the extent not performed by its assignees. As of the date of this proxy statement, KKR 2006 Fund L.P. has assigned, and intends to further assign, a portion of its commitment to other private equity and third party investors, as further described under "The Merger Financing of the Merger Equity Financing" beginning on page 31.

Debt Financing. Parent has received a debt commitment letter from Goldman Sachs Credit Partners L.P., Citicorp North America, Inc. and/or its affiliates, including Citigroup Global Markets Inc., Lehman Brothers Inc., Lehman Commercial Paper Inc., Lehman Brothers Commercial Bank, Wachovia Bank, National Association, Wachovia Investment Holdings, LLC and Wachovia Capital Markets, LLC to provide (a) up to $3.5 billion comprised of a senior secured term loan facility and a senior secured asset-based revolving credit facility, (b) up to $1.45 billion of senior unsecured notes or a senior unsecured bridge facility up to such amount and (c) up to $650 million of senior subordinated notes or a senior subordinated bridge facility up to such amount.

Regulatory Approvals (Page 40)

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (the "HSR Act"), the merger may not be completed until notification and report forms have been filed with the U.S. Federal Trade Commission (the "FTC") and the Antitrust Division of the U.S. Department of Justice (the "Antitrust Division") and the applicable waiting period has expired or been terminated. On March 23, 2007, Dollar General and KKR 2006 Fund L.P. each filed its notification and report form under the HSR Act with the FTC and

the Antitrust Division. The FTC granted early termination of the applicable waiting period on April 2, 2007.

Material U.S. Federal Income Tax Consequences (Page 38)

The exchange of shares of our common stock for cash pursuant to the merger agreement generally will be a taxable transaction for U.S. federal income tax purposes. Shareholders who exchange their shares of our common stock in the merger will generally recognize gain or loss in an amount equal to the difference, if any, between the cash received in the merger and their adjusted tax basis in their shares of our common stock. You should consult your tax advisor for a complete analysis of the effect of the merger on your federal, state and local and/or foreign taxes.

Conditions to the Merger (Page 55)

Conditions to Each Party's Obligations. Each party's obligation to complete the merger is subject to the satisfaction or waiver of the following mutual conditions:

- approval of the merger agreement by Dollar General's shareholders;
- no governmental entity of competent jurisdiction having enacted, issued or entered any order or injunction or legal prohibition which remains in effect that enjoins or otherwise prohibits completion of the merger or the other transactions contemplated by the merger agreement; and
- the expiration or earlier termination of any applicable waiting period under the HSR Act.

Conditions to Dollar General's Obligations. Our obligation to complete the merger is subject to the satisfaction or waiver of further conditions, including:

- Parent and Merger Sub's representations and warranties must be true and correct, as of March 11, 2007, and as of the closing date of the merger; and
- Parent and Merger Sub must have performed, in all material respects, their covenants and agreements in the merger agreement.

Conditions to Parent's and Merger Sub's Obligations. The obligation of Parent and Merger Sub to complete the merger is subject to the satisfaction or waiver of further conditions, including:

- our representations and warranties must be true and correct without regard to the materiality thresholds specified in the merger agreement, as of March 11, 2007, and as of the closing date of the merger, except to the extent the failure of such representations and warranties to be true and correct would not constitute a material adverse effect on the Company; and
- we must have performed, in all material respects, our covenants and agreements in the merger agreement.

No Solicitations of Transactions (Page 50)

The merger agreement restricts our ability to, among other things, solicit or engage in discussions or negotiations with a third party regarding specified transactions involving us or our subsidiaries and our board of directors' ability to change or withdraw its recommendation in favor of the merger agreement. Notwithstanding these restrictions, under circumstances specified in the merger agreement, in order to comply with its fiduciary duties under applicable law, our board of directors may respond to certain unsolicited competing proposals or terminate the merger agreement and enter into an agreement with respect to a superior competing proposal or withdraw its recommendation in favor of the approval of the merger agreement. See "The Merger Agreement No Solicitation of Transactions" beginning on page 50.

Termination of the Merger Agreement (Page 56)

We and Parent may terminate the merger agreement by mutual written consent at any time before the completion of the merger (including after our shareholders have approved the merger agreement). In addition, either Parent or Dollar General may terminate the merger agreement at any time before the completion of the merger:

- if the merger has not been completed by October 31, 2007;
- if any court of competent jurisdiction has issued or entered a final non-appealable order prohibiting the completion of the merger; or
- if the merger agreement has been submitted to our shareholders for approval and the required vote has not been obtained.

Dollar General may also terminate the merger agreement if:

- Parent has breached or failed to perform any of its representations, warranties, covenants or other agreements in the merger agreement and such breach or failure would result in the failure of a closing condition and cannot be cured by October 31, 2007, so long as we have given Parent 30 days' written notice and are not in material breach of our representations, warranties, covenants or other agreements in the merger agreement;
- prior to the receipt of the shareholder vote, our board of directors has received a superior proposal, notified Parent of the termination in accordance with the merger agreement, provided Parent a three business day period to revise the terms of the merger agreement, determined after such period that the proposal continues to be a superior proposal, and paid the termination fee as further described under "The Merger Agreement No Solicitation of Transactions," "The Merger Agreement Termination" and "The Merger Agreement Fees and Expenses" beginning on page 50, 56 and 58, respectively; or
- the merger has not been completed on the second business after the final day of the Marketing Period as described in "The Merger Agreement Effective Time; Marketing Period," beginning on page 41 and all of the mutual closing conditions and all of the conditions to the obligations of Parent and Merger Sub have been satisfied and at the time of such termination such conditions continue to be satisfied.

Parent may also terminate the merger agreement if:

- we have breached or failed to perform any of our representations, warranties, covenants or other agreements in the merger agreement and such breach or failure would result in the failure of a closing condition and cannot be cured by October 31, 2007, so long as Parent has given us 30 days' written notice and is not in material breach of its representations, warranties, covenants or other agreements in the merger agreement;
- our board of directors withdraws, modifies or qualifies in a manner adverse to Parent or Merger Sub, its recommendation of the merger agreement; fails to include in this proxy statement its recommendation to our shareholders that they approve the merger agreement; approves, endorses or recommends, or publicly proposes to approve, endorse or recommend, any alternative proposal; or fails to recommend against acceptance of a tender or exchange offer for any outstanding shares of our capital stock that constitutes an alternative proposal; or
- we have notified Parent in writing of our intention to terminate the merger agreement in order to enter into a transaction that is a Superior Proposal as described under "The Merger Agreement No Solicitation of Transactions" beginning on page 50.

Termination Fees (Page 58)

If the merger agreement is terminated under certain specified circumstances:

we would be obligated to pay a termination fee of $225 million as directed by Parent; or

Parent and Merger Sub would be obligated to pay a termination fee of $225 million to us. KKR 2006 Fund L.P. has agreed to guarantee the obligation of Parent and Merger Sub to pay this termination fee, as further described under "Financing of the Merger Guarantee; Remedies" beginning on page 31.

Market Price of Common Stock (Page 61)

The closing sale price of our common stock on the NYSE on March 9, 2007, the last trading day prior to the announcement of the merger, was $16.78. The $22.00 per share to be paid for each share of our common stock in the merger represents a premium of approximately 31% to the closing price on March 9, 2007, and a premium of approximately 29% to the average closing share price for the 30 trading days prior to the announcement of the merger.

Additional Information

For additional questions about the merger, assistance in submitting proxies or voting shares of our common stock, or additional copies of the proxy statement or the enclosed proxy card, please contact:

Dollar General
Attn: Investor Relations
100 Mission Ridge
Goodlettsville, Tennessee
(615) 855-5525

or our proxy solicitor,

D.F. King & Co., Inc.
48 Wall Street
New York, NY 10005
Toll-Free: (888) 644-6071
Banks and Brokers call collect: (212) 269-5550

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents to which we refer you in this proxy statement, include forward-looking statements based on estimates and assumptions. There are forward-looking statements throughout this proxy statement, including, without limitation, under the headings "Summary Term Sheet," "Questions and Answers about the Special Meeting and the Merger," "The Merger," "Opinion of Financial Advisor," "Projected Financial Information," "Regulatory Approvals," and "Litigation Related to the Merger," and in statements containing words such as "believes," "estimates," "anticipates," "continues," "contemplates," "expects," "may," "will," "could," "should" or "would" or other similar words or phrases. These statements, which are based on information currently available to us, are not guarantees of future performance and may involve risks and uncertainties that could cause our actual growth, results of operations, performance and business prospects, and opportunities to materially differ from those expressed in, or implied by, these statements. These forward-looking statements speak only as of the date on which the statements were made and we expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statement included in this proxy statement or elsewhere. In addition to other factors and matters contained or incorporated in this document, these statements are subject to risks, uncertainties, and other factors, including, among others:

the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement;

the outcome of any legal proceedings that have been or may be instituted against Dollar General and others relating to the merger agreement including the terms of any settlements of such legal proceedings that may be subject to court approval;

the inability to complete the merger due to the failure to obtain shareholder approval or the failure to satisfy other conditions to consummation of the merger;

the failure by Parent or Merger Sub to obtain the necessary debt financing contemplated by the commitment letter received in connection with the merger;

the failure of the merger to close for any other reason;

risks that the proposed transaction disrupts current plans and operations and the potential difficulties in employee retention as a result of the merger;

the effect of the announcement of the merger on our business relationships, operating results and business generally;

the amount of the costs, fees, expenses and charges related to the merger;

adverse developments in general business, economic and political conditions or any outbreak or escalation of hostilities on a national, regional or international basis;

natural disasters, unusually adverse weather conditions, pandemic outbreaks, boycotts and geo-political events;

intense competition that could limit our growth opportunities and reduce our profitability;

our failure to comply with regulations and any changes in regulations;

seasonal fluctuation in the retail business;

local and regional conditions in the areas where our retail operations are located;

our inability to access capital markets on a favorable basis; and

the loss of any of our senior management.

In addition, for a more detailed discussion of these risks and uncertainties and other factors, please refer to our annual report on Form 10-K for the fiscal year ended February 2, 2007, filed with the SEC on March 29, 2007. Many of the factors that will determine our future results are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements, which reflect management's views only as of the date hereof. We cannot guarantee any future results, levels of activity, performance or achievements. The statements made in this proxy statement represent our views as of the date of this proxy statement, and it should not be assumed that the statements made herein remain accurate as of any future date. Moreover, we assume no obligation to update forward-looking statements or update the reasons that actual results could differ materially from those anticipated in forward-looking statements, except as required by law.

THE PARTIES TO THE MERGER

Dollar General

Dollar General is a leading value discount retailer of quality general merchandise at everyday low prices. Through conveniently located stores, Dollar General offers a focused assortment of basic consumable merchandise including health and beauty aids, packaged food and refrigerated products, home cleaning supplies, housewares, stationery, seasonal goods, basic clothing and domestics. Dollar General® stores serve primarily low-, middle- and fixed-income families.

Dollar General was founded in 1939 as J.L. Turner and Son, Wholesale and opened its first dollar store in 1955, when it was first incorporated as a Kentucky corporation under the name J.L. Turner & Son, Inc. The Company changed its name to Dollar General Corporation in 1968 and reincorporated as a Tennessee corporation in 1998. As of March 2, 2007, Dollar General operated 8,260 stores in 35 states, primarily in the southern, southwestern, midwestern and eastern United States.

Dollar General's principal address is 100 Mission Ridge, Goodlettsville, Tennessee 37072. The telephone number is (615) 855-4000. For more information about Dollar General, please visit our website at www.dollargeneral.com. Our website address is provided as an inactive textual reference only. The information provided on our website is not part of this proxy statement, and is not incorporated herein by reference. See also "Where You Can Find More Information" beginning on page 64. Dollar General's common stock is publicly traded on the NYSE under the symbol "DG."

Buck Holdings, L.P.

Buck Holdings, L.P., which we refer to as Parent, is a Delaware limited partnership, managed by its general partner, Buck Holdings, LLC, a Delaware limited liability company, which is controlled by investment funds affiliated with KKR. Each of Parent and Buck Holdings, LLC was formed solely for the purpose of acquiring Dollar General and has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Parent's principal address is 2800 Sand Hill Road, Suite 200, Menlo Park, California 94025. The telephone number is (650) 233-6560.

Buck Acquisition Corp.

Buck Acquisition Corp., which we refer to as Merger Sub, is a Tennessee corporation and a wholly owned subsidiary of Parent, which was formed solely for the purpose of facilitating Parent's acquisition of Dollar General. Merger Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Upon consummation of the proposed merger, Merger Sub will merge with and into Dollar General and will cease to exist with Dollar General continuing as the surviving corporation. Merger Sub's principal address is 2800 Sand Hill Road, Suite 200, Menlo Park, California 94025. The telephone number is (650) 233-6560.

THE SPECIAL MEETING

Date, Time, Place and Purpose of the Special Meeting

This proxy statement is being furnished to our shareholders as part of the solicitation of proxies by our board of directors for use at the special meeting to be held on [ ], 2007, starting at [ ] a.m., local time, at [ ], or at any postponement or adjournment thereof. The purpose of the special meeting is for our shareholders to consider and vote upon approval of the merger agreement (and to approve the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies). Our shareholders must approve the merger agreement in order for the merger to occur. If our shareholders fail to approve the merger agreement, the merger will not occur. A copy of the merger agreement is attached to this proxy statement as Annex A. You are urged to read the merger agreement in its entirety. This proxy statement and the enclosed form of proxy are first being mailed to our shareholders on or about [ ], 2007.

Record Date and Quorum

We have fixed the close of business on [ ], 2007, as the record date for the special meeting, and only holders of record of our common stock on the record date are entitled to vote at the special meeting. On the record date, there were [ ] shares of our common stock outstanding and entitled to vote. Each share of our common stock entitles its holder to one vote on all matters properly coming before the special meeting.

A majority of the shares of our common stock issued, outstanding and entitled to vote at the special meeting constitutes a quorum for the purpose of considering the proposals. Shares of our common stock represented at the special meeting but not voted, including shares of our common stock for which proxies have been received but for which shareholders have abstained, will be treated as present at the special meeting for purposes of determining the presence or absence of a quorum for the transaction of all business. In the event that a quorum is not present at the special meeting, it is expected that the meeting will be adjourned or postponed to solicit additional proxies.

Vote Required for Approval

You may vote FOR or AGAINST, or you may ABSTAIN from voting on, the proposal to approve the merger agreement. Abstentions will not be counted as votes cast or shares voting on the proposal to approve the merger agreement, but will count for the purpose of determining whether a quorum is present.

Completion of the merger requires the approval of the merger agreement by the affirmative vote of the holders of outstanding shares of our common stock representing at least a majority of all the votes entitled to vote at the special meeting. **Therefore, if you abstain, it will have the same effect as a vote "AGAINST" the approval of the merger agreement.**

Under the rules of the NYSE, brokers who hold shares in street name for customers have the authority to vote on "routine" proposals when they have not received instructions from beneficial owners. However, brokers are precluded from exercising their voting discretion with respect to approving non-routine matters such as the approval of the merger agreement and, as a result, absent specific instructions from the beneficial owner of such shares, brokers are not empowered to vote those shares, referred to generally as "broker non-votes." **Therefore, while "broker non-votes" will be counted for the purpose of determining a quorum, because completion of the merger requires the approval of the merger agreement by the affirmative vote of the holders of outstanding shares of our common stock representing at least a majority of the holders entitled to vote at the special meeting, any "broker non-votes" will have the same effect as a vote "AGAINST" the approval of the merger agreement.**

As of [ ], 2007, the record date for the special meeting, our directors and executive officers held and are entitled to vote, in the aggregate, [ ] shares of our common stock, representing [ ]% of our outstanding common stock. All of our directors and executive officers have informed Dollar General that they currently intend to vote all of their shares of common stock "**FOR**" the approval of the merger agreement and "**FOR**" the postponement proposal.

Proxies and Revocation

If you submit a proxy by telephone or the Internet or by returning a signed and dated proxy card by mail, your shares will be voted at the special meeting as you indicate. If you sign your proxy card without indicating your vote, your shares will be voted "**FOR**" the approval of the merger agreement and "**FOR**" the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies, and in accordance with the recommendations of our board of directors on any other matters properly brought before the special meeting for a vote.

If your shares of common stock are held in street name, you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares voted. If you do not instruct your broker, bank or nominee to vote your shares, it has the same effect as a vote against approval of the merger agreement.

Proxies received at any time before the special meeting, and not revoked or superseded before being voted, will be voted at the special meeting. You have the right to change or revoke your proxy at any time before the vote taken at the special meeting:

- if you hold your shares in your name as a shareholder of record, by notifying our Investor Relations Department, Attn.: Emma Jo Kauffman, at 100 Mission Ridge, Goodlettsville, Tennessee 37072;
- by attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting);
- by submitting a later-dated proxy card;
- if you voted by telephone or the Internet, by voting again by telephone or Internet; or
- if you have instructed a broker, bank or other nominee to vote your shares, by following the directions received from your broker, bank or other nominee to change those instructions.

Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned or postponed for the purpose of soliciting additional proxies. Any adjournment may be made without notice (if the adjournment is to a date that is not greater than four months after the original date fixed for the special meeting), other than by an announcement made at the special meeting of the time, date and place of the adjourned meeting. Whether or not a quorum exists, holders of a majority of the shares of our common stock present in person or represented by proxy at the special meeting and entitled to vote thereat may adjourn the special meeting. Any signed proxies received by Dollar General in which no voting instructions are provided on such matter will be voted "FOR" an adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies. Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow Dollar General's shareholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned or postponed.

No Dissenters' Rights

Shareholders are not entitled to statutory dissenters' rights in connection with the merger under the Tennessee Business Corporation Act unless our common stock is delisted from the NYSE prior to consummation of the merger.

Solicitation of Proxies

This proxy solicitation is being made and paid for by Dollar General on behalf of its board of directors. In addition, we have retained D.F. King & Co., Inc. to assist in the solicitation of proxies for the special meeting for a fee of approximately $10,000, plus a nominal fee per shareholder contact, reimbursement of reasonable out-of-pocket expenses and indemnification against certain losses, costs and expenses. Our directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or other means of communication. These persons will not be paid additional remuneration for their efforts. We will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of our common stock that the brokers and fiduciaries hold of record. Upon request, we will reimburse them for their reasonable out-of-pocket expenses.

Questions and Additional Information

If you have more questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please call Dollar General Investor Relations at (615) 855-5525 or D.F. King & Co., Inc., our proxy solicitor, at (212) 269-5550 (Banks and Brokers call collect) or (888) 644-6071 (Toll-Free).

Availability of Documents

Documents incorporated by reference (excluding exhibits to those documents unless the exhibit is specifically incorporated by reference into those documents) will be provided without charge, to each person to whom this proxy statement is delivered, upon written or oral request of such person and by first class mail. In addition, our list of shareholders entitled to vote at the special meeting will be available for inspection at our principal executive offices beginning two business days after notice of the special meeting is given and continuing through the meeting.

THE MERGER

This discussion of the merger is qualified in its entirety by reference to the merger agreement, which is attached to this proxy statement as Annex A. You should read the entire merger agreement carefully as it is the legal document that governs the merger.

Background of the Merger

Dollar General regularly reviews and considers strategic developments and alternatives. To this end, our board of directors from time to time meets, together with management, to discuss management presentations concerning strategic matters. In the past these discussions have included management presentations concerning possible transactions, investments and other business initiatives intended to create or enhance shareholder value.

During the second half of 2006, Dollar General's Chairman and CEO, Mr. David A. Perdue, was contacted on several occasions by private equity firms and investment bankers regarding potential interest in a transaction involving Dollar General. In September of 2006, Dollar General engaged Lehman Brothers Inc. (which we refer to as Lehman) to act as financial advisor with respect to Dollar General's review of strategic and financial alternatives.

On October 5, 2006, Mr. Perdue, Mr. David Wilds, Dollar General's Presiding Director, and former Dollar General CEO Cal Turner, Jr., met with representatives of KKR in response to KKR's expression of an interest in acquiring Dollar General. At this meeting, KKR requested permission to conduct due diligence with a view to potentially making an offer to acquire the Company.

The following day, Mr. Perdue and Mr. Wilds notified Mr. Dennis Bottorff, Chairperson of the Nominating & Corporate Governance Committee of the Company's board of directors (which we refer to as the Governance Committee) of the initial meeting with KKR. Mr. Bottorff and Mr. Wilds determined that the full board of directors should be made aware of the contact from KKR and consider what steps it should take in response to the contact.

The board of directors and the Governance Committee each met in early- and mid-October 2006 to discuss the contact with KKR and the appropriate process for responding. As a result of these meetings, it was determined that it would be beneficial to establish an advisory committee to assist the board of directors with the expression of interest from KKR and other potentially significant strategic matters that might arise and to handle any contacts with outside parties relating to these matters. The board of directors established a Strategic Planning Committee consisting of Mr. Bottorff, Mr. Richard Thornburgh, Mr. David Beré (who later resigned from that Committee when he was appointed the Company's President and Chief Operating Officer on November 28, 2006, effective December 4, 2006), and Ms. Barbara Bowles.

The Strategic Planning Committee first met on November 1, 2006. Mr. Edward Herlihy of the law firm Wachtell, Lipton, Rosen & Katz (which we refer to as Wachtell Lipton) was retained by the Strategic Planning Committee and the board of directors as independent, outside legal counsel and advised the Strategic Planning Committee on the directors' legal and fiduciary duties in connection with considering possible strategic transactions. Also at the meeting, Mr. Perdue reviewed the Company's financial performance and outlook and discussed management's progress on the development of potential strategic initiatives and changes to the Company's operating model (see discussion below regarding "Project Alpha"). In addition to Lehman, which had been advising the board of directors on its ongoing evaluation of the Company's business plans and strategic alternatives, the Strategic Planning Committee determined to retain an independent investment banking firm to advise the Strategic Planning Committee and the board of directors in connection with its considering possible transactions. In that connection, the Strategic Planning Committee and the board of directors retained Lazard.

In late November 2006, after consultation with Lazard and Lehman regarding the Company's ongoing business operations, the board of directors announced its intention to take certain steps to modify its business plan. These initiatives were referred to as Project Alpha and include, among other things, closing certain stores, reducing future new store openings over the next two years, upgrading the existing store base through remodels and relocations, and eliminating, with a few exceptions, the Company's long standing inventory packaway practice by the end of fiscal 2007.

The Strategic Planning Committee and the board of directors each met again in late November 2006 and discussed business and legal issues in connection with exploring strategic alternatives, including likely financial and strategic parties that might be interested in a potential transaction involving the Company and that would also have the capacity to undertake a transaction in the foreseeable future. As a result of these discussions, the board of directors determined to proceed with obtaining more formal expressions of interest from potential acquirors. In early December 2006, the Company entered into confidentiality agreements with private equity firms, including KKR, relating to a possible transaction.

Also in early December 2006, the members of the Strategic Planning Committee and Lazard met with representatives of KKR and separately with another private equity firm. Each of the private equity firms provided preliminary and non-binding indications of interest, including price ranges, predicated on conducting detailed confirmatory due diligence.

The board of directors met in early January 2007. Representatives of Lazard discussed what information the potential bidders had been given to date and discussed market considerations and valuation methodologies. The board of directors discussed with its advisors whether to continue the process as well as other potentially interested parties and considered the potential advantages and disadvantages of bringing other parties into the process. Representatives of Wachtell Lipton discussed with the board of directors its legal duties. The board of directors determined to permit the private equity firms to conduct further due diligence with a view to obtaining firm offers from these firms.

Subsequently, each of the two private equity firms brought an additional private equity firm into the process as a potential equity partner in a transaction involving Dollar General, bringing to a total of four the number of private equity firms participating in the due diligence process.

During the next several weeks, the four private equity firms and their representatives and potential financing sources conducted detailed due diligence investigations.

In late February 2007, Lazard provided instructions to each of the private equity firms for submitting "best and final" offers for the acquisition of the Company and the deadline for doing so. The instructions were accompanied by a draft merger agreement and instructions to include any comments to the draft agreement together with any final bids.

During the following weeks, the due diligence investigation of the Company continued.

On March 9, 2007, KKR submitted a proposal to acquire all of Dollar General's outstanding shares of common stock for $22.00 per share in cash, which was above the top of the preliminary range that KKR had previously indicated to the Company in December 2006. KKR's proposal was accompanied with a revised draft of the merger agreement, proposed forms of sponsor guarantee, equity commitment letter and debt commitment letter. KKR indicated that its proposal was best and final, requested a period of exclusive negotiations with the Company, and stated that its proposal would be withdrawn if its contents were disclosed to another bidder or if another bidder were granted exclusivity. Dollar General's financial advisors were informed that the private equity firm that had previously been identified as partnering with KKR in the process, had decided not to participate. No bid was received from the other private equity firms. Lazard had been informed that, following due diligence, the other firms were unwilling or unable to submit an offer that would reach the preliminary range previously indicated.

The Strategic Planning Committee met telephonically later that morning to discuss the KKR proposal with its advisors. The Strategic Planning Committee discussed with Wachtell Lipton legal issues including KKR's changes to the draft merger agreement and the ancillary documents. At the end of these discussions, the Strategic Planning Committee determined that it would recommend that the full board of directors meet the following day to consider the offer.

That afternoon, at the direction of the Strategic Planning Committee, Dollar General and its counsel prepared a response to KKR's markup of the merger agreement. KKR's requested changes included, among other things, provision for a "marketing" period after shareholder approval of the merger agreement but prior to closing, to allow a period of time for KKR to arrange the required high yield financing contemplated by its financing commitments to fund the merger consideration, inclusion of an expense reimbursement provision for the benefit of KKR in the event the merger agreement were terminated under certain circumstances, language limiting the amount and type of relief Dollar General could obtain from Parent in the event the merger was not completed, changes to and additional representations and warranties of Dollar General, changes to the covenants of the parties, language requiring Dollar General to commence a debt tender offer with respect to certain outstanding Dollar General notes and changes to the termination and termination fee provisions. Subsequently, Dollar General sent a revised draft of the merger agreement to counsel for KKR, responding to various issues raised by KKR's markup, which, among other things, limited some representations and warranties to be made by Dollar General, reduced some limitations on Dollar General's ability to operate its business between signing and closing, expanded KKR's obligations with respect to obtaining requisite regulatory approvals for the merger and eliminated the expense reimbursement provision proposed by KKR. Later, counsel for each party met telephonically to discuss the remaining open points on the merger agreement.

The parties continued to negotiate the terms of the definitive merger agreement, and the parties also discussed changes to the other associated documents, including the draft debt and equity commitment letters, limited guarantee and the disclosure schedules related to the merger agreement.

The board of directors met the next day with its advisors. Representatives of Lazard discussed with the board of directors the financial aspects of the proposed transaction including the proposed financing arrangements and Lazard rendered to the board of directors its oral opinion, subsequently confirmed in writing, dated March 11, 2007, that, as of March 11, 2007 and based on and subject to the matters described in its opinion, the $22.00 per share cash merger consideration to be received by holders of shares of Dollar General common stock (other than Parent and its affiliates) pursuant to the proposed merger agreement was fair, from a financial point of view, to such holders. Representatives of Lehman also provided the board of directors with Lehman's views and advice on the financial aspects of the proposed transaction. Representatives of Wachtell, Lipton reviewed with the board of directors its legal obligations relative to considering the proposal and summarized the proposed merger agreement and related agreements and updated the board of directors on the status of the documentation with respect to the potential transaction. There was also a discussion of next steps and the estimated timetable should the board of directors decide to approve the proposed agreement, including communications plans. The board of directors also discussed the status of the implementation of Dollar General's previously announced Project Alpha initiatives, as well as other strategic alternatives available to Dollar General, and the benefits and risks associated with each as compared, and as an alternative, to the benefits and risks associated with the proposed merger agreement.

Following further discussion, the board of directors, by unanimous vote of all of its members adopted resolutions (i) adopting and declaring advisable the proposed merger agreement and the transactions contemplated by the proposed merger agreement, (ii) determining that the transactions contemplated by the proposed merger agreement were advisable and in the best interests of Dollar General and its shareholders and (iii) recommending that Dollar General's shareholders vote in favor

of the approval of the proposed merger agreement and the transactions contemplated by the merger agreement, including the merger.

Following the board of directors meeting, the parties and their representatives continued to make final changes to the definitive documentation, including the disclosure schedules and ancillary documents. On Sunday, March 11, 2007, the parties entered into the merger agreement.

Reasons for the Merger; Recommendation of Our Board of Directors

The board of directors, acting with the advice and assistance of its outside legal and financial advisors, unanimously (i) adopted and declared advisable the merger agreement and the transactions contemplated by the merger agreement, (ii) determined that the transactions contemplated by the merger agreement were advisable and in the best interests of Dollar General and its shareholders and (iii) resolved to recommend that Dollar General's shareholders vote in favor of the approval of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

In the course of reaching its determination, the board of directors considered a number of factors. The material factors considered by the board of directors were:

- the value of the cash consideration to be paid to Dollar General shareholders upon consummation of the merger;
- the current and historical market prices of our common stock and the fact that the price of $22.00 per share represented a premium of approximately 31% over the market closing price of $16.78 on March 9, 2007, the last trading day prior to the announcement of the transaction, and a premium of approximately 29% over the average closing share price during the previous 30 trading days;
- the board of directors' understanding of Dollar General's business, historical and current financial performance, competitive and operating environment, operations, management strength and future prospects;
- the board of directors' understanding of the changes in Dollar General's operating model being implemented and management's views regarding how these changes may impact both the short- and long-term financial performance of Dollar General as well as risks associated with these changes;
- the board of directors' understanding of current trends in the markets and the retail sector in which Dollar General operates;
- financial analyses, information and perspectives provided to the board of directors by management and the Company's financial advisors;
- the opinion of Lazard that, as of the date of the opinion and based upon and subject to the matters described in its opinion, the consideration to be paid in the merger was fair, from a financial point of view, to the holders of Dollar General common stock, other than Parent and its affiliates;
- the process leading to the announcement of the merger agreement and the board of directors' belief, as a result of that process, that the proposed merger consideration represented a full and fair price for the shares of common stock of Dollar General and that accepting the proposal would be in the best interests of Dollar General's shareholders;
- the proposed financial and other terms of the merger and the merger agreement, and the terms and conditions of the merger agreement;

the fact that the consideration to be paid to Dollar General shareholders is all cash, which will provide Dollar General's shareholders certainty of value and the ability to monetize their investment in Dollar General in the near future and will eliminate future risks inherent in holding our shares;

the fact that completion of the merger requires the approval by the shareholders of Dollar General;

the board of directors' understanding of the reputation and experience of KKR, the current state of the capital markets and the likelihood that Parent could successfully obtain the equity and debt financing required to fully fund the payment of the merger consideration, and its understanding of the proposed debt and equity financing term sheets and other arrangements for the merger;

the fact that receipt of the merger consideration will be taxable to U.S. shareholders of Dollar General for U.S. federal income tax purposes;

the fact that, if the merger is completed, our shareholders will receive cash for their shares and accordingly will not participate in any potential future earnings or growth of our business and will not benefit from any potential appreciation in our value;

the fact that Dollar General is required to pay a termination fee of $225 million if the board of directors terminates the merger agreement to accept a superior proposal or the merger agreement is terminated under certain other circumstances; and